

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File No. 0-15279

GENERAL COMMUNICATION, INC.

(Exact name of registrant as specified in its charter)

State of Alaska

(State or other jurisdiction of
incorporation or organization)

92-0072737

(I.R.S Employer
Identification No.)

2550 Denali Street

Suite 1000

Anchorage, Alaska

(Address of principal
executive offices)

99503

(Zip Code)

Registrant's telephone number, including area code: **(907) 868-5600**

Not Applicable

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's classes of common stock as of October 31, 2016 was:

32,810,000 shares of Class A common stock; and
3,154,000 shares of Class B common stock.

GENERAL COMMUNICATION, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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Cautionary Statement Regarding Forward-Looking Statements

You should carefully review the information contained in this Quarterly Report, but should particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission ("SEC"). In this Quarterly Report, in addition to historical information, we state our future strategies, plans, objectives or goals and our beliefs of future events and of our future operating results, financial position and cash flows. In some cases, you can identify these so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "project," or "continue" or the negative of these words and other comparable words. All forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, achievements, plans and objectives to differ materially from any future results, performance, achievements, plans and objectives expressed or implied by these forward-looking statements. In evaluating these statements, you should specifically consider various factors, including those identified under "Risk Factors" in Item 1A of our annual report on Form 10-K for the year ended December 31, 2015. Those factors may cause our actual results to differ materially from any of our forward-looking statements. For these forward looking statements, we claim the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement, and the related risks, uncertainties and other factors speak only as of the date on which they were originally made and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement to reflect any change in our expectations with regard to these statements or any other change in events, conditions or circumstances on which any such statement is based. New factors emerge from time to time, and it is not possible for us to predict what factors will arise or when. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Amounts in thousands)

ASSETS	September 30, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 92,622	26,528
Receivables	200,294	208,384
Less allowance for doubtful receivables	4,436	3,630
Net receivables	195,858	204,754
Prepaid expenses	16,253	12,862
Inventories	7,966	11,322
Other current assets	173	3,129
Total current assets	312,872	258,595
Property and equipment	2,505,753	2,384,530
Less accumulated depreciation	1,412,540	1,290,149
Net property and equipment	1,093,213	1,094,381
Goodwill	239,263	239,263
Cable certificates	191,635	191,635
Wireless licenses	92,347	86,347
Other intangible assets, net of amortization	70,062	69,290
Other assets	32,560	27,429
Total other assets	625,867	613,964
Total assets	\$ 2,031,952	1,966,940

See accompanying condensed notes to interim consolidated financial statements.

(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Continued)

(Amounts in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2016	December 31, 2015
Current liabilities:		
Current maturities of obligations under long-term debt, capital leases, and tower obligation	\$ 13,046	12,050
Accounts payable	51,551	63,014
Deferred revenue	33,115	34,128
Accrued payroll and payroll related obligations	29,251	31,337
Accrued interest (including \$3,718 and \$5,132 to a related party at September 30, 2016 and December 31, 2015, respectively)	25,465	13,655
Accrued liabilities	17,002	22,822
Subscriber deposits	876	1,242
Total current liabilities	170,306	178,248
Long-term debt, net (including \$56,157 and \$54,810 to a related party at September 30, 2016 and December 31, 2015, respectively)		
	1,330,199	1,329,396
Obligations under capital leases, excluding current maturities (including \$1,785 and \$1,824 due to a related party at September 30, 2016 and December 31, 2015, respectively)	52,713	59,651
Deferred income taxes	113,710	106,145
Long-term deferred revenue	120,875	93,427
Tower obligation	88,060	—
Other liabilities (including \$16,980 and \$32,820 for derivative stock appreciation rights with a related party at September 30, 2016 and December 31, 2015, respectively)	64,202	80,812
Total liabilities	1,940,065	1,847,679
Commitments and contingencies		
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 33,164 and 35,593 shares at September 30, 2016 and December 31, 2015, respectively; outstanding 33,138 and 35,567 shares at September 30, 2016 and December 31, 2015, respectively	—	—
Class B. Authorized 10,000 shares; issued and outstanding 3,154 at September 30, 2016 and December 31, 2015; convertible on a share-per-share basis into Class A common stock	2,664	2,664
Less cost of 26 Class A common shares held in treasury at September 30, 2016 and December 31, 2015	(249)	(249)
Paid-in capital	14,609	6,631
Retained earnings	44,215	79,217
Total General Communication, Inc. stockholders' equity	61,239	88,263
Non-controlling interests	30,648	30,998
Total stockholders' equity	91,887	119,261
Total liabilities and stockholders' equity	\$ 2,031,952	1,966,940

See accompanying condensed notes to interim consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Amounts in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Non-related party	\$ 236,655	258,573	701,519	731,907
Related party	—	—	—	5,283
Total revenues	<u>236,655</u>	<u>258,573</u>	<u>701,519</u>	<u>737,190</u>
Cost of goods sold (exclusive of depreciation and amortization shown separately below):				
Non-related party	73,494	82,717	227,926	235,860
Related party	—	—	—	881
Total cost of goods sold	<u>73,494</u>	<u>82,717</u>	<u>227,926</u>	<u>236,741</u>
Selling, general and administrative expenses:				
Non-related party	88,974	82,655	264,642	249,090
Related party	—	—	—	540
Total selling, general and administrative expenses	<u>88,974</u>	<u>82,655</u>	<u>264,642</u>	<u>249,630</u>
Depreciation and amortization expense	47,819	45,157	143,033	135,563
Software impairment charge	—	2,571	—	29,839
Operating income	<u>26,368</u>	<u>45,473</u>	<u>65,918</u>	<u>85,417</u>
Other income (expense):				
Interest expense (including amortization of deferred loan fees)	(19,666)	(19,260)	(58,199)	(59,713)
Related party interest expense	(1,881)	(1,828)	(5,558)	(4,760)
Derivative instrument unrealized income (loss) with related party	4,800	30	15,840	(5,040)
Loss on extinguishment of debt	—	—	—	(27,700)
Impairment of equity method investment	—	—	—	(12,593)
Other	613	1,202	1,702	2,445
Other expense, net	<u>(16,134)</u>	<u>(19,856)</u>	<u>(46,215)</u>	<u>(107,361)</u>
Income (loss) before income taxes	10,234	25,617	19,703	(21,944)
Income tax (expense) benefit	(2,407)	(8,122)	(7,596)	4,957
Net income (loss)	<u>7,827</u>	<u>17,495</u>	<u>12,107</u>	<u>(16,987)</u>
Net income (loss) attributable to non-controlling interests	(116)	(136)	(350)	278
Net income (loss) attributable to General Communication, Inc.	<u>\$ 7,943</u>	<u>17,631</u>	<u>12,457</u>	<u>(17,265)</u>
Basic net income (loss) attributable to General Communication, Inc. common stockholders per				
Class A common share	<u>\$ 0.21</u>	<u>0.45</u>	<u>0.33</u>	<u>(0.45)</u>
Class B common share	<u>\$ 0.21</u>	<u>0.45</u>	<u>0.33</u>	<u>(0.45)</u>
Diluted net income (loss) attributable to General Communication, Inc. common stockholders per				
Class A common share	<u>\$ 0.14</u>	<u>0.44</u>	<u>0.08</u>	<u>(0.45)</u>
Class B common share	<u>\$ 0.14</u>	<u>0.44</u>	<u>0.08</u>	<u>(0.45)</u>

See accompanying condensed notes to interim consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Unaudited)

(Amounts in thousands)	Shares of Class A and B Common Stock	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Retained Earnings	Non- controlling Interests	Total Stockholders' Equity
Balances at January 1, 2015	41,157	\$ 13,617	\$ 2,668	\$ (249)	\$ 26,773	\$ 124,547	\$ 299,866	\$ 467,222
Net income (loss)	—	—	—	—	—	(17,265)	278	(16,987)
Common stock repurchases and retirements	(2,404)	(19,062)	—	—	—	(25,262)	—	(44,324)
Shares issued under stock option plan	38	295	—	—	—	—	—	295
Issuance of restricted stock awards	647	5,146	—	—	(5,146)	—	—	—
Share-based compensation expense	—	—	—	—	7,982	—	—	7,982
Distribution to non-controlling interest	—	—	—	—	—	—	(765)	(765)
Investment by non-controlling interest	—	—	—	—	—	—	3,209	3,209
Non-controlling interest acquisition	—	—	—	—	(34,310)	—	(271,521)	(305,831)
Other	—	4	(4)	—	(230)	—	—	(230)
Balances at September 30, 2015	<u>39,438</u>	<u>\$ —</u>	<u>\$ 2,664</u>	<u>\$ (249)</u>	<u>\$ (4,931)</u>	<u>\$ 82,020</u>	<u>\$ 31,067</u>	<u>\$ 110,571</u>
Balances at January 1, 2016	38,747	\$ —	\$ 2,664	\$ (249)	\$ 6,631	\$ 79,217	\$ 30,998	\$ 119,261
Net income (loss)	—	—	—	—	—	12,457	(350)	12,107
Common stock repurchases and retirements	(3,027)	(196)	—	—	—	(47,459)	—	(47,655)
Issuance of restricted stock awards	580	—	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	7,978	—	—	7,978
Other	18	196	—	—	—	—	—	196
Balances at September 30, 2016	<u>36,318</u>	<u>\$ —</u>	<u>\$ 2,664</u>	<u>\$ (249)</u>	<u>\$ 14,609</u>	<u>\$ 44,215</u>	<u>\$ 30,648</u>	<u>\$ 91,887</u>

See accompanying condensed notes to interim consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Unaudited)

(Amounts in thousands)

	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ 12,107	(16,987)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	143,033	135,563
Unrealized (income) loss on derivative instrument with related party	(15,840)	5,040
Deferred income tax expense (benefit)	7,565	(5,006)
Share-based compensation expense	7,820	8,074
Loss on extinguishment of debt	—	27,700
Software impairment charge	—	29,839
Impairment of equity method investment	—	12,593
Other noncash income and expense items	11,994	9,106
Change in operating assets and liabilities	23,926	20,588
Net cash provided by operating activities	190,605	226,510
Cash flows from investing activities:		
Purchases of property and equipment	(149,842)	(134,562)
Purchases of other assets and intangible assets	(10,226)	(7,191)
Note receivable payment from an equity method investee	3,000	—
Proceeds from sale of investment	1,377	7,551
Grant proceeds	—	14,007
Note receivable issued to an equity method investee	—	(3,000)
Purchase of business, net of cash received	—	(12,736)
Other	(1,591)	(4,711)
Net cash used for investing activities	(157,282)	(140,642)
Cash flows from financing activities:		
Proceeds from tower sale	90,795	—
Borrowing on Amended Senior Credit Facility	60,000	295,000
Repayment of debt and capital lease obligations	(69,013)	(492,068)
Purchase of treasury stock to be retired	(47,655)	(44,324)
Issuance of 2025 notes	—	445,973
Purchase of non-controlling interests	—	(282,505)
Issuance of Searchlight note payable and derivative stock appreciation rights with related party	—	75,000
Payment of bond call premium	—	(20,244)
Payment of debt issuance costs	—	(13,979)
Distribution to non-controlling interest	—	(4,932)
Other	(1,356)	498
Net cash provided by (used for) financing activities	32,771	(41,581)
Net increase in cash and cash equivalents	66,094	44,287
Cash and cash equivalents at beginning of period	26,528	15,402
Cash and cash equivalents at end of period	\$ 92,622	59,689

See accompanying condensed notes to interim consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Condensed Notes to Interim Consolidated Financial Statements
(Unaudited)

The accompanying unaudited interim consolidated financial statements include the accounts of General Communication, Inc. ("GCI") and its direct and indirect subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. They should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2015, filed with the SEC on March 3, 2016, as part of our annual report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results that may be expected for an entire year or any other period.

(1) Business and Summary of Significant Accounting Principles

In the following discussion, GCI and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

(a) Business

GCI, an Alaska corporation, was incorporated in 1979. We provide 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.

(b) Basis of Presentation and Principles of Consolidation

Our consolidated financial statements include the consolidated accounts of GCI and its wholly owned subsidiaries, The Alaska Wireless Network, LLC ("AWN") of which we owned a two-third interest through February 2, 2015 when we purchased the remaining one-third interest, and four variable interest entities ("VIEs") for which we are the primary beneficiary after providing certain loans and guarantees. These VIEs are Terra GCI Investment Fund, LLC ("TIF"), Terra GCI 2 Investment Fund, LLC ("TIF 2"), Terra GCI 2-USB Investment Fund, LLC ("TIF 2-USB") and Terra GCI 3 Investment Fund, LLC ("TIF 3"). We also include in our consolidated financial statements non-controlling interests in consolidated subsidiaries for which our ownership is less than 100 percent. All significant intercompany transactions between non-regulated affiliates of our company are eliminated. Intercompany transactions generated between regulated and non-regulated affiliates of our company are not eliminated in consolidation.

(c) Non-controlling Interests

Non-controlling interests represent the equity ownership interests in consolidated subsidiaries not owned by us. Non-controlling interests are adjusted for contributions, distributions, and income and loss attributable to the non-controlling interest partners of the consolidated entities. Income and loss is allocated to the non-controlling interests based on the respective governing documents.

(d) Acquisition

On February 2, 2015, we purchased Alaska Communications Systems Group, Inc.'s ("ACS") interest in AWN ("AWN NCI Acquisition") and substantially all the assets of ACS and its affiliates related to ACS's wireless operations ("Acquired ACS Assets") (collectively the "Wireless Acquisition"). Under the terms of the agreement, we paid ACS \$293.2 million, excluding working capital adjustments and agreed to terminate certain agreements related to the use of ACS network assets that were included as part of the original transaction that closed in July 2013. The Acquired ACS Assets include substantially all of ACS's wireless subscriber assets, including subscriber contracts, and certain of ACS's CDMA network assets, including fiber strands and associated cell site electronics and microwave facilities and associated electronics. We assumed from ACS post-closing liabilities of ACS and its affiliates under contracts assumed by us and liabilities with respect to the ownership by ACS of its equity interest in AWN to the extent accruing and related to the period after closing. All other liabilities were retained by ACS and its affiliates.

We have accounted for the AWN NCI Acquisition as the acquisition of a non-controlling interest in accordance with Accounting Standards Codification ("ASC") 810, Consolidation, and the Acquired ACS Assets as the acquisition of assets that do not constitute a business in accordance with ASC 805-50, Business Combinations - Related Issues. Total consideration transferred to ACS in the transaction consisted of the cash payment, settlement of working capital, and the fair market value of certain rights to receive future capacity terminated as part of the Wireless Acquisition agreement. The future capacity

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Condensed Notes to Interim Consolidated Financial Statements
(Unaudited)

receivable assets transferred as consideration were adjusted to fair value as of the acquisition date resulting in a gain of \$1.2 million recorded in Other Income (Expense) in our Consolidated Statements of Operations for the nine months ended September 30, 2015. We allocated the total consideration transferred to ACS between the AWN NCI Acquisition and the Acquired ACS Assets based on the relative fair values of the assets and non-controlling interest received.

The following table summarizes the allocation of total consideration transferred to ACS between the AWN NCI Acquisition and the Acquired ACS Assets excluding working capital adjustments (amounts in thousands):

Total consideration transferred to ACS	\$	304,838
Allocation of consideration between wireless assets and non-controlling interest acquired:		
AWN non-controlling interest	\$	303,831
Property and equipment		746
Other intangible assets		261
Total consideration	\$	<u>304,838</u>

We have accounted for the AWN NCI Acquisition as an equity transaction, with the carrying amount of the non-controlling interest adjusted to reflect the change in ownership of AWN. The difference between the fair value of consideration paid and the total of the additional deferred taxes incurred as a result of the transaction and the carrying amount of the non-controlling interest has been recognized as additional paid-in capital in our Consolidated Statement of Stockholders' Equity. The impact of the AWN NCI Acquisition is summarized in the following table (amounts in thousands):

Reduction of non-controlling interest	\$	268,364
Increase in deferred tax assets		24,028
Additional paid-in capital		11,439
Fair value of consideration paid for acquisition of equity interest	\$	<u>303,831</u>

Pursuant to the accounting guidance in ASC 805-50, we determined that the Acquired ACS Assets did not meet the criteria necessary to constitute a business combination and was therefore accounted for as an asset purchase. We recognized the assets acquired in our Consolidated Balance Sheets at their allocated cost on the day of acquisition.

In conjunction with the Wireless Acquisition, we amended certain agreements related to the right to use ACS network assets. We adjusted the related right to use asset to fair value as of the acquisition date resulting in a loss of \$3.8 million recorded in Other Income (Expense) in our Consolidated Statements of Operations for the nine months ended September 30, 2015.

Other Acquisitions

During the year ended December 31, 2015, we completed three business acquisitions for total cash consideration of \$12.7 million, net of cash received. We accounted for the transactions using the acquisition method of accounting under ASC 805, Business Combinations. Accordingly, the assets received, liabilities assumed and any non-controlling interests were recorded at their estimated fair value as of the acquisition date. We determined the estimated fair values using a combination of the discounted cash flows method and estimates made by management.

(e) Recently Issued Accounting

Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers. This new standard provides guidance for the recognition, measurement and disclosure of revenue resulting from contracts with customers and will

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Condensed Notes to Interim Consolidated Financial Statements
(Unaudited)

supersede virtually all of the current revenue recognition guidance under GAAP. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date to fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. In March 2016, the FASB issued ASU 2016-08, which amended the guidance in the new standard in order to clarify the principal versus agent assessment and is intended to make the guidance more operable and lead to more consistent application. In April 2016, the FASB issued ASU 2016-10, which clarifies the identification of performance obligations and the licensing implementation guidance in ASU 2014-09. In May 2016, the FASB issued ASU 2016-11, which rescinds SEC paragraphs pursuant to SEC staff announcements regarding ASU 2014-09. These rescissions include changes to topics pertaining to accounting for shipping and handling fees and costs and accounting for consideration given by a vendor to a customer. In May 2016, the FASB issued ASU 2016-12, which provides clarifying guidance in certain narrow areas and adds some practical expedients to ASU 2014-09. The standard permits the use of either the retrospective or cumulative effect transition method. Early adoption is permitted for annual periods beginning after December 15, 2016, however, we do not plan to early adopt this standard. We are currently evaluating the impact of the provisions of this new standard and we expect to have our assessment of the impact on our financial position and results of operations to be completed by December 31, 2016.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The update addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted only for certain portions of the ASU related to financial liabilities. We are currently evaluating the impact of the provisions of this new standard on our financial position and results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Lease accounting by the lessor remains largely unchanged by the new standard. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and is required to be adopted using the modified retrospective approach. We are currently evaluating the impact of the provisions of this new standard on our financial position and results of operations, but we expect that adoption will have a material impact on our long-term assets and liabilities.

In March 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting. The update eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. Instead, the equity method of accounting should be applied prospectively from the date significant influence is obtained and investors should add the cost of acquiring the additional interest to the current basis of their previously held interest. For available-for-sale securities that become eligible for the equity method of accounting, any unrealized gain or loss recorded within accumulated other comprehensive income should be recognized in earnings at the date the investment initially qualifies for the use of the equity method. ASU 2016-07 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted and should be applied prospectively. The adoption of this guidance is not expected to have a material effect on our financial position or results of operations.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which amends ASC 718, Compensation - Stock Compensation. The update includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted with any adjustments reflected as of the beginning of the fiscal year of adoption. We are currently evaluating the impact of the provisions of this new standard on our financial position and results of operations.

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In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The update introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses will require entities to incorporate consideration of historical information, current information and reasonable and supportable forecasts. This ASU also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. ASU 2016-13 is effective for annual and interim reporting periods beginning after December 15, 2019, and is required to be adopted using the modified retrospective approach. Early adoption is permitted for annual and interim reporting periods beginning after December 15, 2018. We are currently evaluating the impact of the provisions of this new standard on our financial position and results of operations.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This update addresses eight specific cash flow issues with the objective of reducing diversity in practice. The issues identified within the ASU include: debt prepayments or extinguishment costs; contingent consideration made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identified cash flows and application of the predominance principle. ASU 2016-15 is effective for annual and interim reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for annual and interim reporting periods. The adoption of this guidance is not expected to have a material effect on our statement of cash flows.

(f) Recently Adopted Accounting Pronouncements

In April 2015, the FASB issued ASU No. 2015-03, Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires an entity to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. In August 2015, the FASB issued ASU No. 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements which clarifies that the guidance in ASU 2015-03 does not apply to line-of-credit arrangements. According to ASU 2015-15, line-of-credit arrangements will continue to defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issue costs ratably over the term of the arrangement. We adopted ASU 2015-03 retrospectively as of January 1, 2016, and have reclassified \$15.4 million of the December 31, 2015, Deferred Loan and Senior Note Costs, Net of Amortization balance included in Total Other Assets to Long-Term Debt, Net included in Total Liabilities.

In April 2015, the FASB issued ASU 2015-05, Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. The ASU provides guidance in evaluating whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the software license element of the arrangement should be accounted for as an acquisition of a software license. If the arrangement does not contain a software license, it should be accounted for as a service contract. We adopted ASU 2015-05 prospectively as of January 1, 2016. The adoption of this standard did not have a significant effect on our financial position or results of operations.

In June 2015, the FASB issued ASU No. 2015-10, Technical Corrections and Updates. The amendments in this update cover a wide range of topics in the codification and are generally categorized as follows: Amendments Related to Differences between Original Guidance and the Codification; Guidance Clarification and Reference Corrections; Simplification; and, Minor Improvements. We adopted ASU 2015-10 as of January 1, 2016. The adoption of this standard did not have a significant effect on our financial position or results of operations.

In July 2015, the FASB issued ASU 2015-11, Simplifying the Measurement of Inventory. Under ASU 2015-11, inventory will be measured at the "lower of cost and net realizable value" and options that currently

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exist for "market value" will be eliminated. The ASU defines net realizable value as the "estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation." No other changes were made to the current guidance on inventory measurement. We adopted ASU 2015-11 prospectively as of April 1, 2016. The adoption of this standard did not have a significant effect on our financial position or results of operations.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. The update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, including the cumulative effect of the change in provisional amount as if the accounting had been completed at the acquisition date. The adjustments related to previous reporting periods since the acquisition date must be disclosed by income statement line item either on the face of the income statement or in the notes. We adopted ASU 2015-16 as of January 1, 2016. The adoption of this standard did not have a significant effect on our financial position or results of operations.

(g) Regulatory Accounting

We account for the regulated operations of our incumbent local exchange carriers in accordance with the accounting principles for regulated enterprises. This accounting recognizes the economic effects of rate regulation by recording cost and a return on investment as such amounts are recovered through rates authorized by regulatory authorities. Accordingly, plant and equipment is depreciated over lives approved by regulators and certain costs and obligations are deferred based upon approvals received from regulators to permit recovery of such amounts in future years. Our cost studies and depreciation rates for our regulated operations are subject to periodic audits that could result in a change to recorded revenues.

(h) Earnings (Loss) per Common Share

We compute net income (loss) attributable to GCI per share of Class A and Class B common stock using the "two class" method. Therefore, basic net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common and dilutive common equivalent shares outstanding during the period. The computation of the dilutive net income (loss) per share of Class A common stock assumes the conversion of Class B common stock to Class A common stock, while the dilutive net income (loss) per share of Class B common stock does not assume the conversion of those shares. The computation of the dilutive net income (loss) per share of Class A common stock also assumes the conversion of our derivative financial instrument that may be settled in cash or shares (as described in Note 5 of this Form 10-Q), shares associated with unexercised stock options and deferred compensation that may be settled in cash or shares if the effect of conversion is dilutive. Additionally, in applying the "two-class" method, undistributed earnings are allocated to both common shares and participating securities. Our restricted stock grants are entitled to dividends and meet the criteria of a participating security.

We allocate undistributed earnings in periods of net income based on the contractual participation rights of Class A common shares, Class B common shares, and participating securities as if the earnings for the period had been distributed. We do not allocate undistributed earnings to participating securities in periods in which we have a net loss. In accordance with our Articles of Incorporation, if and when dividends are declared on our common stock in accordance with Alaska corporate law, equivalent dividends shall be paid with respect to the shares of Class A and Class B common stock, including participating securities. Both classes of common stock have identical dividend rights and would therefore share equally in our net assets in the event of liquidation. As such, we have allocated undistributed earnings on a proportionate basis.

(i) Common Stock

We have a common stock buyback program to repurchase GCI's Class A and Class B common stock. The cost of the repurchased common stock reduces Retained Earnings in our Consolidated Balance Sheets and is treated as constructively retired when purchased.

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(j) 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 our best estimate of the amount of probable credit losses in our existing accounts receivable. We base our estimates on the aging of our accounts receivable balances, financial health of specific customers, regional economic data, changes in our collections process, regulatory requirements and our customers' compliance with Universal Service Administrative Company rules. We review our allowance for doubtful receivables methodology at least annually.

Depending upon the type of account receivable, our allowance is calculated using a pooled basis 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 we believe it is probable the receivable will not be recovered. We do not have any off-balance-sheet credit exposure related to our customers.

Wireless Equipment Installment Plan ("EIP") Receivables

We offer new and existing wireless customers 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 EIP is exchanged for the used handset.

At the time of sale, we impute interest on the receivables associated with Upgrade Now. We record the imputed interest as a reduction to the related accounts receivable. Interest income, which is included in Other Income and (Expense) in our Consolidated Statements of Operations, is recognized over the financed installment term.

We assess the collectability of our EIP receivables based upon a variety of factors, including payment trends and other qualitative factors. The credit profiles of our customers with an Upgrade Now plan are similar to those of our customers with a traditional subsidized plan. Customers with a credit profile which carries a higher risk are required to make a down payment for equipment financed through Upgrade Now.

(k) Derivative Financial Instrument

We account for our derivative instrument in accordance with ASC 815-10, Derivatives and Hedging. ASC 815-10 establishes accounting and reporting standards requiring that derivative instruments, including derivative instruments embedded in other contracts, be recorded on the balance sheet as either an asset or liability measured at its fair value. ASC 815-10 also requires that changes in the fair value of derivative instruments be recognized currently in results of operations unless specific hedge accounting criteria are met. We have not entered into any hedging activities to date. We recognize all derivative instruments as either assets or liabilities in our Consolidated Balance Sheets at their respective fair values. Our stock appreciation rights derivative instrument ("SAR") (as described in Note 5 of this Form 10-Q) is recorded as a liability at fair value and is included within Other Liabilities in our Consolidated Balance Sheets. The SAR is revalued at each reporting date, with changes in the fair value of the instrument included in our Consolidated Statements of Operations as Derivative Instrument Unrealized Income (Loss) with Related Party.

(l) Guarantees

We offer a device trade-in program, "Upgrade Now", which provides eligible customers a specified-price trade-in right to upgrade their device. Participating customers must have purchased a financed device using an equipment installment plan from us and have a qualifying monthly wireless service plan. Upon qualifying for an Upgrade Now device trade-in, the customer's remaining EIP balance is settled provided they trade in their eligible used device in good working condition and purchase a new device from us on a new EIP.

For customers who enroll in Upgrade Now, we defer the portion of equipment sales revenue which represents the estimated value of the trade-in right guarantee. The estimated value of the guarantees are based on various economic and customer behavioral assumptions, including the customer's estimated

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remaining EIP balance at trade-in, the expected fair value of the used handset at trade-in and the probability and timing of a trade-in.

We assess facts and circumstances at each reporting date to determine if we need to adjust the guarantee liability. The recognition of subsequent adjustments to the guarantee liability as a result of these assessments are recorded as adjustments to revenue. When customers upgrade their devices, the difference between the trade-in credit to the customer and the fair value of the returned devices is recorded against the guarantee liabilities.

(m) Revenue
Recognition

As an Eligible Telecommunications Carrier ("ETC"), we receive support from the Universal Service Fund ("USF") to support the provision of wireline local access and wireless service in high cost areas. On August 31, 2016, the Federal Communications Commission ("FCC") published a Report and Order to reform the methodology for distributing USF high cost support for both wireline and wireless voice and broadband service ("Alaska High Cost Order"). The Alaska High Cost Order was a significant program change that required a reassessment of our high cost support revenue recognition.

Remote High Cost Support

Prior to the Alaska High Cost Order, we accrued estimated program revenue based on current line counts and the frozen per-line rates, reduced as needed by our estimate of the impact of the Statewide Support Cap. Additionally, we also considered our assessment of the impact of current FCC regulations and of the potential outcome of FCC proceedings.

As of January 1, 2017, Remote high cost support payments to Alaska High Cost participants will be frozen on a per-company basis at adjusted December 2014 levels for a ten-year term in exchange for meeting individualized performance obligations to offer voice and broadband services meeting the service obligations at specified minimum speeds by five-year and ten-year service milestones to a specified number of locations. Remote high cost support is no longer dependent upon line counts and line count filings are no longer required.

As a result of the Alaska High Cost Order, we apply the proportional performance revenue recognition method to account for the transition from accruals based on line counts to a fixed payment stream while our level of service provided and associated costs remain constant. Included in the calculation are the scheduled Remote high cost support payments from September 2016 through January 2027 net of our Remote accounts receivable balance at August 31, 2016. In 2022, the FCC may redistribute support in areas with duplicative LTE service. We will account for any changes made by the FCC to redistribute support prospectively.

Urban High Cost Support

Prior to the Alaska High Cost Order, Urban high cost support payments were frozen and had phased down to 60% of the monthly average of the 2011 annual support. The Alaska High Cost Order mandates that as of January 1, 2017, Urban high cost support for 2017 and 2018 will be two-thirds and one-third of the December 2014 level of support received, respectively.

We apply the proportional performance revenue recognition method to account for the impact of the declining payments while our level of service provided and associated costs remain constant. Included in the calculation are the scheduled Urban high cost support payments from September 2016 through January 2018 net of our Urban accounts receivable balance at August 31, 2016. An equal amount of this result is recognized as Urban support revenue each period.

For both Remote and Urban high cost support revenue, our ability to collect our accrued USF support is contingent upon continuation of the USF program and upon our eligibility to participate in that program, which are subject to change by future regulatory, legislative or judicial actions. We adjust revenue and the account receivable in the period the FCC makes a program change or we assess the likelihood that such a change has increased or decreased revenue. We do not recognize revenue related to a particular service area until our ETC status has been approved by the RCA.

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We recorded high cost support revenue under the Universal Service Fund (“USF”) program of \$15.9 million and \$16.5 million for the three months ended September 30, 2016 and 2015, respectively, and \$48.4 million and \$50.6 million for the nine months ended September 30, 2016 and 2015, respectively. At September 30, 2016, we have \$44.7 million in high cost support accounts receivable.

(n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include the allowance for doubtful receivables, unbilled revenues, accrual of the USF high cost program support, share-based compensation, inventory at lower of cost and net realizable value, reserve for future customer credits, liability for incurred but not reported medical insurance claims, valuation allowances for deferred income tax assets, depreciable and amortizable lives of assets, the carrying value of long-lived assets including goodwill, cable certificates, wireless licenses, and broadcast licenses, the fair value of equity method investments evaluated for impairment, our effective tax rate, imputed interest rate, purchase price allocations, deferred lease expense, asset retirement obligations, the accrual of cost of goods sold (exclusive of depreciation and amortization expense), depreciation, the derivative stock appreciation rights liability, guarantees, and the accrual of contingencies and litigation. Actual results could differ from those estimates.

(o) Classification of Taxes Collected from Customers

We report sales, use, excise, and value added taxes assessed by a governmental authority that is directly imposed on a revenue-producing transaction between us and a customer on a net basis in our Consolidated Statements of Operations. The following are certain surcharges reported on a gross basis in our Consolidated Statements of Operations (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Surcharges reported gross	\$ 951	1,426	2,973	3,960

(p) Reclassifications

Reclassifications have been made to the 2015 financial statements to make them comparable with classifications used in the current year.

(2) Tower Sale and Leaseback

In August 2016, we sold to Vertical Bridge Towers II, LLC (“VBT”) 276 cell sites (“VBT Tower Sites”) in exchange for net proceeds of \$90.8 million (“Tower Transaction”). The sale included, where applicable, the towers, the land on which the towers were situated if owned by us, the obligation to pay land leases, and other executory costs.

We entered into a master lease agreement in which we lease back space at the VBT 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.

Prior to the Tower Transaction, we had the legal obligation to remove the towers upon termination of the land lease agreements. The obligation is now reduced to the removal of our equipment from the towers. Therefore, we have reduced our asset retirement obligation related to the VBT Tower Sites by \$3.4 million.

Per the master lease agreement, we have the right to cure land lease defaults on behalf of VBT and have negotiated fixed rate lease renewals as described above. Due to this continuing involvement with the VBT Tower Sites, we determined we were precluded from applying sale-leaseback accounting. We recorded a long-term financial obligation (“Tower Obligation”) in the amount of the net proceeds received and recognize interest

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on the tower obligation at a rate of 7.1% using the effective interest method. The Tower Obligation is increased by interest expense and amortized through contractual leaseback payments made by us to VBT. Our historical tower site asset costs continue to be depreciated and reported in Net Property and Equipment.

The following table summarizes the impacts to the Consolidated Balance Sheets (amounts in thousands):

		September 30, 2016
Property and equipment ⁽¹⁾	\$	19,159
Tower obligation ⁽²⁾	\$	88,060
⁽¹⁾ Property conveyed to VBT as part of the Tower Transaction, but remains on our Consolidated Balance Sheets.		
⁽²⁾ Excluding current portion and net of deferred transaction costs.		

Future minimum payments related to the Tower Obligation, including expected renewals and excluding deferred transaction costs, are summarized below (amounts in thousands):

Years ending December 31,		Total
2016	\$	1,735
2017		6,996
2018		7,136
2019		7,279
2020		7,425
2021 and thereafter		157,690
Total minimum payments		188,261
Less amount representing interest		98,118
Tower obligation	\$	90,143

(3) Consolidated Statements of Cash Flows Supplemental Disclosures

Changes in operating assets and liabilities consist of (amounts in thousands):

Nine Months Ended September 30,	2016	2015
Decrease in accounts receivable, net	\$ 3,129	16,916
Increase in prepaid expenses	(3,636)	(813)
Decrease in inventories	3,356	6,957
(Increase) decrease in other current assets	(44)	17
Increase in other assets	(3,990)	(7,886)
Increase (decrease) in accounts payable	4,155	(8,095)
Increase (decrease) in deferred revenues	(1,013)	1,532
Decrease in accrued payroll and payroll related obligations	(2,227)	(3,783)
Increase (decrease) in accrued liabilities	(5,758)	2,505
Increase in accrued interest	11,810	20,035
Decrease in subscriber deposits	(366)	(590)
Increase (decrease) in long-term deferred revenue	18,178	(6,437)
Increase in components of other long-term liabilities	332	230
Total change in operating assets and liabilities	\$ 23,926	20,588

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The following item is for the nine months ended September 30, 2016 and 2015 (amounts in thousands):

Net cash paid or received:	2016	2015
Interest paid including capitalized interest	\$ 50,789	43,195

The following items are non-cash investing and financing activities for the nine months ended September 30, 2016 and 2015 (amounts in thousands):

	2016	2015
Non-cash additions for purchases of property and equipment	\$ 11,372	17,683
Net asset retirement obligation additions (deletions) to property and equipment	\$ (2,279)	1,730
Non-cash consideration for Wireless Acquisition	\$ —	23,326

(4) Intangible Assets and Goodwill

Amortization expense for amortizable intangible assets was as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Amortization expense	\$ 3,147	2,701	9,183	7,919

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,			
2016		\$	12,141
2017		\$	10,352
2018		\$	8,388
2019		\$	5,872
2020		\$	4,474

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(5) Fair Value Measurements and Derivative Instrument

Recurring Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and December 31, 2015 are as follows (amounts in thousands):

September 30, 2016	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
Assets:				
Deferred compensation plan assets (mutual funds)	\$ 1,462	—	—	1,462
Liabilities:				
Derivative stock appreciation rights	\$ —	—	16,980	16,980
December 31, 2015	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	Total
Assets:				
Deferred compensation plan assets (mutual funds)	\$ 1,728	—	—	1,728
Liabilities:				
Derivative stock appreciation rights	\$ —	—	32,820	32,820

⁽¹⁾ Quoted prices in active markets for identical assets or liabilities

⁽²⁾ Observable inputs other than quoted prices in active markets for identical assets and liabilities

⁽³⁾ Inputs that are generally unobservable and not corroborated by market data

The fair value of our mutual funds is determined using quoted market prices in active markets utilizing market observable inputs.

The fair value of our derivative stock appreciation rights was determined using a lattice-based valuation model (see the section "Derivative Financial Instrument" below for more information).

Current and Long-Term Debt

The carrying amounts and approximate fair values of our current and long-term debt, excluding capital leases, at September 30, 2016 and December 31, 2015 are as follows (amounts in thousands):

	September 30, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Current and long-term debt	\$ 1,333,535	1,392,626	1,348,106	1,390,743

The following methods and assumptions were used to estimate fair values:

- The fair values of the 6.75% Senior Notes due 2021 and the 6.875% Senior Notes due 2025 both issued by GCI, Inc., our wholly owned subsidiary, are based upon quoted market prices for the same or similar issues (Level 2).
- The fair value of our Searchlight Note Payable is based on the current rates offered to us for similar remaining maturities plus an additional premium to reflect its subordination to our 2021 and 2025 Notes (Level 3).
- The fair value of our Amended Senior Credit Facility and Wells Fargo note payable are estimated to approximate their carrying value because the instruments are subject to variable interest rates (Level 2).

Derivative Financial Instrument

In connection with the \$75.0 million unsecured promissory note issued to Searchlight on February 2, 2015, we entered into a stock appreciation rights agreement pursuant to which we issued to Searchlight three million stock appreciation rights. Each stock appreciation right entitles Searchlight to receive, upon exercise, an

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amount payable at our election in either cash or shares of GCI's Class A common stock equal in value to the excess of the fair market value of a share of GCI Class A common stock on the date of exercise over the price of \$13.00. The instrument is exercisable on the fourth anniversary of the grant date and will expire eight years from the date of grant. We have determined that the stock appreciation rights are required to be separately accounted for as a derivative instrument and subject to fair value liability accounting under ASC 815-10.

We use a lattice based valuation model to value the stock appreciation rights liability at each reporting date. The model incorporates transaction details such as our stock price, instrument term and settlement provisions, as well as highly complex and subjective assumptions about volatility, risk-free interest rates, issuer behavior and holder behavior. The lattice model uses highly subjective assumptions and the use of other reasonable assumptions could provide different results. The following table shows our significant assumptions and inputs used in the lattice-based valuation model to value the stock appreciation right liability at September 30, 2016:

	September 30, 2016
Contractual term (in years)	2.3 - 6.3
Volatility	40 %
Risk-free interest rate	1.3 %

The following table summarizes the changes in fair value of our financial instrument measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine months ended September 30, 2016 and 2015 (amounts in thousands):

Fair Value Measurement Using Level 3 Inputs	
	Derivative Stock Appreciation Rights
Balance at January 1, 2015	\$ —
Issuance	21,660
Fair value adjustment at end of period, included in Other Income (Expense)	5,040
Balance at September 30, 2015	26,700
Balance at January 1, 2016	32,820
Fair value adjustment at end of period, included in Other Income (Expense)	(15,840)
Balance at September 30, 2016	\$ 16,980

(6) Stockholders' Equity

Common Stock

GCI's Board of Directors has authorized a common stock buyback program for the repurchase of GCI's Class A and Class B common stock in order to reduce the outstanding shares of Class A and Class B common stock. We are authorized to increase our repurchase limit \$5.0 million per quarter indefinitely and to use stock option exercise proceeds to repurchase additional shares. If stock repurchases are less than the total approved quarterly amount the difference may be carried forward and used to repurchase additional shares in future quarters.

During the three months ended September 30, 2016 and 2015, we repurchased 1.8 million and 0.4 million shares, respectively, of our Class A common stock under the stock buyback program at a cost of \$27.1 million and \$7.3 million, respectively. During the nine months ended September 30, 2016 and 2015, we repurchased 3.0 million and 2.8 million shares of our Class A common stock under the stock buyback program at a cost of \$46.5 million and \$43.2 million, respectively. Under this program we are currently authorized to make up to \$64.0 million of repurchases as of September 30, 2016.

We expect to continue the repurchases for an indefinite period dependent on leverage, liquidity, company performance, and market conditions and subject to continued oversight by GCI's Board of Directors.

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Share-based Compensation

Our Amended and Restated 1986 Stock Option Plan ("Stock Option Plan"), provides for the grant of options and restricted stock awards (collectively "award") for a maximum of 15.7 million shares of GCI Class A common stock, subject to adjustment upon the occurrence of stock dividends, stock splits, mergers, consolidations or certain other changes in corporate structure or capitalization. We have issued only restricted stock awards since 2010. If an award expires or terminates, the shares subject to the award will be available for further grants of awards under the Stock Option Plan. The Compensation Committee of GCI's Board of Directors administers the Stock Option Plan. Substantially all restricted stock awards granted vest over periods of up to three years. The requisite service period of our awards is generally the same as the vesting period. New shares are issued when restricted stock awards are granted. We have 1.6 million shares available for grant under the Stock Option Plan at September 30, 2016.

A summary of nonvested restricted stock award activity under the Stock Option Plan as of September 30, 2016 and changes during the period then ended is presented below:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2015	1,495	\$ 11.08
Granted	580	\$ 17.68
Vested	(284)	\$ 10.41
Forfeited	(3)	\$ 15.93
Nonvested at September 30, 2016	1,788	\$ 13.32

The weighted average grant date fair value of awards granted during the nine months ended September 30, 2016 and 2015, were \$17.68 and \$14.70, respectively. The total fair value of awards vesting during the nine months ended September 30, 2016 and 2015 were \$4.5 million and \$5.1 million, respectively. We have recorded share-based compensation expense of \$7.8 million and \$8.0 million for the nine months ended September 30, 2016 and 2015, respectively. Share-based compensation expense is classified as Selling, General and Administrative Expense in our Consolidated Statements of Operations. Unrecognized share-based compensation expense was \$11.2 million as of September 30, 2016. We expect to recognize share-based compensation expense over a weighted average period of 1.4 years for restricted stock awards.

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(7) Earnings (Loss) per Common Share

Earnings (loss) per common share ("EPS") and common shares used to calculate basic and diluted EPS consist of the following (amounts in thousands, except per share amounts):

	Three Months Ended September 30,			
	2016		2015	
	Class A	Class B	Class A	Class B
Basic net income (loss) per share:				
Numerator:				
Net income available to common stockholders	\$ 7,266	677	\$ 16,213	1,418
Less: Undistributed net income allocable to participating securities	(386)	—	(920)	—
Undistributed net income allocable to common stockholders	6,880	677	15,293	1,418
Denominator:				
Weighted average common shares outstanding	32,033	3,154	34,031	3,155
Basic net income attributable to GCI common stockholders per common share	\$ 0.21	0.21	\$ 0.45	0.45

	Three Months Ended September 30,			
	2016		2015	
	Class A	Class B	Class A	Class B
Diluted net loss per share:				
Numerator:				
Undistributed net income allocable to common stockholders for basic computation	\$ 6,880	677	\$ 15,293	1,418
Reallocation of undistributed earnings as a result of conversion of Class B to Class A shares	677	—	1,418	—
Reallocation of undistributed earnings as a result of conversion of dilutive securities	141	(247)	22	(34)
Effect of derivative instrument that may be settled in cash or shares	(2,827)	—	(18)	—
Effect of share based compensation that may be settled in cash or shares	(32)	—	4	—
Undistributed net income adjusted for allocation of undistributed earnings and effect of contracts that may be settled in cash or shares	\$ 4,839	430	\$ 16,719	1,384
Denominator:				
Number of shares used in basic computation	32,033	3,154	34,031	3,155
Conversion of Class B to Class A common shares outstanding	3,154	—	3,155	—
Effect of derivative instrument that may be settled in cash or shares	264	—	781	—
Unexercised stock options	1	—	122	—
Effect of share based compensation that may be settled in cash or shares	26	—	26	—
Number of shares used in per share computation	35,478	3,154	38,115	3,155
Diluted net income attributable to GCI common stockholders per common share	\$ 0.14	0.14	\$ 0.44	0.44

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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(Unaudited)

	Nine Months Ended September 30,			
	2016		2015	
	Class A	Class B	Class A	Class B
Basic net income (loss) per share:				
Numerator:				
Net income (loss) available to common stockholders	\$ 11,422	1,035	\$ (15,838)	(1,427)
Less: Undistributed net income allocable to participating securities	(588)	—	—	—
Undistributed net income (loss) allocable to common stockholders	10,834	1,035	(15,838)	(1,427)
Denominator:				
Weighted average common shares outstanding	33,008	3,154	35,037	3,158
Basic net income (loss) attributable to GCI common stockholders per common share	<u>\$ 0.33</u>	<u>0.33</u>	<u>\$ (0.45)</u>	<u>(0.45)</u>

	Nine Months Ended September 30,			
	2016		2015	
	Class A	Class B	Class A	Class B
Diluted net loss per share:				
Numerator:				
Undistributed net income (loss) allocable to common stockholders for basic computation	\$ 10,834	1,035	\$ (15,838)	(1,427)
Reallocation of undistributed earnings (loss) as a result of conversion of Class B to Class A shares	1,035	—	(1,427)	—
Reallocation of undistributed earnings as a result of conversion of dilutive securities	447	(787)	—	—
Effect of derivative instrument that may be settled in cash or shares	(9,327)	—	—	—
Effect of share based compensation that may be settled in cash or shares	(93)	—	—	—
Undistributed net income (loss) adjusted for allocation of undistributed earnings (loss) and effect of contracts that may be settled in cash or shares	\$ 2,896	248	\$ (17,265)	(1,427)
Denominator:				
Number of shares used in basic computation	33,008	3,154	35,037	3,158
Conversion of Class B to Class A common shares outstanding	3,154	—	3,158	—
Effect of derivative instrument that may be settled in cash or shares	602	—	—	—
Unexercised stock options	3	—	—	—
Effect of share based compensation that may be settled in cash or shares	26	—	—	—
Number of shares used in per share computation	<u>36,793</u>	<u>3,154</u>	<u>38,195</u>	<u>3,158</u>
Diluted net income (loss) attributable to GCI common stockholders per common share	<u>\$ 0.08</u>	<u>0.08</u>	<u>\$ (0.45)</u>	<u>(0.45)</u>

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Weighted average shares associated with outstanding securities for the three and nine months ended September 30, 2016 and 2015, which have been excluded from the computations of diluted EPS, because the effect of including these securities would have been anti-dilutive, consist of the following (shares, in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Derivative instrument that may be settled in cash or shares, the effect of which is anti-dilutive	—	—	—	595
Shares associated with anti-dilutive unexercised stock options	—	—	—	120
Share-based compensation that may be settled in cash or shares, the effect of which is anti-dilutive	—	—	—	26
Total excluded	—	—	—	741

(8) Segments

Our reportable segments are business units that offer different products and are each managed separately. A description of our reportable segments follows:

Wireless - We offer wholesale wireless services.

Wireline - We provide 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.

We evaluate performance and allocate resources based on Adjusted EBITDA, which is defined as earnings plus imputed interest on financed devices before:

- Net interest expense,
- Income taxes,
- Depreciation and amortization expense,
- Loss on extinguishment of debt,
- Software impairment charge,
- Derivative instrument unrealized income (loss),
- Share-based compensation expense,
- Accretion expense,
- Loss attributable to non-controlling interest resulting from NMTC transactions,
- Gains and impairment losses on equity and cost method investments, and
- Other non-cash adjustments.

Management believes that this measure is useful to investors and other users of our financial information in understanding and evaluating operating performance as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Adjusted EBITDA are used to estimate current or prospective enterprise value.

In the first quarter of 2016, we added an adjustment to Adjusted EBITDA, our measure of segment profitability, for cash received in excess of revenue recognized for long-term roaming arrangements ("Roaming Adjustment"). In the third quarter of 2016, we reevaluated our measure of segment profitability and decided to eliminate this adjustment due to the fact that this adjustment is not appropriate to include in non-GAAP metrics, which resulted in differences between our measure of segment profitability and disclosures of non-GAAP metrics.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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The effect of removing the Roaming Adjustment from Adjusted EBITDA for the three months ended March 31, 2016 and the three and six months ended June 30, 2016 follows (amounts in thousands):

	Wireless Segment Adjusted EBITDA		
	Adjusted EBITDA as Previously Defined	Removal of Roaming Adjustment	Adjusted EBITDA
First Quarter 2016	\$ 40,064	(7,500)	32,564
Second Quarter 2016	\$ 40,334	(7,500)	32,834
Six Months Ended June 30, 2016	\$ 80,398	(15,000)	65,398

The accounting policies of the reportable segments are the same as those described in Note 1, "Business and Summary of Significant Accounting Policies" of this Form 10-Q. We have no intersegment sales.

We earn all revenues through sales of services and products within the United States. All of our long-lived assets are located within the United States of America, except the majority of our undersea fiber optic cable systems which transit international waters and all of our satellite transponders.

Summarized financial information for our reportable segments for the three and nine months ended September 30, 2016 and 2015 follows (amounts in thousands):

	Three Months Ended			Nine Months Ended		
	Wireless	Wireline	Total Reportable Segments	Wireless	Wireline	Total Reportable Segments
September 30, 2016						
Revenues	\$ 52,327	184,328	236,655	\$ 157,664	543,855	701,519
Adjusted EBITDA	\$ 32,018	46,167	78,185	\$ 97,416	122,915	220,331
September 30, 2015						
Revenues	\$ 80,424	178,149	258,573	\$ 207,568	529,622	737,190
Adjusted EBITDA	\$ 57,404	39,122	96,526	\$ 140,518	119,312	259,830

A reconciliation of reportable segment Adjusted EBITDA to consolidated income (loss) before income taxes follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Reportable segment Adjusted EBITDA	\$ 78,185	96,526	220,331	259,830
Less depreciation and amortization expense	(47,819)	(45,157)	(143,033)	(135,563)
Less share-based compensation expense	(2,810)	(2,660)	(7,820)	(8,074)
Less imputed interest on financed devices	(651)	(268)	(1,885)	(438)
Less accretion expense	(406)	(191)	(1,240)	(992)
Less software impairment charge	—	(2,571)	—	(29,839)
Other	(131)	(206)	(435)	493
Consolidated operating income	26,368	45,473	65,918	85,417
Less other expense, net	(16,134)	(19,856)	(46,215)	(107,361)
Consolidated income (loss) before income taxes	\$ 10,234	25,617	19,703	(21,944)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
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(9) Related Party Transactions

On July 11, 2016, we repurchased 1,000,000 shares of our Class A common stock for \$16.1 million from John W. Stanton and Theresa E Gillespie, husband and wife, who continue to be significant shareholders of our Class B common stock.

We entered into a long-term capital lease agreement in 1991 with the wife of GCI's President and CEO for property occupied by us. The leased asset was capitalized in 1991 at the owner's cost of \$0.9 million and the related obligation was recorded. The lease agreement was amended in April 2008 and our 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.

In January 2001 we entered into an aircraft operating lease agreement with a company owned by GCI's President and CEO. The lease was amended several times, most recently in May 2011. The lease term of the aircraft may be terminated at any time by us upon 12 months written notice. The monthly lease rate of the aircraft is \$132,000. In 2001, we 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.

As disclosed in Note 5 of this Form 10-Q, we have an unsecured promissory note and stock appreciation rights with Searchlight. Searchlight received the right to nominate one person for appointment or election as a member of our Board of Directors pursuant to a Securityholder Agreement dated as of December 4, 2014. Searchlight became a related party on February 2, 2015 when we closed the Wireless Acquisition. Searchlight's nominee was appointed as a member of our Board of Directors on March 4, 2015.

ACS was a related party for financial statement reporting purposes through the date of the Wireless Acquisition on February 2, 2015. Included in our related party disclosures were ACS' provision to us of local service lines and network capacity in locations where we do not have our own facilities, our provision to ACS of wholesale wireless services for their use of our network to sell services to their respective retail customers, and our receipt of ACS' high cost support from USF for its wireless customers. For the period January 1, 2015 to February 2, 2015, we paid ACS \$6.2 million and received \$8.1 million in payments from ACS. We also have long-term capacity exchange agreements with ACS for which no money is exchanged.

(10) Variable Interest Entities

New Markets Tax Credit Entities

We have entered into several arrangements under the NMTC program with US Bancorp to help fund a project that extended terrestrial broadband service for the first time to rural Northwestern Alaska communities via a high capacity hybrid fiber optic and microwave network ("TERRA-NW"). 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.

On August 30, 2011, we entered into the first arrangement ("NMTC #1"). In connection with the NMTC #1 transaction we loaned \$58.3 million to TIF, a special purpose entity created to effect the financing arrangement, at 1% interest due August 30, 2041. Simultaneously, US Bancorp invested \$22.4 million in TIF. TIF then contributed US Bancorp's contribution and the loan proceeds to certain CDEs. The CDEs, in turn, loaned the \$76.8 million in funds less payment of placement fees, at interest rates varying from 1% to 3.96%, to Unicom, as partial financing for TERRA-NW.

On October 3, 2012, we entered into the second arrangement ("NMTC #2"). In connection with the NMTC #2 transaction we loaned \$37.7 million to TIF 2 and TIF 2-USB, special purpose entities created to effect the financing arrangement, at 1% interest due October 2, 2042. Simultaneously, US Bancorp invested \$17.5 million in TIF 2 and TIF 2-USB. TIF 2 and TIF 2-USB then contributed US Bancorp's contributions and the loan proceeds to certain CDEs. The CDEs, in turn, loaned the \$55.2 million in funds less payment of placement fees, at interest rates varying from 0.7099% to 0.7693%, to Unicom, as partial financing for TERRA-NW.

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On December 11, 2012, we entered into the third arrangement ("NMTC #3"). In connection with the NMTC #3 transaction we loaned \$8.2 million to TIF 3, a special purpose entity created to effect the financing arrangement, at 1% interest due December 10, 2042. Simultaneously, US Bancorp invested \$3.8 million in TIF 3. TIF 3 then contributed US Bancorp's contributions and the loan proceeds to a CDE. The CDE, in turn, loaned the \$12.0 million in funds less payment of placement fees, at an interest rate of 1.35%, to Unicom, as partial financing for TERRA-NW.

US Bancorp is the sole investor in TIF, TIF 2, TIF 2-USB and TIF 3, and as such, 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 TERRA-NW. We completed construction of TERRA-NW and placed the final phase into service in 2014.

These transactions include put/call provisions whereby we may be obligated or entitled to repurchase US Bancorp's interests in TIF, TIF 2, TIF 2-USB and/or TIF 3. We believe that US Bancorp will exercise the put options in August 2018, October 2019 and December 2019, at the end of the compliance periods for NMTC #1, NMTC #2 and NMTC #3, respectively. The NMTCs are subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code. We are 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. We have agreed to indemnify US Bancorp for any loss or recapture of NMTCs until such time as our obligation to deliver tax benefits is relieved. There have been no credit recaptures as of September 30, 2016. The value attributed to the puts/calls is nominal.

We have determined that TIF, TIF 2, TIF 2-USB and TIF 3 are VIEs. The consolidated financial statement of TIF, TIF 2, TIF 2-USB and TIF 3 include the CDEs discussed above. 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 us 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 we are obligated to absorb losses of the VIEs. We concluded that we are the primary beneficiary of each and consolidated the VIEs in accordance with the accounting standard for consolidation.

US Bancorp's contributions, net of syndication fees and other direct costs incurred in structuring the NMTC arrangements, are included in Non-controlling Interests on the Consolidated Balance Sheets. Incremental costs to maintain the structure during the compliance period are recognized as incurred to selling, general and administrative expense.

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The assets and liabilities of our consolidated VIEs were \$140.9 million and \$104.2 million, respectively, as of September 30, 2016 and December 31, 2015.

Equity Method Investment

We own a 40.8% interest in a next generation carrier-class communications services firm. We account for our investment using the equity method. Due to declining economic conditions in the sector in which it operates, additional financing was needed for the company to maintain its business plan. In March 2015, the existing owners provided financial support in the form of a loan of which our portion was \$3.0 million. We determined that the additional financing provided to the company was a reconsideration event under ASC 810 and subsequently determined that the entity is a VIE due to insufficient equity to finance its operations as a result of the decline in economic conditions.

We concluded that the company's board has the power to direct the significant activities of the entity. The board is comprised of five members of which we may choose two of the board members. As we do not control the board, we concluded that we do not have the power to direct the significant activities of the entity and are not the primary beneficiary.

During the second quarter of 2015, it became apparent that we would not recover the carrying value of our investment and we subsequently wrote-off the entire value of our investment. We received full payment on the \$3.0 million note receivable in January 2016 and we do not have a contractual obligation to provide additional financing. We currently have no exposure to loss related to our involvement with the VIE.

(11) Software
Impairment

During the years ended December 31, 2013 and 2014, we internally developed computer software in our Wireline segment to replace our wireless, Internet, video, local service, and long distance customer billing systems. During the first quarter of 2015, we completed a detailed assessment of our progress to date and determined it was no longer probable that the computer software being developed would be completed and placed in service. Our assessment concluded that the cost of continuing the development would be much higher than originally estimated, and the timing and scope risks were substantial. We identified development work, hardware, and software recorded as Construction in Progress through September 30, 2015, that may be applicable to our replacement customer billing solution, future internally developed software, and other system needs and therefore should remain capital assets. We considered the remaining capital expenditures for this billing system to have a fair value of \$0 and recorded an impairment charge of \$20.7 million during the nine months ended September 30, 2015 by recording an expense which is included in Software Impairment Charge in our Consolidated Statements of Operations.

During the first quarter of 2015, we reassessed our plans for our internally developed machine-to-machine billing system in our Wireline segment, and decided to no longer market this system to third parties. Accordingly we recognized an impairment charge of \$0.5 million and \$7.1 million during the three and nine months ended September 30, 2015 by recording an expense which is included in Software Impairment Charge in our Consolidated Statements of Operations.

During the third quarter of 2015, we evaluated user management software we purchased in 2014 and determined that we would not be able to use the software. Accordingly we recognized an impairment of \$1.0 million during the three and nine months ended September 30, 2015 by recording an expense which is included in Software Impairment Charge in our Consolidated Statement of Operations.

(12) Commitments and
Contingencies

On July 29, 2016, we executed a Membership Interest Purchase Agreement to acquire Kodiak Kenai Cable Company, the owner of the Kodiak Kenai Fiber Link ("KKFL") for consideration of \$20.0 million. KKFL is the only low latency redundant fiber link between Anchorage, the Kenai Peninsula and Kodiak and it will ensure we have diverse, protected network capacity to these markets to support our current and future broadband requirements. Closing is subject to the consent of the Federal Communications Commission.

Part I

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In the following discussion, General Communication, Inc. ("GCI") and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our interim consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those described in Note 1 in the accompanying "Condensed Notes to Interim Consolidated Financial Statements" included in Part I of this quarterly report on Form 10-Q. We base our estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. See also our "Cautionary Statement Regarding Forward-Looking Statements."

Update on Economic Conditions

We offer wireless and wireline telecommunication services, data services, video services, and managed services to customers primarily throughout Alaska. Because of this geographic concentration, growth of our 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 will adversely impact the Alaska economy, which in turn could have an adverse impact on the demand for our products and services and on our results of operations and financial condition.

Oil prices have continued to remain low which has put significant pressure on the Alaska state government budget since the majority of its revenues come from the oil industry. While the Alaska state government has significant reserves that we believe 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 declining oil prices. The State of Alaska failed to pass a workable long-term fiscal plan during the recent legislative session. As a result, we plan to reduce our 2017 Alaska capital expenditure budget by 20% to 25% of the 2016 target of \$210.0 million due substantially to the continued uncertainty of the ability of the State of Alaska to adopt and implement a workable long-term fiscal plan.

General Overview

Through our focus on long-term results, acquisitions, and strategic capital investments, we strive to consistently grow our Adjusted EBITDA, as defined in Note 8 in "Part I - Item 1 - Condensed Notes to Interim Consolidated Financial Statements." We have historically met our cash needs for operations and regular and maintenance capital expenditures through our cash flows from operating activities. Historically, cash requirements for significant acquisitions and major capital expenditures have been provided largely through our financing activities.

On August 31, 2016, the Federal Communications Commission ("FCC") published a Report and Order to reform the methodology for distributing Universal Service Fund ("USF") high cost support for both wireline and wireless voice and broadband service ("Alaska High Cost Order"). The Alaska High Cost Order was a significant program change that required a reassessment of our high cost support revenue recognition. See Note 1(m) in "Part I - Item 1 - Condensed Notes to Interim Consolidated Financial Statements" for additional information. As a result of the Alaska High Cost Order, we expect high cost support revenue under the USF program to be less than the \$66.2 million of high cost support revenue recognized in 2015 by approximately \$2.5 million in 2016, \$5.0 million in each of 2017 and 2018, and \$15.0 million annually from 2019 through 2026, the date the Alaska High Cost Order ends.

On February 2, 2015, we purchased Alaska Communications Systems Group, Inc.'s ("ACS") interest in The Alaska Wireless Network, LLC ("AWN") and substantially all the assets of ACS and its affiliates related to ACS's wireless operations ("Acquired ACS Assets") (collectively the "Wireless Acquisition"). Under the terms of the agreement, we transferred to ACS a cash payment of \$293.2 million excluding working capital adjustments and agreed to terminate or amend certain agreements related to the use of ACS network assets that were included as part of the original transaction that closed in July 2013. The Acquired ACS Assets include substantially all of ACS's wireless subscriber assets, including subscriber contracts, and certain of ACS's CDMA network assets, including fiber strands and associated cell site electronics and microwave facilities and associated electronics. We assumed from ACS post-

closing liabilities of ACS and its affiliates under contracts assumed by us and liabilities with respect to the ownership by ACS of its equity interest in AWN to the extent accruing and related to the period after closing. All other liabilities were retained by ACS and its affiliates.

Results of Operations

The following table sets forth selected financial data as a percentage of total revenues for the periods indicated (underlying data rounded to the nearest thousand):

	Three Months Ended September 30,		Percentage Change ¹	Nine Months Ended September 30,		Percentage Change ¹
	2016	2015	vs. 2015	2016	2015	vs. 2015
Statements of Operations Data:						
Revenues:						
Wireless segment	22%	31%	(35)%	22%	28%	(24)%
Wireline segment	78%	69%	3%	78%	72%	3%
Total revenues	100%	100%	(8)%	100%	100%	(5)%
Selling, general and administrative expenses	38%	32%	8%	38%	34%	6%
Depreciation and amortization expense	20%	17%	6%	20%	18%	6%
Software impairment charge	—%	1%	(100)%	—%	4%	(100)%
Operating income	11%	18%	(42)%	9%	12%	(23)%
Other expense, net	7%	8%	(19)%	7%	15%	57%
Income (loss) before income taxes	4%	10%	(60)%	3%	(3)%	190%
Net income (loss)	3%	7%	(55)%	2%	(2)%	171%
Net income (loss) attributable to non-controlling interests	—%	—%	15%	—%	—%	(226)%
Net income (loss) attributable to GCI	3%	7%	(55)%	2%	(2)%	172%

¹Percentage change in underlying data

We evaluate performance and allocate resources based on Adjusted EBITDA, which is defined as earnings plus imputed interest on financed devices before:

- Net interest expense,
- Income taxes,
- Depreciation and amortization expense,
- Loss on extinguishment of debt,
- Software impairment charge,
- Derivative instrument unrealized income (loss),
- Share-based compensation expense,
- Accretion expense,
- Loss attributable to non-controlling interest resulting from NMTC transactions,
- Gains and impairment losses on equity and cost method investments, and
- Other non-cash adjustments.

Management believes that this measure is useful to investors and other users of our financial information in understanding and evaluating operating performance as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Adjusted EBITDA are used to estimate current or prospective enterprise value. See Note 8 in "Part I - Item 1 - Condensed Notes to Interim Consolidated Financial Statements" for a reconciliation of total Adjusted EBITDA to consolidated income (loss) before income taxes.

Overview of Revenues and Cost of Goods Sold

Total revenue, cost of goods sold (exclusive of depreciation and amortization expense) ("Cost of Goods Sold"), and Adjusted EBITDA for the three and nine months ended September 30, 2016 and 2015 are as follows (amounts in thousands):

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2016	2015		2016	2015	
Revenue	\$ 236,655	258,573	(8)%	\$ 701,519	737,190	(5)%
Cost of Goods Sold	\$ 73,494	82,717	(11)%	\$ 227,926	236,741	(4)%
Adjusted EBITDA	\$ 78,185	96,526	(19)%	\$ 220,331	259,830	(15)%

See the discussion below for more information by segment.

Wireless Segment Overview

The Wireless segment was impacted by the Wireless Acquisition discussed above in the General Overview section. From the formation of AWN in 2013 to the close of the Wireless Acquisition on February 2, 2015, AWN provided wholesale services to GCI and ACS and roaming services to other wireless carriers. During that time, AWN received a portion of its revenue from GCI and ACS' retail wireless customers. Additionally, AWN paid an incentive to GCI and ACS for the sale of wireless handsets to their respective retail customers. Following the close of the Wireless Acquisition, the Wireless segment continues to provide roaming services to other wireless carriers and provides wholesale services to the Wireline segment for which it receives a portion of its revenue from wireless retail customers. Additionally, the Wireless segment started recording a portion of the wireless equipment costs to encourage the Wireline segment to transition customers from our CDMA network to our GSM network.

Wireless segment revenue, Cost of Goods Sold, and Adjusted EBITDA for the three and nine months ended September 30, 2016 and 2015 are as follows (amounts in thousands):

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2016	2015		2016	2015	
Revenue	\$ 52,327	80,424	(35)%	\$ 157,664	207,568	(24)%
Cost of Goods Sold	\$ 15,313	18,031	(15)%	\$ 47,426	53,897	(12)%
Adjusted EBITDA	\$ 32,018	57,404	(44)%	\$ 97,416	140,518	(31)%

Wireless Segment Revenues

The decrease in revenue for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to the following:

- A \$24.9 million or 61% and \$44.9 million or 50% decrease in roaming revenue for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, due to long-term roaming agreements we have entered into with our largest roaming partners (please see "Liquidity and Capital Resources" below for additional discussion of the long-term roaming agreements), and
- A \$4.3 million or 21% and \$12.2 million or 19% decrease in plan fee revenue for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, primarily due to a decrease in subscribers and discounts given to customers who finance or bring their own device.

Wireless Segment Cost of Goods Sold

The decrease in Cost of Goods Sold for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to the following:

- A \$2.4 million or 52% and \$8.0 million or 56% decrease in roaming costs for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, primarily due to renegotiated roaming agreements, and
- A \$1.7 million or 100% and \$6.3 million or 100% decrease in wireless equipment costs for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively. Through the February 2, 2015 close of the Wireless Acquisition, the Wireless segment gave a wireless equipment subsidy to the Wireline segment in accordance with the AWN agreements. Following the close of the Wireless Acquisition, this subsidy was discontinued but the Wireless segment started recording a portion of the wireless equipment costs to encourage the Wireline segment to transition customers from

our CDMA network to our GSM network which partially offset the decrease. All wireless equipment costs are recorded in the Wireline segment in 2016.

The decreases above are partially offset by a \$0.4 million or 10% and \$3.9 million or 34% increase for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, primarily due to an increase in network maintenance costs primarily due to the expansion of our network and an increase in utility and operating costs. Additionally, the release of a reserve during the first quarter of 2015 contributed to the increase for the nine months ended September 30, 2016 when compared to the same period in 2015.

Wireless Segment Adjusted EBITDA

The decrease in Adjusted EBITDA for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to a decrease in revenues as described above in "Wireless Segment Revenues, partially offset by the decreased Cost of Goods Sold as described above in "Wireless Segment Cost of Goods Sold."

Wireline Segment Overview

Our Wireline segment offers services and products under two major customer groups as follows:

Wireline Segment Services and Products	Customer Group	
	Consumer	Business
Retail wireless	X	X
Data:		
Internet	X	X
Data networks		X
Managed services		X
Video	X	X
Voice:		
Long-distance	X	X
Local access	X	X

- Consumer – we offer a full range of retail wireless, data, video and voice services to residential customers.
- Business – we offer a full range of wireless, data, video, voice, and managed services to businesses, governmental entities, and educational institutions and wholesale data and voice services to common carrier customers and regulated voice services to residential and commercial customers in rural communities primarily in Southwest Alaska.

The components of Wireline segment revenue for the three and nine months ended September 30, 2016 and 2015 are as follows (amounts in thousands):

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2016	2015		2016	2015	
Consumer						
Wireless	\$ 19,866	19,451	2 %	\$ 50,055	56,566	(12)%
Data	35,255	32,465	9 %	105,033	95,771	10 %
Video	26,134	28,483	(8)%	81,294	86,629	(6)%
Voice	6,551	7,420	(12)%	20,357	22,950	(11)%
Business						
Wireless	2,205	2,036	8 %	6,787	6,077	12 %
Data	74,777	67,780	10 %	219,977	199,815	10 %
Video	4,636	4,476	4 %	14,530	13,511	8 %
Voice	14,904	16,038	(7)%	45,822	48,303	(5)%
Total Wireline segment revenue	\$ 184,328	178,149	3 %	\$ 543,855	529,622	3 %

Wireline segment Cost of Goods Sold and Adjusted EBITDA for the three and nine months ended September 30, 2016 and 2015 are as follows (amounts in thousands):

	Three Months Ended September 30,		Percentage Change	Nine Months Ended September 30,		Percentage Change
	2016	2015		2016	2015	
Wireline segment Cost of Goods Sold	\$ 58,181	64,686	(10)%	\$ 180,500	182,844	(1)%
Wireline segment Adjusted EBITDA	\$ 46,167	39,122	18 %	\$ 122,915	119,312	3 %

Selected key performance indicators for our Wireline segment follow:

	September 30,		Percentage Change
	2016	2015	
Consumer			
Data:			
Cable modem subscribers ¹	127,000	124,300	2 %
Video:			
Basic subscribers ²	108,900	113,600	(4)%
Digital programming tier subscribers ³	54,400	59,500	(9)%
HD/DVR converter boxes ⁴	117,300	110,700	6 %
Homes passed	250,200	251,200	— %
Video ARPU - quarter-to-date ⁵	\$ 79.63	\$ 80.85	(2)%
Video ARPU - year-to-date ⁶	\$ 81.19	\$ 83.24	(2)%
Voice:			
Total local access lines in service ⁷	49,000	51,000	(4)%
Business			
Data:			
Cable modem subscribers ¹	13,200	14,200	(7)%
Voice:			
Total local access lines in service ⁷	46,100	47,100	(2)%
Combined Consumer and Business			
Wireless			

Consumer Lifeline wireless lines in service ⁸	28,700	28,100	2 %
Consumer prepaid wireless lines in service ⁹	29,600	27,100	9 %
Consumer postpaid wireless lines in service ¹⁰	141,000	146,700	(4)%
Business postpaid wireless lines in service ¹⁰	27,100	30,000	(10)%
Total wireless lines in service	226,400	231,900	(2)%
Wireless ARPU - quarter-to-date ¹¹	\$ 37.21	\$ 44.24	(16)%
Wireless ARPU - year-to-date ¹²	\$ 38.82	\$ 46.60	(17)%
Cable Modem ARPU - quarter-to-date ¹³	\$ 88.54	\$ 84.87	4 %
Cable Modem ARPU - year-to-date ¹⁴	\$ 88.23	\$ 84.27	5 %

¹ A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber.

² A basic subscriber is defined as one basic tier of service delivered to an address or separate subunits thereof regardless of the number of outlets purchased.

³ A digital programming tier subscriber is defined as one digital programming tier of service delivered to an address or separate subunits thereof regardless of the number of outlets or digital programming tiers purchased. Digital programming tier subscribers are a subset of basic subscribers.

⁴ A high-definition/digital video recorder ("HD/DVR") converter box is defined as one box rented by a digital programming or basic tier subscriber. A digital programming or basic tier subscriber is not required to rent an HD/DVR converter box to receive service.

⁵ Applicable average monthly video revenues divided by the average number of basic subscribers at the beginning and end of each month in the period ("Video ARPU") for the three months ended September 30, 2016 and 2015.

⁶ Video ARPU for the nine months ended September 30, 2016 and 2015.

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

⁸ A Lifeline wireless line in service is defined as a revenue generating wireless device that is eligible for Lifeline support. The Universal Service Fund's Lifeline program is administered by the Universal Service Administrative Company and is designed to ensure that quality telecommunications services are available to low-income customers at affordable rates.

⁸ A prepaid wireless line in service is defined as a revenue generating wireless device where service is purchased in advance of use. The purchased credit is used to pay for wireless services at the point the service is accessed or consumed.

¹⁰ A postpaid wireless line in service is defined as a revenue generating wireless device where service is provided by a prior arrangement with a subscriber and the subscriber is billed after the fact according to their use of wireless services at the end of each month.

¹¹ Average monthly wireless revenues, excluding those from common carrier customers, divided by the average number of wireless subscribers at the beginning and end of each month in the period ("Wireless ARPU") for the three months ended September 30, 2016 and 2015. Revenue used for this calculation includes Wireline segment - Consumer - Wireless, Wireline segment - Business - Wireless and wholesale wireless revenues earned from GCI retail subscribers included in the Wireless segment.

¹² Wireless ARPU for the nine months ended September 30, 2016. Average of the monthly wireless revenues, excluding those from common carrier customers, divided by the number of wireless subscribers at the end of each month for each of the months in the nine months ended September 30, 2015. Revenue used for this calculation includes Wireline segment - Consumer - Wireless, Wireline segment - Business - Wireless and wholesale wireless revenues earned from GCI retail subscribers included in the Wireless segment.

¹³ Applicable average monthly cable modem revenues divided by the average number of subscribers at the beginning and end of each month in the period ("Cable Modem ARPU") for the three months ended September 30, 2016 and 2015.

¹⁴ Cable Modem ARPU for the nine months ended September 30, 2016 and 2015.

Wireline Segment Revenues

Consumer

The increase in wireless revenue for the three months ended September 30, 2016 when compared to the same period in 2015 is primarily due to a \$4.1 million adjustment to lower the guarantee liability for our Upgrade Now program (please see Note 1(I) in "Part I - Item 1 - Condensed Notes to Interim Consolidated Financial Statements" for additional information on the guarantee liability). Based on a review of historical information, we determined that our customers were not trading their devices in as early and frequently as originally estimated. Additionally, we

found that we were able to resell the used handsets for prices higher than originally estimated. Based on this new information, we determined that it was appropriate to reduce the guarantee liability recorded for financed devices in our Upgrade Now program. The increase in wireless revenue discussed above was partially offset by a decrease in the number of subscribers, discounts given to customers who finance or bring their own device, and a decrease in equipment sales revenue in the three months ended September 30, 2016 when compared to the same period in 2015. The decrease in wireless revenue for the nine months ended September 30, 2016 when compared to the same period in 2015, respectively, is primarily due to a decrease in the number of subscribers, discounts given to customers who finance or bring their own device, and a decrease in equipment sales revenue in the nine months ended September 30, 2016 when compared to the same period in 2015. The decreases were partially offset by the \$4.1 million adjustment discussed above that was recorded during the three months ended September 30, 2016 to lower the guarantee liability for our Upgrade Now program.

The increase in data revenue is primarily due to a \$2.5 million or 8% and \$9.0 million or 10% increase in cable modem revenue for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 due to an increase in the number of subscribers and our subscribers' selection of plans that offer higher speeds and higher included usage amounts.

The decrease in Consumer video revenue for the three months ended September 30, 2016 when compared to the same period in 2015 is primarily due to a decrease in the number of subscribers. Consumer video revenue faces challenges as more customers choose to have their video content delivered via the Internet. However, as a major Internet-provider ourselves, this selection may result in additional data service revenue to the extent we grow average cable modem revenue per subscriber.

We expect Consumer voice revenue to continue to decrease due to a growing number of customers using wireless service as their primary voice phone service for local and long distance calling.

Business

Business data revenue is comprised of monthly recurring charges for data transport and storage services and charges billed on a time and materials basis largely for personnel providing on-site customer support. The time and materials revenue can vary significantly based on project activity. This revenue faces challenges due to the continued decline of oil prices which negatively impacts certain of our customers.

The increase in data revenue for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to a \$10.6 million or 20% and \$24.6 million or 15% increase in data transport and storage revenue due to new customers and increased purchases by our existing customers partially offset by decreases due to rate compression. The increase in data revenue was partially offset by a \$2.0 million or 17% and \$4.1 million or 12% decrease in time and materials revenue due to a decrease in special project work for the three and nine months ended September 30, 2016 when compared to the same periods in 2015.

Wireline Segment Cost of Goods Sold

The decrease in Wireline segment Cost of Goods Sold for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to the following:

- A \$2.7 million or 21% and \$3.3 million or 10% decrease for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, due to a decrease in the number of handsets sold, and
- A \$2.2 million or 22% decrease for the three months ended September 30, 2016 when compared to the same period in 2015 due to a decrease in time and materials Cost of Goods Sold related to the decreased special project work described above in "Wireline Segment Revenues - Business Services."

The decrease for the nine months ended September 30, 2016 is partially offset by a \$3.7 million or 14% increase in transport and storage Cost of Goods Sold primarily due to an increase in circuit costs in satellite served locations related to the increased data transport and storage revenue described above in "Wireline Segment Revenues - Business Services."

Wireline Segment Adjusted EBITDA

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2016 when compared to the same periods in 2015 is primarily due to an increase in revenue as described in "Wireline Segment Revenues" and a decrease in Cost of Goods Sold as described above in "Wireline Segment Cost of Goods Sold" partially offset by an increase in selling, general and administrative expense.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 8% to \$89.0 million and 6% to \$264.6 million for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively. Items contributing to the increase include:

- A \$1.4 million and \$8.7 million increase in labor and health insurance costs for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively,
- A \$2.7 million and \$6.0 million increase in professional and contract services costs for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively,
- A \$2.4 million and \$1.5 million increase in our allowance for doubtful accounts for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively, primarily due to growth in our financed device allowance,
- A \$3.1 million increase in software contracts with subscription licenses instead of perpetual licenses for the nine months ended September 30, 2016 when compared to the same period in 2015, respectively, and
- A \$2.2 million increase to support a campaign to encourage public action related to the State of Alaska budget for the nine months ended September 30, 2016 when compared to the same period in 2015.

The increases above are partially offset by the absence of \$1.9 million and \$10.5 million for costs related to the acquisition of ACS' wireless subscribers and its non-controlling interest in AWN in the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively.

As a percentage of total revenues, selling, general and administrative expenses increased from 32% and 34% for the three and nine months ended September 30, 2015, respectively, to 38% for the three and nine months ended September 30, 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$2.7 million to \$47.8 million and \$7.5 million to \$143.0 million in the three and nine months ended September 30, 2016 compared to the same periods in 2015. The increase is primarily due to new assets placed in service in the last three months of 2015 and in the first nine months of 2016, partially offset by assets which became fully depreciated during the last three months of 2015 and in the first nine months of 2016.

Software Impairment Charge

Software impairment charge decreased \$2.6 million and \$29.8 million in the three and nine months ended September 30, 2016 when compared to the same periods in 2015 primarily due to the absence of an impairment charge as discussed below.

During the years ended December 31, 2013 and 2014, we internally developed computer software to replace our wireless, Internet, video, local service, and long distance customer billing systems. During the first quarter of 2015, we completed a detailed assessment of our progress to date and determined it was no longer probable that the computer software being developed would be completed and placed in service. Our assessment concluded that the cost of continuing the development would be much higher than originally estimated, and the timing and scope risks were substantial. We identified development work, hardware, and software recorded as Construction in Progress through September 30, 2015, that may be applicable to our replacement customer billing solution, future internally developed software, and other system needs and therefore should remain capital assets. We considered the remaining capital expenditures for this billing system to have a fair value of \$0 and recorded an impairment charge of \$20.7 million during the nine months ended September 30, 2015, by recording an expense which is included in Software Impairment Charge in our Consolidated Statements of Operations. We have signed a contract with an established billing solution provider and have begun the multi-year implementation.

During the first quarter of 2015, we reassessed our plans for our internally developed machine-to-machine billing system and decided to no longer market this system to third parties. Accordingly we recognized an impairment of \$0.5 million and \$7.1 million during the three and nine months ended September 30, 2015, by recording an expense which is included in Software Impairment Charge in our Consolidated Statements of Operations.

During the third quarter of 2015, we evaluated user management software we purchased in 2014 and determined that we would not be able to use the software. Accordingly we recognized an impairment of \$1.0 million during the three and nine months ended September 30, 2015 by recording an expense which is included in Software Impairment Charge in our Consolidated Statement of Operations.

Other Expense, Net

Other expense, net of other income, decreased \$3.7 million to \$16.1 million and \$61.1 million to \$46.2 million in the three and nine months ended September 30, 2016 when compared to the same periods in 2015, respectively. Items contributing to the change include:

- A \$4.8 million and \$15.8 million unrealized gain for the three and nine months ended September 30, 2016, respectively, recorded for a derivative instrument where we issued 3.0 million stock appreciation rights to an affiliate of Searchlight Capital, L.P. ("Searchlight") compared to a \$0 and \$5.0 million unrealized loss for the three and nine months ended September 30, 2015.
- The absence of a \$27.7 million loss on extinguishment of debt for the nine months ended September 30, 2015,
- The absence of a \$12.6 million impairment charge for the nine months ended September 30, 2015 to reflect an other than temporary decline in fair value for one of our equity investments,
- The absence of a \$4.7 million gain for the nine months ended September 30, 2015 recorded upon the sale of one of our cost method investments, and
- The absence of a \$2.6 million net loss for the nine months ended September 30, 2015, from adjusting to fair value the assets included in the consideration transferred in the Wireless Acquisition and adjusting to fair value amendments to certain agreements related to the right to use ACS network assets.

Income Tax (Expense) Benefit

Income tax expense totaled \$(2.4) million and \$(7.6) million and our effective income tax rate was 24% and 39% in the three and nine months ended September 30, 2016, respectively. Income tax (expense) benefit totaled \$(8.1) million and \$5.0 million and our effective income tax rate was 32% and 23% in the three and nine months ended September 30, 2015, respectively. Our effective income tax rate is impacted by the amount of expected permanent differences in a year as compared to our expected net income before income taxes.

At September 30, 2016, we have income tax net operating loss carryforwards of \$325.1 million that will begin expiring in 2020 if not utilized, and alternative minimum tax credit carryforwards of \$1.7 million available to offset regular income taxes payable in future years.

We have recorded deferred tax assets of \$133.6 million associated with income tax net operating losses that were generated from 2000 to 2015 and that expire from 2020 to 2035, respectively, and with charitable contributions that were converted to net operating losses in 2004 through 2007, 2013, and 2014 and that expire in 2024 through 2027, 2033, and 2034, respectively.

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary differences and carryforwards. The amount of deferred tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are reduced which would result in additional income tax expense. We estimate that our effective annual income tax expense rate for financial statement purposes will be 36% to 41% in the year ending December 31, 2016.

Liquidity and Capital Resources

Our principal sources of current liquidity are cash and cash equivalents. We believe, but can provide no assurances, that we will be able to meet our current and long-term liquidity, capital requirements and fixed charges through our cash flows from operating activities, existing cash, cash equivalents, and credit facilities, and other external financing and equity sources. Should operating cash flows be insufficient to support additional borrowings and principal payments scheduled under our existing credit facilities, capital expenditures will likely be reduced, which would likely reduce future revenues.

On August 1, 2016, we received \$90.8 million for the initial closing to sell the majority of our urban wireless rooftop and tower sites to Vertical Bridge ("Tower Sale"). Additionally, we entered into a Master Lease Agreement with Vertical Bridge to lease collocation space on communications towers and facilities that were sold to Vertical Bridge.

In the first quarter of 2016, we entered into new long-term roaming and backhaul agreements with our largest roaming partners. The revenue recognized for these contracts was determined by calculating the cumulative minimum cash payments and recognizing the amount evenly over the life of the contracts. In the early years of the contracts, the cash received is in excess of the revenue recognized resulting in a significant increase in long-term deferred revenue; in the later years the cash received will be less than the revenue recognized and will lower long-term deferred revenue.

As discussed in the General Overview section of this Item 2, on February 2, 2015, we completed the Wireless Acquisition to purchase ACS' wireless subscriber base and its one-third ownership interest in AWN for \$293.2 million excluding working capital adjustments and the termination or amendment of certain agreements related to the use of ACS network assets that were included as part of the original transaction that closed in July 2013. Following the close of the transaction, AWN is our wholly owned subsidiary and we are entitled to 100% of the future cash flows from AWN.

To fund the purchase from ACS, on February 2, 2015, our wholly owned subsidiary, GCI Holdings, Inc., entered into a Fourth Amended and Restated Credit and Guarantee Agreement with Credit Agricole Corporate and Investment Bank, as administrative agent, that included a \$275.0 million Term B loan ("Senior Credit Facility"). The Senior Credit Facility was subsequently amended on August 3, 2015 ("First Amendment"). The interest rate under the Term B loan is London Interbank Offered Rate ("LIBOR") plus 3.25%, with a 0.75% LIBOR floor. The Term B loan will mature on February 2, 2022 or December 3, 2020, if our Senior Notes due 2021 are not refinanced prior to such date. We also sold an unsecured promissory note to Searchlight in the principal amount of \$75.0 million that will mature on February 2, 2023 and bears interest at a rate of 7.5% per year ("Searchlight Note"). A portion of the proceeds from the Searchlight Note were used to finance the Wireless Acquisition and the remainder was used for general corporate purposes. Additionally, we entered into a stock appreciation rights agreement pursuant to which we issued to Searchlight three million stock appreciation rights which entitles Searchlight to receive, upon exercise, an amount payable at our election in either cash or shares of GCI's Class A common stock equal in value to the excess of the fair market value of a share of GCI Class A common stock on the date of exercise over the price of \$13.00.

While our short-term and long-term financing abilities are believed to be adequate as a supplement to internally generated cash flows to fund capital expenditures and acquisitions as opportunities arise, turmoil in the global financial markets may negatively impact our ability to further access the capital markets in a timely manner and on attractive terms, which may have a negative impact on our ability to grow our business.

We monitor the third-party depository institutions that hold our cash and cash equivalents. Our emphasis is primarily on safety of principal and secondarily on maximizing yield on those funds.

Investing Activities

Net cash used for investing activities consists primarily of cash paid for capital expenditures. Our most significant recurring investing activity has been capital expenditures and we expect that this will continue in the future. A significant portion of our capital expenditures is based on the level of customer growth and the technology being deployed.

Our cash expenditures for property and equipment, including construction in progress, totaled \$149.8 million and \$134.6 million during the nine months ended September 30, 2016 and 2015, respectively. Depending on available opportunities and the amount of cash flow we generate during 2016, we expect our 2016 capital expenditures to total approximately \$210.0 million. This estimate is based on purchases in 2016 regardless of the timing of cash payments.

The State of Alaska failed to pass a workable long-term fiscal plan during the recent legislative session. As a result, we plan to reduce our 2017 Alaska capital expenditure budget by 20% to 25% of the 2016 target of \$210.0 million due substantially to the continued uncertainty of the ability of the State of Alaska to adopt and implement a workable long-term fiscal plan.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2016, consists primarily of cash received from the Tower Sale partially offset by repurchases of our stock and payments on our Senior Credit Facility net of borrowings. Net cash used by financing activities during the nine months ended September 30, 2015, consists primarily of cash paid for the Wireless Acquisition, repurchases of our stock, and payments related to the issuance of \$450.0 million of new 6.875% Senior Notes due 2025 partially offset by borrowings on our Senior Credit Facility and Searchlight Note to fund the Wireless Acquisition.

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.

Available Borrowings Under Amended Senior Credit Facility

Our Senior Credit Facility includes a \$150.0 million revolving credit facility with a \$50.0 million sublimit for letters of credit. Under the revolving portion of the Senior Credit Facility we have \$22.0 million of letters of credit outstanding, which leaves \$128.0 million available for borrowing as of September 30, 2016.

Debt Covenants

We are subject to covenants and restrictions under our long-term debt agreements. We are in compliance with the covenants, and we believe that neither the covenants nor the restrictions in our long-term debt agreements will limit our ability to operate our business.

Share Repurchases

GCI's Board of Directors has authorized a common stock buyback program for the repurchase of GCI Class A and Class B common stock in order to reduce the outstanding shares of Class A and Class B common stock. Under this program, we are currently authorized to make up to \$64.0 million of repurchases as of September 30, 2016. We are authorized to increase our repurchase limit \$5.0 million per quarter indefinitely and to use stock option exercise proceeds to repurchase additional shares. If stock repurchases are less than the total approved quarterly amount the difference may be carried forward and applied against future stock repurchases. During the nine months ended September 30, 2016 we repurchased 3.0 million shares of GCI common stock under the stock buyback program at a cost of \$46.5 million. The common stock buyback program is expected to continue for an indefinite period dependent on leverage, liquidity, company performance, and market conditions and subject to continued oversight by GCI's Board of Directors. The open market repurchases have and will continue to comply with the restrictions of Securities Exchange Act of 1934 Rule 10b-18.

Critical Accounting Policies and Estimates

Our accounting and reporting policies comply with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. The financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding reported results. Critical accounting policies are those policies that management believes are the most important to the portrayal of our financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under GAAP. For all of these policies, management cautions that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment. Management has discussed the development and the selection of critical accounting policies with our Audit Committee.

Those policies considered to be critical accounting policies for 2016 are revenue recognition related to revenues from the Remote high cost, rural health, and schools and libraries USF programs, the allowance for doubtful receivables, impairment and useful lives of intangible assets, and the valuation allowance for net operating loss deferred tax assets. A complete discussion of our critical accounting policies can be found in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our December 31, 2015 annual report on Form 10-K.

Other significant accounting policies, not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the financial statements. A complete discussion of our significant accounting policies can be found in Note 1 in "Part I - Item 1 - Condensed Notes to Interim Consolidated Financial Statements" and in Part IV of our annual report on Form 10-K for the fiscal year ended December 31, 2015.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and adjustments to the fair value of our derivative stock appreciation rights liability. Market risk is the potential loss arising from adverse changes in market rates and prices. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

Our Senior Credit Facility and Wells Fargo note payable carry interest rate risk. Our Senior Credit Facility consists of a term loan, Term B loan, and revolving credit facility. Amounts borrowed under the term loan and revolving credit facility bear interest at LIBOR plus 3.00% or less depending upon our Total Leverage Ratio (as defined in the Senior Credit Facility agreement). Amounts borrowed under the Term B loan bear interest at LIBOR plus 3.25%. Amounts borrowed under the Wells Fargo note payable bear interest at LIBOR plus 2.25%. Should the LIBOR rate change, our interest expense will increase or decrease accordingly. As of September 30, 2016, we have borrowed \$519.6 million subject to interest rate risk. On this amount, each 1% increase in the LIBOR interest rate would result in \$5.2 million of additional gross interest cost on an annualized basis. All of our other material borrowings have a fixed interest rate.

Other Market Risk

As our derivative stock appreciation rights are subject to fair value liability accounting, we revalue the instrument at each reporting date and recognize changes in the fair value of the derivative liability as a component of Other Income (Expense) included in our Consolidated Statements of Operations. The earnings effect of the fair value adjustment at each reporting date is sensitive to changes in our stock price volatility. At September 30, 2016, a 1% increase in our stock price volatility used to determine the fair value of our stock appreciation rights would result in recognition of \$0.3 million of additional derivative instrument unrealized loss.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized, accumulated and communicated to our management, including our principal executive and financial officers, to allow timely decisions regarding required financial disclosure, and reported as specified in the SEC's rules and forms. As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Exchange Act Rule 13a - 15(e)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2016.

The certifications attached as Exhibits 31 and 32 to this report should be read in conjunction with the disclosures set forth herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) identified in connection with the evaluation of our controls performed during the quarter ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, our 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 GAAP. 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 GAAP, 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.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

We may enhance, modify, and supplement internal controls and disclosure controls and procedures based on experience.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Our business is geographically concentrated in Alaska. Any deterioration in the economic conditions in Alaska could have a material adverse effect on our financial position, results of operations and liquidity.

We offer wireless and wireline telecommunication services, data services, video services, and managed services to customers primarily throughout Alaska. Because of this geographic concentration, growth of our 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. Oil prices have continued to remain low which has put significant pressure on the Alaska state government budget since the majority of its revenues come from the oil industry. While the Alaska state government has significant reserves that we believe 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 declining oil prices. Prolonged periods of low oil prices will adversely impact the Alaska economy, which in turn could have an adverse impact on the demand for our products and services and on our results of operations and financial condition. The State of Alaska failed to pass a workable long-term fiscal plan during the recent legislative session. As a result, we plan to reduce our 2017 Alaska capital expenditure budget by 20% to 25% of the 2016 target of \$210.0 million due substantially to the continued uncertainty of the ability of the State of Alaska to adopt and implement a workable long-term fiscal plan.

Additionally, the customer base in Alaska is limited and we have already achieved significant market penetration with respect to our service offerings in Anchorage and other locations in Alaska. We may not be able to continue to increase our market share of the existing markets for our services, and no assurance can be given that the Alaskan economy will grow and increase the size of the markets we serve or increase the demand for the services we offer. As a result, the best opportunities for expanding our business may arise in other geographic areas such as the lower 49 states. There can be no assurance that we will find attractive opportunities to grow our businesses outside of Alaska or that we will have the necessary expertise to take advantage of such opportunities. The markets in Alaska for wireless and wireline telecommunications and video services are unique and distinct within the United States due to Alaska's large geographical size, its sparse population located in a limited number of clusters, and its distance from the rest of the United States. The expertise we have developed in operating our businesses in Alaska may not provide us with the necessary expertise to successfully enter other geographic markets.

We may not meet our performance plan milestones under the Alaska High Cost Order.

As an Eligible Telecommunications Carrier ("ETC"), we receive support from the USF to support the provision of wireline local access and wireless service in high cost areas. On August 31, 2016, the FCC published the Alaska High Cost Order which requires us to submit to the FCC a performance plan with five-year and ten-year commitments. If we are unable to meet the final performance plan milestones approved by the FCC we will be required to repay 1.89 times the average amount of support per location received over the ten-year term for the relevant number of locations that we failed to deploy to, plus ten percent of our total Alaska High Cost Order support received over the ten-year term.

We may lose USF high cost support if another carrier adds 4G LTE service in an area where we currently provide 4G LTE service.

Under the Alaska High Cost Order, the FCC adopted a process for revisiting after five years whether and to what extent there is duplicative support for 4G LTE service in rural Alaska and to take steps to eliminate such duplicative support levels in the second half of the 10-year term. As a result, if another carrier builds 4G LTE service in an area where we are the sole provider and the FCC decides to redistribute the support then our high cost support may be reduced.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) Not applicable.
- (b) Not applicable.
- (c) The following table provides information about repurchases of shares of our Class A common stock during

the quarter ended September 30, 2016:

	(a) Total Number of Shares Purchased ¹	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ²	(d) Maximum Number (or approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs ³
July 1, 2016 to July 31, 2016	1,000,481	\$ 16.06	1,000,000	\$ 74,974,785
August 1, 2016 to August 31, 2016	424,915	\$ 13.16	424,915	\$ 69,382,706
September 1, 2016 to September 30, 2016	400,637	\$ 13.62	397,906	\$ 63,965,078
Total	1,826,033			

¹ Consists of 1,822,821 shares from open market purchases made under our publicly announced repurchase plan and 3,212 shares from private purchases made to settle the minimum statutory tax-withholding requirements pursuant to restricted stock award vesting.

² The repurchase plan was publicly announced on November 3, 2004. Our plan does not have an expiration date, however transactions pursuant to the plan are subject to periodic approval by our Board of Directors. We expect to continue the repurchases for an indefinite period dependent on leverage, liquidity, company performance, market conditions and subject to continued oversight by our Board of Directors.

³ The total amount approved by our Board of Directors for repurchase under our publicly announced repurchase plan was \$394.1 million through September 30, 2016, consisting of \$378.9 million through December 31, 2015, and an additional \$15.2 million during the nine months ended September 30, 2016. We have made total repurchases under the program of \$330.1 million through September 30, 2016. If stock repurchases are less than the total approved quarterly amount the difference may be carried forward and used to repurchase additional shares in future quarters, subject to board approval.

Item 6. Exhibits

Listed below are the exhibits that are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit No.	Description
10.1	Master Lease Agreement among the Alaska Wireless Network, LLC, AWN Tower Company, LLC, and General Communication, Inc effective August 1, 2016 *
10.2	Amendment to the Amended and Restated Securityholder Agreement, between General Communication, Inc. and Searchlight ALX, LTD dated September 7, 2016 (incorporated by reference to Exhibit 99.1 to the Form 8-K filed by General Communication, Inc. on September 8, 2016).
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our President and Director *
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer and Secretary *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our President and Director *
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer and Secretary *
101	The following materials from General Communication, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Condensed Notes to Interim Consolidated Financial Statements *

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL COMMUNICATION, INC.

Signature	Title	Date
_____ /s/ Ronald A. Duncan Ronald A. Duncan	President and Director (Principal Executive Officer)	_____ November 3, 2016
_____ /s/ Peter J. Pounds Peter J. Pounds	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	_____ November 3, 2016
_____ /s/ Lynda L. Tarbath Lynda L. Tarbath	Vice President, Chief Accounting Officer (Principal Accounting Officer)	_____ November 3, 2016

MASTER LEASE AGREEMENT
AMONG
THE ALASKA WIRELESS NETWORK, LLC,
AWN TOWER COMPANY, LLC
AND
GENERAL COMMUNICATION, INC.

DATED AS OF AUGUST 1, 2016

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EXHIBITS

Exhibit A - Definitions

Exhibit B - Form of Site Location Agreement (SLA)

Exhibit C - Form of Memorandum of SLA

Exhibit D - List of Sites (Assignable Sites and Non-Assignable Sites)

Exhibit E - List of Non-Assignable Sites (Managed Sites)

Exhibit F - Sample Wind Load Surface Area Calculation for Hypothetical Equipment Configuration

Exhibit G - Approved Vendors List

Exhibit H - Additional Rent Schedule

Exhibit I - Shared Ground Space Sites

Exhibit J - Site Access Schedule for Sites

MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT ("**MLA**"), dated as of August 1, 2016 (the "**Effective Date**"), is by and among AWN Tower Company, LLC, a Delaware limited liability company ("**Tower Operator**"), The Alaska Wireless Network, LLC, a Delaware limited liability company ("**AWN Collocator**"), and General Communication, Inc., an Alaska corporation ("**AWN Guarantor**"), as guarantor. AWN Collocator and AWN Guarantor, on the one hand, and Tower Operator, on the other hand, may hereafter be referred to as a "**Party**" and together as the "**Parties**". Initially capitalized terms used and not defined in this MLA will have the meaning assigned such terms in Exhibit A hereto.

RECITALS

- A. AWN Collocator and its Affiliates operate the Sites, which include rooftops, Towers and related equipment, and AWN Collocator and its Affiliates either own, lease, or otherwise have an interest, as applicable, in the Rooftop Sites or the Land for the Tower Sites.
- B. Pursuant to that certain Purchase and Sale Agreement (as the same may be amended, modified, and supplemented from time to time, the "**PSA**"), dated as of April 29, 2016, by and among AWN Collocator, General Communication, Inc. (for the limited purpose set forth therein), Tower Operator and Vertical Bridge Towers II, LLC ("**Buyer**"), AWN Collocator (and, if applicable, its Affiliates) have contributed, conveyed, assigned, transferred and delivered its interest in the Sites or its right to operate the Sites to Tower Operator and AWN Collocator (and, if applicable, its Affiliates) have sold, conveyed, assigned, transferred, and delivered to Buyer all membership interests in Tower Operator.
- C. Tower Operator desires to lease or grant to AWN Collocator the right to use and operate a portion of each of the Sites, and AWN Collocator desires to lease or obtain from Tower Operator the right to use and operate a portion of each of the Sites, in each case, pursuant to the terms and conditions of this MLA.
- D. AWN Collocator operates a significant portion of AWN Collocator's and its Affiliates' wireless network through equipment located at the Sites and would not have entered into the PSA and consummated the transaction contemplated therein if Tower Operator did not agree to the terms and conditions set forth herein.
- E. Buyer would not have entered into the PSA and consummated the transaction contemplated therein if AWN Collocator and AWN Guarantor did not agree to the terms and conditions set forth herein.

AGREEMENT

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. **LEASE OF AWN COLLOCATION SPACE.**

(a) Grant. Subject to the terms and conditions of this MLA, as of the Effective Date (i) as to the Initial Assignable Sites, and thereafter as of the applicable Subsequent Closing Date as to each Non-Assignable Site converted to an Assignable Site in connection with a

Subsequent Closing, Tower Operator hereby leases to AWN Collocator, and AWN Collocator hereby leases from Tower Operator, the AWN Collocation Space of all of the applicable Assignable Sites, and (ii) as to each Non-Assignable Site, until the applicable Subsequent Closing Date, with respect to such Site (if any), Tower Operator hereby reserves and makes the AWN Collocation Space at the applicable Non-Assignable Site available for the exclusive use and possession of AWN Collocator except as otherwise provided herein, whether or not such AWN Collocation Space is now or hereafter occupied. Notwithstanding anything to the contrary herein, no leasehold, subleasehold or other real property interest is granted pursuant to this MLA in the AWN Collocation Space at any Non-Assignable Site until the Subsequent Closing at which such Non-Assignable Site is converted to an Assignable Site. Tower Operator and AWN Collocator acknowledge and agree that this single MLA is indivisible, intended to cover all of the Sites and is not a separate lease and sublease or agreement with respect to individual Sites, and in the event of a Bankruptcy of any Party, all Parties intend that this MLA be treated as a single indivisible MLA.

(b) Site Location Agreements (SLAs): Memorandum of SLA. Within two hundred seventy (270) days after the Effective Date, for each Site, Tower Operator and AWN Collocator shall enter into an SLA and a Memorandum of SLA, in each case, with such Site specific changes as may be mutually agreed to by Tower Operator and AWN Collocator. Each SLA and Memorandum of SLA shall be prepared by and at the expense of Tower Operator with the assistance of AWN Collocator. Each SLA and Memorandum of SLA shall be delivered by Tower Operator to AWN Collocator for review and comment within one hundred eighty (180) days after the Effective Date, and the Parties agree to identify in the SLA the AWN Primary Ground Space, the AWN Primary Tower Space and all such other information required by the form of the SLA attached as Exhibit B hereto and such SLA will be dated as of the date of execution thereof. Each Memorandum of SLA may be recorded in accordance with Section 29. Prior to the execution and delivery of an SLA with respect to a Site, and if an SLA is not entered into with respect to a Site, the Parties shall still have all of the rights and obligations with respect to such Site as provided in this MLA. The form of the SLA and the Memorandum of SLA may not be changed without the mutual agreement of Tower Operator and AWN Collocator. The terms and conditions of this MLA shall govern and control in the event of a discrepancy or inconsistency with the terms and conditions of any SLA, except to the extent otherwise expressly provided in an SLA that has been duly executed and delivered by an authorized representative of AWN Collocator and by Tower Operator. Notwithstanding the foregoing, any specific requirements relating to the design or construction of the AWN Communications Equipment or AWN Improvements imposed by a state or local government or otherwise set forth in the "Special Provisions" section of an SLA, shall control over any terms in this MLA that directly conflict with such specific requirements.

(c) Option for Fiber Optic Backhaul Services. So long as a Tower Operator Default has not occurred and is not continuing, Tower Operator will be permitted, but not required, to offer (on behalf of AWN Collocator or its Affiliates) to any Tower Subtenant that was not a Tower Subtenant on the Effective Date at any Site where AWN Collocator or any of its Affiliates then provides fiber optic Backhaul Services and where there is sufficient excess capacity, the option to enter into a direct service agreement with AWN Collocator or any such Affiliate to obtain from AWN Collocator or any such Affiliate such fiber optic Backhaul Services on the then-current pricing, terms and conditions of AWN Collocator or any such Affiliate for like or similar circumstances for similarly situated sites, volume, term, and service offerings, except that: (i) the term of such service agreement will not exceed five (5) years or the expiration or

termination of this MLA, whichever occurs first; and (ii) such new Tower Subtenant will be entitled to receive up to 2x 200 megabits backhaul service at no charge. Nothing in this Section 1(c) shall limit or prohibit AWN Collocator or its Affiliates from directly negotiating and entering into a backhaul service agreement with any Tower Subtenant on any terms as AWN Collocator or any such Affiliate and such Tower Subtenant may agree.

2. TERM.

(a) Term of MLA and SLAs. This MLA and each SLA shall have an initial term of ten (10) years commencing on the Effective Date as to each Site (the "**Initial Term**"). The term of this MLA and each SLA with respect to each Site will be automatically extended for eight (8) additional five (5) year renewal terms except with respect to any Site for which this MLA and the applicable SLA are terminated earlier pursuant to a termination right exercised in accordance with this MLA and the applicable SLA. Notwithstanding the foregoing or anything to the contrary in this MLA or the SLA for any Site, in all cases the term of this MLA and the applicable SLA as to any Site other than an Owned Site shall automatically expire on the Site Expiration Date for such Site, unless terminated earlier pursuant to a termination right exercised in accordance with this MLA, except that, from and after the termination or expiration of the SLA for a Site and/or this MLA, to the extent the Tower Operator continues to lease space at such Site to Tower Subtenants or the Site Lease for such Site remains in effect, AWN Collocator or its applicable Affiliate will have a continuing, rent/royalty free license to the Backhaul Services Space at such Site and the rights arising under this MLA incident thereto for the purpose of providing the Backhaul Services to Tower Subtenants will survive the termination or expiration of this MLA and the applicable SLA. The Parties will execute and deliver such documents, instruments, and agreements in a form mutually acceptable to the Parties, and the Parties shall take such other actions, as may be reasonably necessary to evidence any such license. For the avoidance of doubt, notwithstanding anything to the contrary in this MLA or any SLA, the terms and provisions of this Section 2(a) relating to the license for Backhaul Services Space and the related rights will survive the termination and expiration of this MLA or any SLA.

(b) AWN Termination Right. Notwithstanding anything to the contrary contained herein, AWN Collocator shall have the right to terminate an SLA for any Site and this MLA as it relates to such Site without penalty or further liability (i) on the tenth (10th) anniversary of the Effective Date and on the last day of each successive five (5) year period thereafter, or (ii) on any date after the tenth (10th) anniversary of the Effective Date if AWN Collocator is unable (after exercising commercially reasonable efforts) to obtain or maintain any necessary permit to, from or with any Governmental Authority necessary to operate the AWN Communications Equipment at such Site (each such date, a "**Termination Date**" and such rights, collectively, the "**AWN Termination Right**"). To exercise an AWN Termination Right with respect to any Site, AWN Collocator shall give Tower Operator written notice of such exercise (the "**Termination Notice**"), not less than ninety (90) days prior to any Termination Date; provided, however, for the avoidance of doubt, the Parties hereby acknowledge that AWN Collocator may not issue a Termination Notice for any Site with a Termination Date to be prior to the tenth (10th) anniversary of the Effective Date.

(c) Termination or Expiration. If AWN Collocator exercises an AWN Termination Right as to any Site or the Site Expiration Date occurs as to any Site, AWN Collocator shall not be required to pay the Rent or any other amounts with respect to such Site for the period occurring after the Termination Date specified in the applicable Termination Notice

or the Site Expiration Date and, as of such Termination Date or Site Expiration Date, the SLA for such Site shall be terminated and the rights, duties and obligations of AWN Collocator and Tower Operator in this MLA with respect to such Site shall terminate as of the Termination Date or Site Expiration Date for such Site except the rights, duties and obligations with respect to such Site that expressly survive the termination of this MLA with respect to such Site; provided, that AWN Collocator shall continue to be required to pay the Rent and any other amounts owed under this MLA and/or the applicable SLA for such Site until AWN Collocator has fully complied with its obligations under Section 21 for such Site.

3. RENT AND FEES.

(a) Rent Commencement. In advance on the first Business Day of each calendar month during the Term as to each Site, AWN Collocator shall pay to Tower Operator the Rent (as defined in Section 3(b)). If the Effective Date is a day other than the first day of a calendar month, the Rent as to each Site for the period from the Effective Date through the end of the calendar month during which the Effective Date occurs shall be prorated by multiplying the Rent in effect for such month by a fraction, the numerator of which is the number of days of the applicable partial month during the Term and the denominator of which is the total number of days in the same calendar month. If the date upon which the Term of the MLA terminates with respect to any Site does not occur on the last day of a month, the Rent for such Site during such partial period shall be prorated by multiplying the Rent in effect for such month by a fraction, the numerator of which is the number of days of the applicable partial month during the Term and the denominator of which is the total number of days in the same calendar month.

(b) Rent Amount. As used in this MLA, the term "**Rent**" shall mean with respect to each Site an amount equal to Two Thousand Ninety-Five Dollars (\$2,095.00), subject to increase: (i) on an annual basis of two percent (2%) during the Term on the first day of the calendar month following the one-year anniversary of the Effective Date and each annual anniversary thereafter; and (ii) as otherwise expressly provided in this MLA.

(c) Holdover Rent. If AWN Collocator continues to occupy the AWN Collocation Space after termination or expiration of the SLA without express written agreement by Tower Operator, AWN Collocator shall pay Rent at a rate equal to one hundred fifteen percent (115%) of the rate otherwise then applicable if the termination or expiration had not occurred; provided, that AWN Collocator may not occupy the AWN Collocation Space as a holdover tenant for more than one (1) year after termination or expiration of the SLA without the express written agreement of Tower Operator. Notwithstanding the foregoing, Tower Operator shall have the right to require AWN Collocator to comply with the terms of Section 21 for any Site after the Site Expiration Date for such Site.

(d) AWN Right to Cure Site Rent Defaults. If Tower Operator does not pay all or any portion of the Site Rent when due and payable with respect to any Leased Site and either (i) Tower Operator is not diligently and in good faith contesting the same (to the extent and in the manner permitted under the applicable Site Lease), or (ii) any material portion of such Leased Site is subject to imminent danger of loss or forfeiture, including by reason of a termination of the Site Lease with respect to such Site, as a result of the same, then AWN Collocator may seek to cure such payment default under any applicable Site Lease by making payment of the unpaid Site Rent to the applicable Lessor under the Site Lease after AWN Collocator first provides Tower Operator with ten (10) days prior written notice and the

opportunity to cure such payment default. Within ten (10) days following receipt of any invoice therefor, Tower Operator shall reimburse AWN Collocator for all such payments of Site Rent.

(e) **Right of Setoff.** AWN Collocator shall be entitled to set off against Rent or any other amounts that may become due from AWN Collocator and payable to Tower Operator under this MLA from time to time, the amount of (i) all payments of Site Rent made by AWN Collocator pursuant to Section 3(d) which have not been reimbursed within the period provided for in such section; (ii) any payments made by AWN Collocator for Taxes or late fees and penalties, pursuant to Section 19(b) which have not been reimbursed within the period provided for in such section; and (iii) any amounts expended by AWN Collocator to cure a default with respect to Tower Operator's FAA and FCC compliance obligations under Section 12(a) of this MLA.

(f) **Sunset Clause.** No claim, action or proceeding for any unpaid Rent, bills or expenses, including but not limited to utility expenses or tax bills, may be brought by a Party against the other Party later than three (3) years from the date the Rent became due, bills or expenses became due (except for utility expenses and tax bills as set forth below in this Section 3(f)), utility expenses were incurred and/or from receipt of a tax bill at the time it is sent by the taxing jurisdiction (as distinguished from the time sent by Tower Operator or AWN Collocator). Each Party waives the right to make such claims against the other Party after such date.

(g) **Fees.** Unless expressly provided for and enumerated in a particular section of this MLA (including, without limitation, Sections 7, 9(c), 9(d), 9(e), 10, 11, 12, 17, 19, 21(a) and 22(b)), AWN Collocator shall not owe to Tower Operator, any fees, payments or reimbursements of costs, including without limitation, for (i) any Tower Operator review of any AWN Collocator submittals; (ii) the providing of Tower Operator approval or the provision of documents by Tower Operator (as an example of and not as a complete list, the Tower Operator performance in Sections 9(a), 9(e), 10(a), 10(b), 10(d), 25, 26 or 27); (iii) any Lessor review, approval or consent other than reimbursement to Tower Operator for its reasonable out-of-pocket expenses paid to any Lessor in connection with any such review, approval or consent relating solely to the AWN Collocation Space or AWN Communications Equipment; or (iv) any rent or fee (including, except as otherwise provided in the PSA, any revenue sharing fee), payable or paid to a Lessor; provided, however, that, for the avoidance of doubt, AWN Collocator shall be required to pay the Structural Analysis Fee if required by Section 10(a), Section 11(a) and Section 12(a) (ii)(c) and any additional rent if required under Exhibit H hereto by Section 9(c), Section 9(d) and Section 11(a).

4. TOWER OPERATOR'S PROPERTY INTEREST.

(a) **Site Lease.** Except as herein otherwise expressly provided, all of the terms, covenants and provisions in each applicable Site Lease are hereby incorporated into and made a part of each individual SLA as if fully set forth therein. In the event of any conflict between the Site Lease and this MLA or the applicable SLA, the terms and conditions of the Site Lease shall govern and control.

(b) **Tower Operator's Covenants.** Tower Operator shall, at its sole cost and expense, timely comply with all terms and conditions of the Site Lease throughout the term of the applicable SLA. Tower Operator shall not take any action that would cause a default under or result in early termination of the Site Lease. Without limiting the generality of the foregoing,

Tower Operator will cure any default under any Site Lease prior to the expiration of any cure period. Upon the receipt by Tower Operator of any notice of default under such Site Lease, Tower Operator shall immediately provide a copy of same to AWN Collocator. Tower Operator shall not amend the Site Lease in any way that adversely affects AWN Collocator's quiet enjoyment of the AWN Collocation Space or any rights of AWN Collocator under this MLA and the applicable SLA without the prior written consent of AWN Collocator, which shall not be unreasonably withheld, conditioned or delayed.

(c) **Exercise of Existing Ground Lease Extensions** Prior to the expiration of the applicable Site Lease, Tower Operator shall, at its sole cost and expense, duly exercise any and all extension options existing under the Site Lease to maximize the term of the applicable SLA. Notwithstanding the foregoing, Tower Operator shall not be required to exercise any Site Lease extension option if (i) the then remaining term of such Site Lease (determined without regard to such extension option) shall extend beyond the term of this MLA as to such Site taking into account all renewal options that may be exercised by AWN Collocator under this MLA or (ii) AWN Collocator has given a Termination Notice relating to such Site the effective date of which precedes the expiration date of the Site Lease (determined without regard to such extension option).

(d) **Tower Operator's Covenants Upon Expiration of Site Lease**. Tower Operator shall provide AWN Collocator with a written notice (each, a "***Tower Operator Expiration Notice***") one hundred eighty (180) days prior to the expiration of any Site Lease that does not include provisions of renewal beyond the scheduled expiration date; provided, however, that, without limiting the generality of Section 33, for the avoidance of doubt, each Tower Operator Expiration Notice must be sent in accordance with Section 33. The Tower Operator Expiration Notice shall set forth (i) Tower Operator's intent to use commercially reasonable efforts to negotiate an extension or renewal of such Site Lease (in which case Tower Operator shall provide subsequent notification of the progress of such negotiations, including, if applicable, the successful completion of the negotiations), (ii) the location of an alternative site then owned or operated by Tower Operator which is available for AWN Collocator to exercise AWN Collocator's Right of Relocation as set forth in Section 9(k) (provided that such alternative site is accepted by AWN Collocator in its reasonable discretion, which acceptance will not be unreasonably withheld, conditioned or delayed), or (iii) Tower Operator's intent to pursue an alternative site (provided that such alternative site is accepted by AWN Collocator in its reasonable discretion, which acceptance will not be unreasonably withheld, conditioned or delayed), which alternative site will be subject to AWN Collocator's Right of Relocation as set forth in Section 9(k). For the avoidance of doubt, the election among the options set forth in clauses (i), (ii) and (iii) in the foregoing sentence is within Tower Operator's sole discretion, provided, that Tower Operator must elect to pursue one of such options. In response to any such Tower Operator Expiration Notice, AWN Collocator may offer an alternative site for sale to Tower Operator and if Tower Operator elects to purchase such alternative site from AWN Collocator, then AWN Collocator and Tower Operator shall enter into a lease or sublease agreement with respect to such alternative site, on substantially the same terms as set forth in this MLA. If AWN Collocator and Tower Operator enter into a lease or sublease agreement with respect to such alternative site after Tower Operator's purchase of such alternative site, then Tower Operator's obligation to perform one of the options set forth in clauses (i), (ii) or (iii) above in this Section 4(d) shall be deemed satisfied. If Tower Operator or an Affiliate of Tower Operator acquires the interest of the owner in the AWN Collocation Space or Site, the merger of the Site Lease will not cause a termination of the SLA.

(e) AWN Collocator Compliance with Site Leases. AWN Collocator covenants that it will not take any action that would result in a default under or early termination of any Site Lease as in effect as of the Effective Date; provided, however, that this Section 4(e) will also apply with respect to any amendment, modification, extension or supplement of a Site Lease entered into after the Effective Date if: (i) Tower Operator has provided AWN Collocator with a true, correct and complete copy of such amendment, modification, extension or supplement and (ii) such amendment, modification, extension or supplement does not violate or conflict with any term or condition of this MLA or the applicable SLA.

5. USE OF AWN COLLOCATION SPACE AND SPECTRUM.

(a) Use of AWN Collocation Space. AWN Collocator and its Affiliates shall use the AWN Collocation Space at each Site for the purpose of constructing, installing, maintaining, repairing, replacing, and operating the AWN Communications Equipment (including providing Backhaul Services to Tower Subtenants). Except as specifically permitted under this Section 5, Section 24, and Section 25: (1) the AWN Collocation Space shall be solely for the use of AWN Collocator and its Affiliates; and (2) AWN Collocator and its Affiliates shall have no right to share the use of the AWN Collocation Space with any other Person. AWN Collocator shall not (and shall not permit its Affiliates to) use the AWN Collocation Space or any AWN Communications Equipment to derive revenue or other benefits from: (y) leasing or subleasing available physical space within the AWN Collocation Space to Tower Subtenants; or (z) engaging in network sharing or hosting without entering into a collocation agreement with Tower Operator that permits network sharing or hosting (which collocation agreement must be reasonably satisfactory to Tower Operator and provide additional compensation to Tower Operator). Notwithstanding the foregoing or anything to the contrary in this MLA, AWN Collocator (and its Affiliates) shall be permitted to do each and any of the following (without the need for any approval or consent from Tower Operator, any increased Rent or additional fee payable to Tower Operator, or any collocation agreement with Tower Operator):

(i) use the radio frequency signal received, broadcast, and generated by the AWN Communications Equipment for purposes of providing wireless telecommunications services (A) to the end-users of AWN Collocator or any Affiliate thereof or (B) for purposes of machine to machine connections;

(ii) use the radio frequency signal received, broadcast, and generated by the AWN Communications Equipment to provide third parties with roaming services;

(iii) enter into and perform agreements with any MVNO Partner pursuant to which AWN Collocator or any Affiliate thereof will utilize the AWN Communications Equipment to provide such MVNO Partner with access to and use of the wireless telecommunications network of AWN Collocator and its Affiliates in connection with such MVNO Partner's marketing, selling, and providing retail wireless telecommunications services under such MVNO Partner's branding to the end-users of such MVNO Partner;

(iv) use the radio frequency signal received, broadcast, and generated by the AWN Communications Equipment to provide wireless telecommunications services to Sprint Corporation and/or its Affiliates, which are passed through to certain educational broadband service and broadband radio service licensees;

(v) use the AWN Collocation Space to provide Backhaul Services to Tower Subtenants;

(vi) broadcast and use SSIDs of Sprint Corporation and its Affiliates under any existing agreements between AWN Collocator or any Affiliate thereof and Sprint Corporation or its Affiliates, including any amendments, modifications or extensions thereto with respect to the Sites referred to as: (A) Rooftop Site 160 Denali North and (B) Tower Site 507 Blueberry; and

(vii) lease or sublease to any Tower Subtenant any space that constitutes AWN Primary Ground Space or Additional Ground Space for any Tower Subtenant Communications Equipment (including, without limitation, any repairs thereto and replacements thereof) that is located in the AWN Primary Ground Space on the Effective Date on the Sites set forth on Exhibit I; provided, however, AWN Collocator's right to lease or sublease to Tower Subtenants pursuant to this Section 5(a)(vii) shall expire at the end of the term (including renewal terms, if applicable) as set forth in the Collocation Agreement with the Tower Subtenant.

(b) Use of Spectrum. AWN Collocator and its Affiliates may broadcast, receive, or otherwise use any frequency or spectrum (without the need for any approval or consent from Tower Operator, any increased Rent or additional fee payable to Tower Operator, or any collocation agreement with Tower Operator) that is:

(i) now or in the future acquired by or licensed (including, without limitation, the acquisition or license of spectrum pursuant to a spectrum auction held by the FCC, or via a filing with the FCC for additional spectrum) to any AWN Collocator or Affiliate thereof from or by the FCC;

(ii) acquired, leased, subleased, or licensed by any AWN Collocator or Affiliate thereof from a third party (excluding, for the avoidance of doubt, the FCC) pursuant to an agreement in effect prior to or as of the Effective Date and any extensions or renewals thereof; provided that, in the case of this clause (ii), the consideration for such acquisition, lease, sublease, or license does not include a right for such third party to use the AWN Communications Equipment except to the extent permitted under this Section 5; or

(iii) acquired, leased, subleased, or licensed from a third party (excluding, for the avoidance of doubt, the FCC) pursuant to an agreement entered into after the Effective Date, provided that, in the case of this clause (iii), the consideration for such acquisition, lease, sublease, or license does not include a right for such third party to use the AWN Communications Equipment except to the extent permitted under this Section 5.

6. ACCESS TO AWN COLLOCATION SPACE.

(a) Access to Ground-Based Facilities. Subject to any conditions in the applicable Site Lease existing before the Effective Date (or entered into after the Effective Date and with the prior consent of AWN Collocator as provided for in Section 4(b)), and except as set forth in Section 6(b), AWN Collocator and its employees, agents and contractors may enter each Site without notice to Tower Operator twenty-four (24) hours a day, seven (7) days

a week, at no charge, to obtain entry to the AWN Collocation Space. Notwithstanding anything in this MLA to the contrary, if AWN Collocator or its employees, agents or contractors are denied such access at a Site as a result of (i) an alleged breach of the Site Lease by Tower Operator and (A) Tower Operator is not diligently and in good faith contesting the same (to the extent and in the manner permitted under the applicable Site Lease), (B) AWN Collocator experiences a service outage at such Site as a result of such alleged breach, or (C) AWN Collocator is unable to access such Site as needed to perform maintenance required in order to comply with Law or respond to or prevent an Emergency, or (ii) an actual breach of the Site Lease by Tower Operator, then all Rent for such Site will abate during the period commencing on the date that such access is denied and ending on the date that such access is permitted.

(b) Access to Tower. AWN Collocator may enter and access the Tower with seventy-two (72) hour prior written notice to Tower Operator (unless earlier notification is otherwise required by the Site Lease). Notwithstanding the foregoing, in the case of Emergency, AWN Collocator may enter and access the Tower immediately and shall only be required to give Tower Operator notice of the entry as soon after the Emergency as practical. In all cases, AWN Collocator shall only use vendors who (i) satisfy all requisite safety certifications for tower climbing, (ii) maintain insurance which satisfies the requirements of Section 15 herein, and (iii) are on the list of pre-approved vendors set forth on Exhibit G (the "**Approved Vendors List**"), which may be updated by AWN Collocator from time to time with Tower Operator's approval, not to be unreasonably withheld, conditioned or delayed. The Parties acknowledge that Tower Operator's withholding of approval for a proposed vendor shall not be deemed unreasonably withheld to the extent Tower Operator responds in writing to AWN Collocator and identifies a reasonable safety concern relating to the subject proposed vendor.

(c) Elimination of Obstructions. Tower Operator shall prevent and timely eliminate obstructions arising on each Site after the Effective Date that prevent or materially hinder AWN Collocator from having access to all of the AWN Communications Equipment and AWN Improvements located in the AWN Primary Ground Space or Additional Ground Space at a Site. Subject to Section 22(h), Tower Operator shall use commercially reasonable efforts to eliminate obstructions (including snow) that prevent or materially hinder AWN Collocator from utilizing access roads, driveways or easements to a Site within forty-eight (48) hours after telephone notice from AWN Collocator (or such longer period of time, if applicable, as may be commercially reasonable under the circumstances and weather), provided the Lessor under the subject Site Lease is not responsible for snow removal; provided, however, Tower Operator shall not be required to prevent and eliminate obstructions if it would be considered unreasonably unsafe for Tower Operator to do so by tower industry standards, unless Tower Operator caused such unsafe condition. Notwithstanding anything in the foregoing sentence to the contrary, in the event that (i) such an obstruction prevented or materially hindered access prior to the Effective Date, Tower Operator shall have one (1) year (or, so long as Tower Operator is diligently attempting to eliminate such obstruction, such longer period of time, if applicable, as may be commercially reasonable under the circumstances and weather to eliminate such obstruction that prevented or materially hindered access prior to the Effective Date) from written notice from AWN Collocator to remove such obstruction; and (ii) if, prior to the Effective Date, AWN Collocator customarily (y) did not plow, or arrange to have plowed, the access road, driveway or easement to a Site, or (z) used alternate means of transport to access such Site (e.g., snow mobile, Sno-Cat, etc.), as set forth on Exhibit J, then

Tower Operator will not be required to plow the access road, driveway or easement to such Site.

7. **USE OF EASEMENTS AND UTILITIES.** Subject to any conditions in the applicable Site Lease and in any applicable easements, AWN Collocator shall have the right to use: (i) any existing easements or other similar agreements benefiting the Site; (ii) any existing facilities within existing easements or other similar agreements for access to the Site and AWN Collocation Space; and (iii) any existing facilities for utilities available to Tower Operator under the Site Lease provided there is capacity for AWN Collocator's utilization at the time of request. Subject to any conditions in the applicable Site Lease and in any applicable easements, AWN Collocator shall, subject to Tower Operator's prior written approval not to be unreasonably withheld, conditioned or delayed, have the right to modify, improve and install, at its own expense, Cables and other facilities (including any relating to providing Backhaul Services) ("**Ancillary Facilities**") on, over, under and across the Site or in any easement benefiting the Site, for the benefit of the AWN Communications Equipment. If any easement benefiting the Site is insufficient for AWN Collocator's permitted use under this MLA, then Tower Operator will cooperate with AWN Collocator in an effort to obtain easement rights from the owner, if feasible, sufficient for AWN Collocator's use and at no additional cost to Tower Operator; provided, however, that if Tower Operator or a current or future Tower Subtenant uses such easement rights, then Tower Operator shall be responsible for its and any Tower Subtenant's pro rata share of the cost of such additional easement rights and shall reimburse AWN Collocator for such costs to the extent such costs were previously paid by AWN Collocator. AWN Collocator shall pay the periodic charges for all utilities attributable to AWN Collocator's and its Affiliates use. Tower Operator shall, wherever practicable, install separate meters for utilities it uses on the AWN Collocation Space. If AWN Collocator uses utilities that are not separately metered and are billed to Tower Operator, AWN Collocator shall pay to Tower Operator, within thirty (30) days of receipt of an invoice therefore, all charges attributable to AWN Collocator's and its Affiliates use of the utility.

8. **OWNERSHIP OF IMPROVEMENTS.** The AWN Communications Equipment, AWN Improvements and Ancillary Facilities shall at all times be the property of and belong to AWN Collocator. AWN Collocator shall install, maintain and repair the AWN Communications Equipment, AWN Improvements and Ancillary Facilities at its sole cost and expense. Notwithstanding anything to the contrary in this MLA, any Non-Severable Modifications of the Tower paid for by AWN Collocator and/or its Affiliates shall, upon completion of such Non-Severable Modifications of the Tower, become the sole property of Tower Operator, without warranty from AWN Collocator. AWN Collocator and its Affiliates shall, upon written request, promptly deliver to Tower Operator bills of sale or other instruments evidencing Tower Operator's ownership of said Non-Severable Modifications and shall take reasonable additional actions necessary to transfer the Non-Severable Modifications (including, but not limited to, any ancillary rights such as warranties, etc.) to Tower Operator free and clear of all liens and encumbrances. For the avoidance of doubt, Tower Operator does not have, and expressly disclaims, any right, title, or interest in or to the Excluded Backhaul Assets and any Severable Modifications.

9. **AWN COLLOCATION SPACE.**

(a) Collocation Space. As used herein, "**AWN Collocation Space**," as to each Site, means:

(i) The portions of the Land or rooftop comprising such Site on which any portion of the AWN Improvements or AWN Communications Equipment is located, operated or maintained as of the Effective Date, including the air space above such portion of the Land or rooftop, to the extent such air space is not occupied by a third party or the Tower or Communications Equipment on such Tower on the Effective Date (the "**Effective Date Ground Space**"). In the event that AWN Collocator, as of the Effective Date, (A) as to any Tower Site, occupies less than two hundred forty (240) square feet of Land at such Tower Site, AWN Collocator shall have the exclusive right to occupy up to a maximum area of two hundred forty (240) square feet of contiguous (or non-contiguous if there is not sufficient contiguous ground or rooftop space available) and Usable ground space in a twelve (12) foot by twenty (20) foot configuration, and (B) as to any Rooftop Site, occupies less than all the space available under the applicable Site Lease for such Rooftop Site, AWN Collocator shall have the exclusive right to occupy all such space available under the applicable Site Lease, and, in each case, the air space above such ground or rooftop space, to the extent such air space is not occupied by a Tower or Communications Equipment on such Tower or otherwise by a third party on the Effective Date and such space shall be part of the AWN Collocation Space (the greater of such space and the Effective Date Ground Space, the "**AWN Primary Ground Space**"). The AWN Primary Ground Space at any Site shall be documented in the SLA for such Site in accordance with Section 1(b) and shall be deemed Usable upon execution of such SLA. If contiguous and Usable ground space is not available at a Tower Site in a twelve (12) foot by twenty (20) foot configuration, AWN Collocator shall have the exclusive right to occupy two hundred forty (240) square feet of contiguous (or non-contiguous if there is not sufficient contiguous ground space available) and Usable ground space at such Tower Site in such configuration as AWN Collocator elects and as approved by Tower Operator in its reasonable discretion (which approval will not be unreasonably withheld, conditioned or delayed) and such space shall be deemed to be AWN Collocation Space and AWN Primary Ground Space at such Tower Site and shall be documented in the SLA in accordance with Section 1(b) for such Tower Site and shall be deemed Usable upon execution of such SLA. If on the Effective Date, at any Tower Site there is less than two hundred forty (240) square feet of ground space available for AWN Collocator's exclusive use within such Tower Site, the AWN Primary Ground Space at such Tower Site shall be the ground space within such Tower Site occupied by AWN Collocator on the Effective Date and any additional available ground space within such Tower Site on the Effective Date and the AWN Primary Ground Space shall be documented in the SLA for such Tower Site in accordance with Section 1(b);

(ii) Any additional AWN Primary Ground Space that may be added after the Effective Date in accordance with this Section 9(a)(ii). At any time after the Effective Date, AWN Collocator may elect to expand the AWN Primary Ground Space at a Tower Site for AWN Communications Equipment used to provide Backhaul Services by delivering written notice to Tower Operator. AWN Collocator shall have, without increase in the Rent or payment of any additional rent or other amount, the exclusive right to occupy up to an additional ten (10) square feet of contiguous (or non-contiguous if there is not sufficient contiguous ground space available at the time of AWN Collocator's contemplated use) and Usable ground space in a two and one-half (2.5) foot by four (4) foot configuration and the air space above such

ground space, to the extent such air space is not occupied by a Tower or Communications Equipment on such Tower or otherwise by a third party on the date that AWN Collocator delivers such notice to Tower Operator and such space shall be part of the AWN Collocation Space and the AWN Primary Ground Space. Such expanded AWN Primary Ground Space at any Tower Site shall be documented in an amended SLA for such Tower Site in accordance with Section 1(b) and shall be deemed Usable upon execution of such SLA. If additional contiguous and Usable ground space is not available at a Tower Site at the time of AWN Collocator's contemplated use in a two and one-half (2.5) foot by four (4) foot configuration, AWN Collocator shall have the exclusive right to occupy up to an additional ten (10) square feet of contiguous (or non-contiguous if there is not sufficient contiguous ground space available at the time of AWN Collocator's contemplated use) and Usable ground space at such Tower Site in such configuration as AWN Collocator elects and as approved by Tower Operator in its reasonable discretion (which approval will not be unreasonably withheld, conditioned or delayed) and such space shall be deemed to be AWN Collocation Space and AWN Primary Ground Space at such Tower Site and shall be documented in an amended SLA for such Tower Site in accordance with Section 1(b) and shall be deemed Usable upon execution of such SLA. If on the date that AWN Collocator delivers such written notice to Tower Operator, at any Tower Site there is less than ten (10) square feet of additional ground space available for AWN Collocator's exclusive use within such Tower Site, the AWN Primary Ground Space at such Tower Site shall include any additional available ground space within such Tower Site on the date of such written notice and, if applicable, the expanded AWN Primary Ground Space shall be documented in an amended SLA for such Tower Site in accordance with Section 1(b);

(iii) The portions of the Tower on such Site on or within which any portion of AWN Communications Equipment is located, operated or maintained (including portions of the Tower on which any antennas, transmission lines, amplifiers, filters and other Tower mounted equipment are located) as of the Effective Date, which portions need not be contiguous (the "**Effective Date Tower Space**"). If AWN Collocator occupies less than ten (10) contiguous vertical feet of space on such Tower at the AWN Primary RAD Center on the Effective Date, AWN Collocator's exclusive reserved space on such Tower shall include, in addition to the Effective Date Tower Space, any additional and unoccupied vertical space adjacent to the space occupied by AWN Collocator at the AWN Primary RAD Center as is necessary to provide AWN Collocator with such ten (10) contiguous vertical feet of space on such Tower on the Effective Date which shall be (A) five (5) contiguous feet of vertical space on each Tower above and below the AWN Primary RAD Center on such Tower, or (B) if a portion of such space is occupied by a Tower Subtenant or is otherwise unavailable, any ten (10) contiguous vertical feet of Available Space that contains, but is not centered on, the AWN Primary RAD Center on such Tower (in each case, ten (10) feet of vertical space in total at the AWN Primary RAD Center) (the greater of such space or the Effective Date Tower Space, the "**AWN Primary Tower Space**"). Notwithstanding anything to the contrary in this Section 9(a)(iii), if AWN Communications Equipment extends above the top of the Tower on the Effective Date, the vertical space occupied by such AWN Communications Equipment shall be included in calculating the AWN Primary Tower Space; provided, however, that if the portion of the AWN Primary Tower Space that extends above the top of the Tower becomes unusable at any time due to a change in applicable Law, AWN Collocator shall be permitted to relocate such unusable portion to the contiguous Available Space immediately below the highest portion of the AWN Primary Tower Space on such Tower or, if there is no such Available Space, to any non-contiguous Available Space on such Tower as AWN Collocator elects and as approved by

Tower Operator in its reasonable discretion, not to be unreasonably withheld, conditioned or delayed, and such relocated portion shall be deemed part of the AWN Primary Tower Space without any additional Rent or any other payment of any kind to Tower Operator;

(iv) Any ground or rooftop space needed for the Cables necessary to provide Backhaul Services to AWN Collocator or other Tower Subtenants at the Site and existing as of the Effective Date or required after the Effective Date, subject to the applicable application and amendment process set forth in Section 9(e) and Section 10 for any such changes to the Cables; and

(v) Any additional Tower space in which Additional Equipment is installed in accordance with Section 9(d) or Additional Ground Space that Tower Operator leases, licenses or otherwise grants a right to use to AWN Collocator in accordance with Section 9(c).

(b) **Reserved Amount of Tower Equipment in AWN Collocation Space.** As to each Tower Site, AWN Collocator shall have the right to install, maintain, modify, replace and operate in the AWN Collocation Space on the Tower any AWN Communications Equipment consisting of the following (plus all related mounts, collectively, the "***AWN Reserved Amount of Tower Equipment***"): (i) the greater of: (A) antennas (including, without limitation, microwave antennas and dishes), remote radio units and other Tower mounted equipment (excluding mounts and Cables) having an aggregate Wind Load Surface Area equal to twenty five thousand (25,000) square inches; or (B) antennas (including, without limitation, microwave antennas and dishes), remote radio units and other Tower mounted equipment (excluding mounts and Cables) having an aggregate Wind Load Surface Area equal to the aggregate Wind Load Surface Area of the antennas (including, without limitation, microwave antennas and dishes), remote radio units and other Tower mounted equipment (excluding mounts and Cables) of AWN Collocator located on the applicable Tower as of the Effective Date; and (ii) the greater of: (A) twenty four (24) lines of Cables; or (B) the quantity of Cables of AWN Collocator located on the applicable Tower as of the Effective Date. Exhibit F attached hereto contains sample calculations of the Wind Load Surface Area for hypothetical configurations of AWN Communications Equipment; provided that the example calculations set forth in Exhibit F are intended as examples only and not as a limitation or prescription on the configurations of the actual AWN Communications Equipment. The foregoing shall not limit AWN Collocator's rights to place in the AWN Collocation Space on a Tower, antennas (including, without limitation, microwave antennas and dishes), remote radio units, other Tower mounted equipment or Cables of different size or structural loading characteristics or of a different shape or technology or a different transmission frequency than that which exists on such Tower on the Effective Date, without any increase in Rent or any additional rent; provided that (x) AWN Collocator shall comply with Tower Operator's standard application and amendment process set forth in Section 9(e) and Section 10 for any such change other than as provided in Section 10(b), and (y) such antennas (including, without limitation, microwave antennas and dishes), remote radio units and other Tower mounted equipment and Cables do not exceed the AWN Reserved Amount of Tower Equipment, the structural loading capacity of the Tower or the AWN Collocation Space. Subject to the foregoing limitations, as to each Site, AWN Collocator shall have the right to install, maintain, modify, replace and operate, without any increase in the Rent or payment of any additional rent or other payments of any kind (except as otherwise provided in Section 10(a), Section 11(a) and Section 12(a)(ii)(C) with respect to any applicable Structural Analysis Fee), (A) any AWN Communications Equipment

and AWN Improvements that it deems necessary in the AWN Primary Ground Space, Additional Ground Space or the Backhaul Services Space and (B) any AWN Communications Equipment in the AWN Collocation Space on the Tower that does not constitute Additional Equipment pursuant to Section 9(d).

(c) Additional Ground Space. Without limitation of AWN Collocator's rights under Section 9(a)(i) and Section 9(a)(ii), if AWN Collocator deems it necessary to obtain additional ground or rooftop space ("**Additional Ground Space**") at any Site, AWN Collocator and Tower Operator shall cooperate to determine the availability of such space and negotiate in good faith the lease of such space on such Site and shall follow the application and amendment process set forth in Section 9(e) and Section 10. For the avoidance of doubt, if Additional Ground Space is then available with respect to such Site and Tower Operator and AWN Collocator successfully negotiate the lease of such Additional Ground Space, then Tower Operator and AWN Collocator shall enter into an amendment to the applicable SLA setting forth the terms under which AWN Collocator shall lease any Additional Ground Space, including, but not limited to, any additional rent in accordance with Exhibit H attached hereto if the Additional Ground Space is on a Rooftop Site or, as to any Tower Site, includes space in excess of the Effective Date Ground Space.

(d) Additional AWN Communications Equipment in the AWN Collocation Space. AWN Collocator may install, maintain, modify, replace and operate AWN Communications Equipment in excess of the AWN Reserved Amount of Tower Equipment or outside the AWN Primary Tower Space (individually or collectively "**Additional Equipment**"); provided that there is sufficient structural load capacity and Available Space at the time AWN Collocator applies to install such Additional Equipment. If the foregoing conditions have been satisfied, then a Site Engineering Application shall be submitted by AWN Collocator and processed in accordance with Section 9(e) and, if approved, an amendment to the subject SLA shall be executed to document any Additional Equipment or any changes to existing AWN Communications Equipment or Additional Equipment or changes to the AWN Collocation Space in accordance with Section 9(e) and Section 10. The amended SLA will provide that AWN Collocator will pay additional rent for such Additional Equipment as set forth on Exhibit H as an increase to the Rent, provided, that if a single piece of Additional Equipment both exceeds the AWN Reserved Amount of Tower Equipment and is located outside the AWN Primary Tower Space, AWN Collocator shall only incur one additional rent charge as set forth on Exhibit H for any such piece of Additional Equipment. If any Additional Equipment is subsequently removed, then AWN Collocator's obligation to pay such additional rent will terminate when the Additional Equipment is removed and the applicable SLA will be amended to reflect same. Notwithstanding anything to the contrary in this MLA, to the extent that undocumented Additional Equipment of AWN Collocator (i) is discovered on a Site after the execution of an SLA or amendment thereto for such Site, (ii) was not documented in the applicable SLA or amendment thereto, and (iii) was not installed by AWN Collocator prior to the Effective Date or thereafter in accordance with the procedures set forth in this MLA, then Tower Operator may charge AWN Collocator an additional monthly fee for such undocumented Additional Equipment in accordance with the a la carte rates set forth on Exhibit H to the extent that such undocumented Additional Equipment was not otherwise permitted under the MLA without an additional fee; provided that Tower Operator may not bill AWN Collocator in arrears for any such undocumented Additional Equipment for more than twelve (12) months prior to the date of discovery of such undocumented Additional Equipment. Furthermore, if the discovery of such undocumented Additional Equipment results in the need

for Tower Operator to perform structural Modifications to the Tower, then Tower Operator shall implement such structural Modifications to the Tower in accordance with Section 12(a)(ii)(A), (B) and/or (C), as applicable.

(e) Application and Amendment Process. AWN Collocator's rights to install and operate any AWN Communications Equipment and AWN Improvements at a Site in addition to or in replacement of the AWN Communications Equipment and AWN Improvements existing at the Site as of the Effective Date (other than an installation pursuant to Section 10(b)) or to obtain any Additional Ground Space in accordance with Section 9(c) shall not become effective, and installation of such additional AWN Communications Equipment, AWN Improvements or modification of the existing AWN Communications Equipment or AWN Improvements at a Site (other than an installation or modification pursuant to Section 10(b)) or addition of the Additional Ground Space shall not commence, until the following conditions are satisfied:

(i) Tower Operator has received any written consent required under the Site Lease to allow Tower Operator to permit such installation or modification or the use of the Additional Equipment and/or the lease and use of Additional Ground Space;

(ii) AWN Collocator has submitted to Tower Operator and Tower Operator has approved AWN Collocator's application for such installation or modification (a "**Site Engineering Application**"), which approval shall not be unreasonably withheld, conditioned or delayed;

(iii) Tower Operator has received and approved AWN Collocator's drawings showing the installation or modification of the AWN Communications Equipment and AWN Improvements;

(iv) Tower Operator has reviewed and accepted all permits obtained by AWN Collocator for its installation or modification of the AWN Communications Equipment and AWN Improvements and all required Governmental Approvals of AWN Collocator's proposed installation or modification at the Site;

(v) an SLA and an amendment to the SLA have been executed;

(vi) Tower Operator has approved AWN Collocator's selected vendor, which approval shall not be unreasonably withheld, conditioned or delayed, or AWN Collocator's selected vendor is on the Approved Vendors List; and

(vii) Tower Operator has issued a Notice to Proceed pursuant to Section 10(a) with respect to the proposed installation or modification.

The Parties acknowledge that Tower Operator's withholding of approval for a proposed vendor shall not be deemed unreasonably withheld to the extent Tower Operator responds in writing to AWN Collocator and identifies a reasonable safety concern relating to such proposed vendor. If any applicable condition precedent is not satisfied within one hundred eighty (180) days of the date of the amendment of the subject SLA or within such other period as may be specified in the subject amendment of the SLA, Tower Operator and AWN Collocator shall each have the right to terminate the subject amendment of the subject

SLA. The terminating party shall provide written notice to the other party in the event that the amendment of the subject SLA is terminated due to failure to satisfy conditions precedent. Tower Operator shall endeavor to obtain, and AWN Collocator shall cooperate to assist in obtaining, prompt satisfaction of any conditions precedent.

(f) Lease; Appurtenant Rights. Except as otherwise expressly provided herein, AWN Collocator and Tower Operator expressly acknowledge that the AWN Collocation Space at each Site shall be deemed leased to, reserved for or otherwise be made available to AWN Collocator pursuant to this MLA, in each case at each Site for the exclusive possession and use by AWN Collocator, whether or not such AWN Collocation Space is now or hereafter occupied. AWN Collocator shall have the right to occupy the portions of Land or rooftop, the Improvements and Tower occupied as of the Effective Date and any additional space constituting AWN Collocation Space and to repair, replace and modify any AWN Communications Equipment, AWN Improvements and Ancillary Facilities therein or thereon subject to the terms provided in this MLA. Tower Operator also grants to AWN Collocator as to each Site, and AWN Collocator reserves and shall at all times retain (for the benefit of AWN Collocator), subject to the terms of this MLA, the Site Leases, easements with third parties, the rights of Tower Subtenants and applicable Laws:

(i) Site Access. A non-exclusive right and easement for Site access as provided for in Section 6(a);

(ii) Tower Access. The non-exclusive right to access the Towers as provided in Section 6(b);

(iii) Storage. The right, exercisable during periods in which AWN Collocator is actively performing work at a Site, to use any unoccupied portion of the ground space or rooftop at the applicable Site, at its sole cost, expense and risk, except to the extent of Tower Operator's gross negligence or willful misconduct, for purposes of temporary location and storage of any of its equipment and for performing any repairs or replacements; provided, however, that AWN Collocator shall be required to remove any of its stored equipment on any unoccupied portion of the Site upon ten (10) days' prior notice from Tower Operator;

(iv) Utility Lines. A non-exclusive right and easement for the use, operation, maintenance, repair and replacement of all utility lines, Cables and all equipment and appurtenances located on the Site and providing electrical, gas and any other utility service (including Backhaul Services) to AWN Collocator's Communications Facility on the Site, which right and easement includes the right of AWN Collocator and its agents, employees and contractors to enter upon the Site to repair, maintain and replace such utility facilities to the extent that such utilities solely serve the AWN Collocator's Communications Facility. AWN Collocator shall have the absolute right to contract with any utility service providers it elects, from time to time, for utility services that solely serve the AWN Collocator's Communications Facility at the Site. Notwithstanding anything in this Section 9(f)(iv) to the contrary, Tower Operator will at its expense repair and maintain each utility line from the "tap-in" point where the utility service provider is no longer responsible for the line supplying the applicable utility service to the point at which such utility line crosses into the AWN Collocation Space but in no event past the point where the AWN Communications Equipment connects to a meter, except if any such utility line solely serves AWN Collocator's Communications Facility, AWN Collocator shall be solely responsible for repairing and maintaining such utility line at its

sole cost and expense, except to the extent of Tower Operator's gross negligence or willful misconduct; and

(v) Full Use and Enjoyment. Any and all rights pursuant to Section 9(b), Section 9(d), Section 9(g), and Section 9(h) and all appurtenant rights reasonably inferable to permit AWN Collocator's full use and enjoyment of the AWN Collocation Space including the rights specifically described in this Section 9, all in accordance with this Section 9.

(g) Maintenance. AWN Collocator shall, at all times during the Term as to any Site, at AWN Collocator's sole cost and expense, keep and maintain AWN Communications Equipment and AWN Improvements in a structurally safe and sound condition and in working order, in accordance with the general standard of care in the telecommunications industry, subject to Tower Operator's obligations with respect to the maintenance, repair and reinforcement of the Site and Tower hereunder.

(h) No Obligation With Respect to AWN Collocator's Communications Facility. In addition to, and not in limitation of any right of AWN Collocator under Section 2, and notwithstanding anything in this MLA to the contrary, without limiting or diminishing AWN Collocator's payment obligations hereunder in any manner, including, without limitation, its obligation to pay Rent, AWN Collocator shall have no obligation to occupy or to operate AWN Collocator's Communications Facility in the AWN Collocation Space of any Site, and AWN Collocator shall have the right, exercisable at any time during the Term as to any Site, to cease occupying or operating AWN Collocator's Communications Facility in the AWN Collocation Space of such Site, and retain its right to such AWN Collocation Space; provided, however, if (i) AWN Collocator is no longer occupying or operating AWN Communications Equipment at a Site, (ii) Tower Operator is required to decommission the Tower at such Site as a result of requirements of a Governmental Authority, and (iii) within thirty (30) days of written notice thereof from Tower Operator, AWN Collocator elects in a written notice to Tower Operator to relinquish its rights to such Site under this MLA and the applicable SLA, then AWN Collocator shall no longer have any right to use such Site and AWN Collocator shall have no right to assert any claim (including, but not limited to, a claim for damages) against the Tower Operator. For the avoidance of doubt, the Parties hereto agree that an amendment to an SLA is not necessary to effectuate the intent of this Section 9(h). Notwithstanding anything in this Section 9(h) to the contrary, in the event AWN Collocator's removal of AWN Communications Equipment would result in the subject Site no longer complying with Law (by way of example, if removal of AWN Communications Equipment resulted in the Site being deemed abandoned by a Governmental Authority), Tower Operator may elect to take ownership of such AWN Communications Equipment at a price to be reasonably determined by AWN Collocator to the extent required to comply with such Law and AWN Collocator shall execute a bill of sale and any other documentation required to give effect to such transfer of ownership.

(i) Waiver. Tower Operator agrees to and does hereby waive and relinquish any lien of any kind and any and all rights, statutory or otherwise, including levy, execution and sale for unpaid rents, that Tower Operator may have or obtain on or with respect to any AWN Communications Equipment, Ancillary Facilities or AWN Improvements which shall be deemed personal property for the purposes of this MLA, whether or not the same is real or personal property under applicable Law.

(j) Right of Substitution of AWN Collocation Space

(i) If AWN Collocator desires to move all of the AWN Communications Equipment and related AWN Improvements located on a Tower at an existing Site to a different location on the Tower at the same Site, then within fifteen (15) Business Days after receiving a written request from AWN Collocator, Tower Operator shall notify AWN Collocator in writing whether there is any Available Space at the subject Site. If any such Available Space then exists at such Site, then AWN Collocator shall have a Right of Substitution as to such Available Space at such Site upon completing Tower Operator's standard application and amendment procedures, as described in Section 9(e), Section 9(j)(ii) and Section 10.

(ii) If AWN Collocator elects to exercise its Right of Substitution, then the Parties will promptly execute and deliver an amendment to the applicable SLA with respect to the Available Space where AWN Collocator desires to relocate all of the AWN Collocation Space on the Tower at such Site, which amendment will substitute the previously existing AWN Collocation Space on the Tower with the applicable Available Space at such Site, but the other terms and conditions (including Rent and remaining term of the SLA) will not be amended, and, thereafter, upon completion of the relocation of the AWN Communications Equipment and AWN Improvements at such Site (at AWN Collocator's expense): (A) the previously existing AWN Collocation Space on the Tower shall automatically be released by AWN Collocator and become a part of the Available Space at the applicable Site; (B) AWN Collocator shall deliver such previously existing AWN Collocation Space in good condition, repair and order, reasonable wear and tear excepted and shall remove all AWN Communications Equipment and AWN Improvements from such previously existing AWN Collocation Space at the applicable Site and restore any damage thereto caused by, through or under AWN Collocator or any of its Affiliates; and (C) AWN Collocator shall no longer have any rights or obligations with respect to such previously existing AWN Collocation Space under this MLA or the applicable SLA. Subject to the terms of this MLA, and concurrently with the execution and delivery of such amendment, the Available Space on such Site to which the AWN Communications Equipment and AWN Improvements have been relocated shall automatically become and constitute part of the AWN Collocation Space at such Site.

(k) Right of Relocation to a New Site

(i) If the term of this MLA shall, in accordance with the terms and provisions herein, terminate with respect to any Site as a result of the expiration or earlier termination of the applicable Site Lease, a casualty or a condemnation (each, an "**Early Termination**") and prior to the expiration of the last scheduled renewal term available to AWN Collocator as of the Effective Date under this MLA (assuming such Early Termination had not occurred), then AWN Collocator will, notwithstanding such termination, have the right, at AWN Collocator's sole expense, to relocate the AWN Collocation Space at such existing Site (each, a "**Right of Relocation**") to a new site (each, a "**Relocation Site**") that has been or will be acquired or is or will be owned or maintained by Tower Operator at the time of such Early Termination (or such later date as Tower Operator may agree) and is in the same market area as such existing Site that was terminated (assuming available tower space, structural capacity and ground or rooftop space at such Relocation Site) on the same terms and conditions as set forth in this MLA and the applicable SLA (including with respect to the amount of Rent to be paid by AWN Collocator at the Relocation Site) for the remainder of the term of this MLA and

the SLA for such existing Site; provided, however, that the SLA shall be amended to be consistent with the Site Lease for the Relocation Site. For the avoidance of doubt, in no event shall Tower Operator be obligated to construct or acquire a Relocation Site. AWN Collocator may offer an alternative site for sale to Tower Operator and if Tower Operator, in its sole discretion, elects to purchase such alternative site from AWN Collocator, then AWN Collocator and Tower Operator shall enter into a lease or sublease agreement with respect to such alternative site, on substantially the same terms as set forth in this MLA; provided, that if Tower Operator elects, in its sole discretion, to purchase such alternative site from AWN Collocator and subsequently AWN Collocator and Tower Operator enter into an SLA with respect to such alternative site then the AWN Collocator shall not have a Right of Relocation for such Site pursuant to this Section 9(k)(i) unless a subsequent Early Termination shall occur with respect to such alternative site. AWN Collocator will have the right to exercise its Right of Relocation anytime during the period commencing one hundred eighty (180) days prior to the date of the Early Termination and ending one hundred eighty (180) days after the date of the Early Termination by delivering written notice of such exercise to Tower Operator and completing Tower Operator's standard application and amendment procedures, as described in Section 9(e), Section 9(k)(ii) and Section 10.

(ii) If AWN Collocator elects to exercise its Right of Relocation, then, the Parties will promptly execute and deliver an amendment to the applicable SLA, which amendment will substitute the AWN Collocation Space at such existing Site with the applicable Available Space at the Relocation Site, but the other terms and conditions (including Rent and remaining term of the SLA) will not be amended other than for consistency with the Site Lease for the Relocation Site, and, upon the earlier of the Site Expiration Date for the existing Site or AWN Collocator's completion of the relocation of the AWN Communications Equipment and AWN Improvements at the Relocation Site (at AWN Collocator's expense): (A) AWN Collocator shall deliver such previously existing AWN Collocation Space at such existing Site in good condition, repair and order, reasonable wear and tear excepted and shall remove all AWN Communications Equipment and AWN Improvements from such previously existing AWN Collocation Space at such existing Site and restore any damage thereto caused by, through or under AWN Collocator or any of its Affiliates; and (B) AWN Collocator shall no longer have any rights or obligations with respect to such previously existing AWN Collocation Space under this MLA or the applicable SLA (including, without limitation, any duty to pay Rent). Subject to the terms of this MLA, and concurrently with the execution and delivery of such amendment, the Relocation Site will be substituted for such existing Site and the Available Space on such Relocation Site to which the AWN Communications Equipment and AWN Improvements have been relocated shall automatically become and constitute the applicable AWN Collocation Space. For the avoidance of doubt, the Parties hereby acknowledge that once AWN Collocator has moved the AWN Communications Equipment and AWN Improvements from an existing Site to a Relocation Site, then: (i) the SLA for the existing Site shall be terminated effective as of the date of removal of the AWN Communications Equipment and AWN Improvements from the existing Site; (ii) AWN Collocator shall not have a right to move the AWN Communications Equipment and AWN Improvements back to the existing Site; and (iii) AWN Collocator expressly relinquishes any and all rights to use and/or occupy any portion of the AWN Collocation Space at the existing Site as of the date of removal of the AWN Communications Equipment and AWN Improvements from the existing Site.

10. **NOTICE TO PROCEED.**

(a) **Notice to Proceed Generally.** Subject to the terms and conditions of Section 10(b), before AWN Collocator makes any modification of the AWN Communications Equipment or the AWN Improvements in the AWN Collocation Space, AWN Collocator shall submit a request to Tower Operator for a written authorization from Tower Operator to proceed with the work (each, a “**Notice to Proceed**”). The request for a Notice to Proceed shall include: (i) AWN Collocator’s proposed plans for modifications to the AWN Communications Equipment and AWN Improvements (including, without limitation, any structural analysis of modifications to the AWN Communications Equipment and AWN Improvements on the Tower, as performed by Tower Operator) and AWN Collocator’s payment of the Structural Analysis Fee; (ii) evidence that AWN Collocator has obtained, at its sole cost (subject to Sections 11(a) and 12(a)(ii)(A)), all approvals required by any federal, state or local governmental authority (collectively, the “**Governmental Approvals**”) for the AWN Communications Equipment and AWN Improvements; (iii) a construction schedule; (iv) the names of any vendors conducting work at such Site (which vendors shall be on the Approved Vendors List or subject to Tower Operator’s approval, not to be unreasonably withheld, conditioned or delayed); and (v) other documentation reasonably required by Tower Operator, as set forth on Tower Operator’s then current Notice to Proceed checklist as updated from time to time by Tower Operator in accordance with Tower Operator’s reasonable business judgment including, but not limited to, as necessary to account for changes in industry standards and changes in applicable Laws; provided, however, that the Notice to Proceed checklist required to be used by AWN Collocator will be the same as the checklist required to be used by other collocators of Tower Operator and its Affiliates, subject to variations for applicable Laws. Notwithstanding the foregoing, for any modification of the AWN Communications Equipment or the AWN Improvements in the AWN Collocation Space on a Rooftop Site, AWN Collocator’s proposed plans for such modifications and any related structural analysis will be prepared in accordance with the requirements of the applicable Site Lease and, if Tower Operator is required to perform or pay for a structural analysis under the Site Lease for such modifications, then AWN Collocator will be required to pay, without duplication, the Structural Analysis Fee.

(i) Notwithstanding the foregoing, AWN Collocator may proceed with a Like-for-Like Equipment Replacement without paying the Structural Analysis Fee after: (i) AWN Collocator submits a Site Engineering Application to Tower Operator and Tower Operator approves such Site Engineering Application; provided, however, Tower Operator’s approval shall not be unreasonably withheld, delayed or conditioned and the Site Engineering Application shall be approved or denied by Tower Operator within ten (10) Business Days of receipt thereof by Tower Operator; and (ii) AWN Collocator obtains a Notice to Proceed under Section 10(a). AWN Collocator and Tower Operator will make any necessary amendments to the applicable SLA promptly thereafter.

(ii) Within ten (10) Business Days after Tower Operator’s receipt of a complete request for a Notice to Proceed, Tower Operator shall promptly respond to AWN Collocator’s request for a Notice to Proceed and shall provide AWN Collocator with either (y) its comments, questions and/or changes in writing, or (z) a Notice to Proceed. Tower Operator will not unreasonably withhold, condition, or delay its response to a request for an issuance of a Notice to Proceed. Notwithstanding anything in Section 22(c)(i) to the contrary, if Tower Operator fails to respond within such ten (10) Business Day period, Tower Operator’s cure period under Section 22(c)(i) shall be ten (10) days from the date AWN Collocator provides

written notice to Tower Operator of such failure. AWN Collocator shall provide Tower Operator (using the contact information provided on the Notice to Proceed) with at least twenty-four (24) hours advance telephonic notice of the commencement of work.

(iii) Notwithstanding anything to the contrary in this MLA including, but not limited to, in Section 10(a)(iv) above, the Parties acknowledge that Tower Operator's withholding of approval for a proposed vendor shall not be deemed unreasonable to the extent Tower Operator responds in writing to AWN Collocator and identifies a reasonable safety concern relating to such proposed vendor. Notwithstanding anything to the contrary in this MLA, but subject to Section 22(h) with respect to a Force Majeure, if AWN Collocator does not commence installation of the approved modifications to the AWN Communications Equipment and the AWN Improvements in the AWN Collocation Space within ninety (90) calendar days after issuance of the Notice to Proceed by Tower Operator or is not diligently pursuing commencement of such installation, then, the applicable Notice to Proceed shall expire and AWN Collocator shall be required to re-commence the Notice to Proceed process set forth in this Section 10(a).

(b) Notice to Proceed Not Required. Notwithstanding anything to the contrary in this MLA, and subject to Sections 6(a) and 6(b):

(i) AWN Collocator may proceed with notice to Tower Operator, but without requesting a Notice to Proceed under Section 10(a), paying a Structural Analysis Fee, following the application and amendment process under Section 9(e) or otherwise obtaining Tower Operator's approval, for the maintenance, repair, modification, removal, replacement or installation of AWN Communications Equipment or AWN Improvements on the ground that does not extend beyond the AWN Primary Ground Space or Additional Ground Space on any Tower Site; and

(ii) AWN Collocator shall not be required to submit to Tower Operator a Site Engineering Application (or otherwise follow the application and amendment process in Section 9(e)) or obtain a Notice to Proceed from Tower Operator prior to performing any maintenance, repair, modification, replacement or removal of any AWN Communications Equipment on a Tower or a Rooftop Site in an Emergency necessitating such maintenance, repair, modification, replacement or removal of such AWN Communications Equipment, but AWN Collocator shall still provide written notice to Tower Operator as soon as reasonably practical after performing such Emergency maintenance, repair, modification, replacement or removal and otherwise comply with the applicable provisions of this MLA with respect to such Emergency maintenance, repair, modification, replacement and removal.

(c) Radio Frequency Site Analysis. Tower Operator may reasonably require AWN Collocator to provide, at its expense, a radio frequency ("**RF**") site analysis prior to the initial power up of any new AWN Communications Equipment that was not existing as of the Effective Date or any replacement AWN Communications Equipment (excluding a Like-for-Like Equipment Replacement of AWN Communications Equipment) (collectively, the "**New AWN Communications Equipment**"), which analysis shall evaluate the simultaneous operation of all antennas/transmitters on the Tower or Rooftop Site, as applicable, and compare the radiated power density in all accessible areas with the FCC maximum permissible exposure ("**MPE**") limits for workers and the general public. The power density within all areas of the Site must not exceed the then current MPE limits established by the

FCC. If mitigation is required due to AWN Collocator's installation of New AWN Communications Equipment on the Tower or a Rooftop Site, as applicable, AWN Collocator will undertake such mitigation measures at its sole cost. Tower Operator shall, however, reasonably cooperate with all such mitigation efforts, at no cost to Tower Operator. If AWN Collocator fails to bring the Site into compliance within a reasonable time or government-ordered time frame, Tower Operator may give written notice to AWN Collocator to comply. If AWN Collocator fails to comply within thirty (30) days (or a lesser timeframe to the extent required by Law), Tower Operator may require AWN Collocator to power down its equipment to the extent necessary to comply with the then current MPE limits established by the FCC; provided, however, AWN Collocator shall be required to power down its equipment in accordance with Section 13(a) if AWN Collocator's failure to bring the Site into compliance interferes with the operations or Communications Equipment of a Tower Subtenant in violation of Section 13(a). If, during the term of an SLA, a change in Tower Operator's operations or the subsequent activities of a Tower Subtenant on the Tower or a Rooftop Site, as applicable, necessitate mitigation to comply with the FCC's MPE limits for workers and the general public, Tower Operator shall be responsible, at its sole cost, for such mitigation measures. AWN Collocator shall, however, reasonably cooperate with all such mitigation efforts, at no cost to AWN Collocator. If mitigation is required due to RF transmitters in the vicinity of, but not located on, the Tower or a Rooftop Site, as applicable, AWN Collocator shall share in the proportional costs of mitigation along with all RF emission contributors on the Site.

(d) Submission of "As-Built" Plans and Tower Operator Review. After installation of the New AWN Communications Equipment and/or AWN Improvements or modification of the AWN Communications Equipment and/or AWN Improvements, other than a modification made pursuant to Section 10(b)(i) or a Like-for-Like Equipment Replacement, AWN Collocator shall submit one set of "as-built" drawings for the AWN Communications Equipment, AWN Improvements and Ancillary Facilities to Tower Operator. Tower Operator shall endeavor to review such as-built drawings within thirty (30) days and deliver written notice to AWN Collocator, pursuant to Section 33 of this MLA, of any discrepancies between the approved equipment and improvements and the actual equipment and improvements. Tower Operator's failure to object to the "as-built" drawings within ninety (90) days of submission shall constitute approval of the "as-built" drawings and a waiver of any right to charge AWN Collocator for any New AWN Communications Equipment shown on the "as-built" drawings, even if such equipment was not included in the plans previously approved by Tower Operator; provided, however, the foregoing shall be subject to Tower Operator's rights under Section 9(d) with respect to undocumented Additional Equipment.

11. **LIMITATIONS ON AWN COMMUNICATIONS EQUIPMENT.**

(a) Height Limitation. AWN Collocator may not install any portions of the New AWN Communications Equipment above the existing height of the Tower except in any space above the top of the Tower that is part of the AWN Primary Tower Space, or extend the height of the Tower without Tower Operator's prior written consent, which consent shall be in Tower Operator's reasonable discretion. If any extension of the Tower is necessary to accommodate the New AWN Communications Equipment: (i) Tower Operator and AWN Collocator shall cooperate in the design, structural analysis, permitting and construction of the extension and related Modifications of the Tower; (ii) Tower Operator shall perform the design, structural analysis, permitting and the construction of such extension and related Modifications of the Tower; (iii) to the extent such extension and related Modifications of the Tower is required for

the New AWN Communications Equipment, except as otherwise provided in this Section 11(a): (A) the design, permitting and construction of such extension and related Modifications shall be at AWN Collocator's sole cost (except that the permitting and construction shall be at AWN Collocator's sole cost only if AWN Collocator approves the plans for such extension and related Modifications); and (B) AWN Collocator will pay Tower Operator the Structural Analysis Fee; and (iv) to the extent that any additional height or capacity is requested by Tower Operator in excess of that necessary to accommodate the New AWN Communications Equipment, Tower Operator shall bear a pro-rata portion of all costs of the extension and related Modifications based upon the additional height or capacity requested by Tower Operator. If Tower Operator increasing the height of a Tower at the request of AWN Collocator results in a requirement for FAA mandated lighting of such Tower, AWN Collocator shall pay the cost of installing such lighting, the cost of obtaining or amending the FCC Antenna Structure Registration for the Tower, including, but not limited to, any environmental studies, and the cost of industry-standard lighting equipment for Tower Operator to monitor the lighting of such Tower, similar to the monitoring equipment at other lighted Sites and the reasonable and customary ongoing electrical expense and other operating expenses associated with maintaining such Tower lighting; provided, however, that such lighting and lighting monitoring equipment shall be considered Tower Operator Equipment for which AWN Collocator will not be required to pay any additional rental or any other amounts to Tower Operator and which shall not be counted against the AWN Reserved Amount of Tower Equipment. If the increase in Tower height at the request of AWN Collocator results in a requirement to detune the Tower, AWN Collocator shall pay the cost of the related detuning equipment and its installation. For the avoidance of doubt, the Parties acknowledge that nothing in this Section 11(a) shall be interpreted to allow AWN Collocator to install or occupy space on a Tower outside the AWN Primary Tower Space without complying with Section 9(d), Section 9(e), and Section 10 including, but not limited to, paying the additional rental charge set forth on Exhibit H for any AWN Communications Equipment and AWN Improvements installed outside the AWN Primary Tower Space.

(b) No Harm to Tower or Rooftop. AWN Collocator may not use materials at a Site in a manner that will cause corrosion, rust or harm to the Tower structure, Rooftop Site or their respective appurtenances in a manner that is inconsistent with the general standard of care and practices in the telecommunications industry. In addition, AWN may not use any materials or any contractor at a Rooftop Site that would invalidate or impair any rooftop warranties.

(c) Code Compliance. AWN Collocator's structural modification design for any extensions or enhancements to the Tower, if any, must meet applicable structural code requirements; provided, however, all extensions and/or enhancements to the Tower shall be constructed by Tower Operator.

(d) Fencing. AWN Collocator may install a chain link or similar security fence around the portion of the AWN Collocation Space consisting of AWN Primary Ground Space and any Additional Ground Space under the applicable SLA and any amendments thereto, not including any access or utility easements, and subject to any requirements and restrictions in the applicable Site Lease; provided, however, that AWN Collocator will consult with Tower Operator as to the placement of such fence prior to the installation thereof. Except as set forth below, Tower Operator will maintain, repair, and replace, as needed, any existing fencing located on any Site as of the Effective Date or any fencing that is otherwise required by Law.

For the avoidance of doubt, in no event shall Tower Operator be required to maintain, repair or replace any fencing that has been installed solely to protect AWN Communications Equipment or AWN Improvements; provided, however, that if AWN Collocator is the only collocator on a Site and such fencing would also benefit any Tower Subtenant that may later occupy such Site, then Tower Operator shall be required to maintain, repair or replace such fencing.

(e) Legal Compliance. AWN Collocator shall give any applicable notices and comply with all Laws applicable to AWN Collocator's work on the Site. Such compliance shall include but not be limited to the most recent revision of 29 C.F.R. § 1910, et seq. and 29 C.F.R. § 1926, et seq. (commonly known as OSHA code) in addition to any applicable FCC Laws and Environmental Laws.

(f) Safety. AWN Collocator and its Affiliates shall take all precautions reasonably necessary to protect Persons and materials at the Site from injury or damage caused by its activities at the Site. AWN Collocator shall coordinate work performed by AWN Collocator, its Affiliates and/or their respective agents with other Persons who are present on the Site. AWN Collocator shall have no: (i) duty to oversee the work or actions of other Persons who are present on the Site during the performance of work by AWN Collocator, its Affiliates and/or their respective agents, provided such Persons are not engaged by or on behalf of AWN Collocator, its Affiliates and/or their respective agents; or (ii) responsibility for work performed by other Persons not engaged by or on behalf of AWN Collocator, its Affiliates and/or their respective agents.

12. **MAINTENANCE, MODIFICATIONS AND COMPLIANCE WITH LAW.**

(a) Tower Operator Obligations.

(i) Maintenance. Tower Operator shall have sole responsibility for maintaining, repairing and replacing (subject to Section 17) each Site and Tower, including, but not limited to, repairing utilities, maintaining landscaping, snow removal in accordance with Section 6(c) as requested by AWN Collocator, repairing stealthing and installing and maintaining bird excluders. Tower Operator shall keep each Site and Tower, excluding the AWN Communications Equipment, AWN Improvements and Ancillary Facilities, in good condition, reasonable wear and tear and casualty excepted. Tower Operator shall be solely responsible for maintaining the structural loading capacity of each Tower to ensure that each Tower has at all times the structural loading capacity to hold and support all Communications Equipment then mounted on the Tower, except as otherwise provided in the PSA for any Tower that has Communications Equipment mounted on the Tower in excess of its structural loading capacity as of the Effective Date.

(ii) Modifications. If feasible, Tower Operator shall make structural Modifications or improvements to each Tower when and to the extent necessary to enable AWN Collocator to install the AWN Reserved Amount of Tower Equipment in the AWN Primary Tower Space (the "**Reserved AWN Loading Capacity**"), subject to the following:

(A) Tower Operator shall be solely responsible for the costs of structural Modifications to any Tower (including, but not limited to, the cost of any design, structural analysis, permitting and construction) to increase the structural loading capacity to provide AWN Collocator with the portion of the Reserved AWN Loading Capacity that is within

the Unused Effective Date Capacity but is unavailable at the time AWN Collocator seeks to install the AWN Reserved Amount of Tower Equipment due to the prior installation (from and after the Effective Date) of Communications Equipment by any Tower Subtenant or Tower Operator;

(B) AWN Collocator shall be solely responsible for the costs of any Modifications or improvements to any Tower (including, but not limited to, the cost of any design, structural analysis, permitting and construction) to increase the structural loading capacity to provide the portion of the Reserved AWN Loading Capacity that is in excess of the Unused Effective Date Capacity; and

(C) With respect to any Site for which the structural capacity of the Tower is not sufficient as of the Effective Date to support the AWN Reserved Amount of Tower Equipment or any Additional Equipment, Tower Operator shall, if feasible, upon request by AWN Collocator, make any Modifications to a Tower that it reasonably deems necessary to increase the structural capacity of such Tower to support the AWN Reserved Amount of Tower Equipment or Additional Equipment, as the case may be, at AWN Collocator's sole cost and expense including, but not limited to, the cost of any design, permitting and construction (as an AWN Collocator capital expenditure without any increase in the Rent or payment of any fee or charge to Tower Operator other than any costs to be incurred by AWN Collocator as set forth in this Section 12(a)(ii)(C)), provided that the costs of such Modifications shall be as mutually agreed to by the applicable Parties acting in good faith and shall be consistent with prevailing commercial prices at the relevant time. If AWN Collocator requests any such Modifications, the structural loading capacity of a Tower and the structural loading thereon shall be determined based on a structural report performed by Tower Operator, and AWN Collocator will pay a Structural Analysis Fee for such structural analysis.

(iii) Compliance with Law. Tower Operator shall keep the Site and Tower (excluding the AWN Communications Equipment, AWN Improvements and Ancillary Facilities) in compliance with all applicable Laws, including, without limitation, all federal, state and local permitting requirements and, except as expressly provided in the PSA or the Transition Services Agreement, all applicable Laws of the FAA and the FCC, including, without limitation, those relating to the lighting, marking and painting of towers; provided, however, that, with respect to any Site and/or Tower that fails to comply with all applicable Laws as of the Effective Date, Tower Operator shall not be deemed to be in default of this MLA or the applicable SLA with respect to such failure so long as Tower Operator cures such matter within sixty (60) days after learning of such matter (or, if such matter cannot be cured within such sixty (60) day period using commercially reasonable efforts, such longer period of time as is necessary to cure such matter so long as Tower Operator is using commercially reasonable efforts to cure such matter). Notwithstanding the foregoing, except as provided in the PSA Tower Operator shall have no duty to cure Exceptions (as defined in the PSA) for any Non-Assignable Site. Without limiting the generality of the foregoing, Tower Operator shall use commercially reasonable efforts to assist AWN Collocator with making any improvements to the Tower or Site necessary to permit AWN Collocator to obtain any permit or Governmental Approval it may be seeking with regards to its operations and AWN Communications Equipment at the applicable Site, and such improvements shall be made at AWN Collocator's sole cost provided that such improvements would not have been required to be made by Tower Operator in order to comply with applicable Laws but for AWN Collocator's need to obtain such permit or Governmental Approval.

(b) AWN Collocator Obligations. AWN Collocator will have no responsibility to maintain or repair the Site or Tower or, except as expressly provided in the PSA or the Transition Services Agreement, to ensure that the Site or Tower complies with applicable Laws; provided, however, AWN Collocator shall be solely responsible for damages caused by AWN Collocator, its Affiliates and/or their respective contractors, subcontractors, invitees and agents. AWN Collocator will maintain the AWN Communications Equipment, the AWN Improvements and Ancillary Facilities in good condition, reasonable wear and tear and casualty excepted, and in compliance with Law. AWN Collocator shall keep the AWN Communications Equipment, AWN Improvements and Ancillary Facilities and operations on the AWN Collocation Space in compliance with all applicable Laws, rules and regulations of the FCC and all applicable codes and regulations of the applicable municipality, borough and state government. Tower Operator shall have no responsibility for the licensing, compliance, operation and/or maintenance of AWN Communications Equipment, AWN Improvements and/or Ancillary Facilities.

(c) Cooperation. AWN Collocator's ability to use the AWN Collocation Space is dependent upon obtaining and maintaining all Governmental Approvals. Tower Operator shall cooperate with AWN Collocator's efforts to obtain and maintain Governmental Approvals. In regard to the Governmental Approvals, neither AWN Collocator nor Tower Operator shall take any action concerning the Communications Equipment on the Site that would adversely affect the status of the Site or Land with respect to the proposed use by Tower Operator or AWN Collocator. AWN Collocator will reasonably cooperate with Tower Operator to the extent the reasonable cooperation of AWN Collocator is required for Tower Operator to comply with Law.

(d) Tower Operator Relationship Manager. So long as the MLA is in effect, Tower Operator will designate and maintain a relationship manager, which relationship manager will have authority and the primary responsibility to: (i) communicate with AWN Collocator and its applicable officers, employees, agents, contractors, and other representatives with respect to all matters relating to the Sites, the MLA, the PSA, or any other Collateral Agreement; and (ii) resolve any and all related issues raised by AWN Collocator, provided, that if such issues are not resolved within ten (10) Business Days, then such issues shall be escalated to Bert Lopez on behalf of Tower Operator and Bruce Broquet on behalf of AWN Collocator, who will work together in good faith to resolve such issues. Nothing in this Section 12(d) shall be construed to diminish any other rights and remedies of AWN Collocator or Tower Operator under this MLA.

13. **INTERFERENCE.**

(a) No Interference. The AWN Communications Equipment installed or modified (including modifying the power or frequency at which such equipment is operated) subsequent to any Tower Operator or Tower Subtenant's Communications Equipment shall not cause electronic or physical interference with any such Communications Equipment of Tower Operator or any Tower Subtenant that is permitted, lawfully installed and properly operated (including the power and frequency at which such equipment is operated) or operations of Tower Operator or any Tower Subtenant. AWN Communications Equipment shall also not unreasonably interfere with use of the building systems at any Rooftop Site. Tower Operator shall not, nor shall Tower Operator permit its licensees, employees, invitees or

agents or any Tower Subtenant whose Communications Equipment is installed or modified (including modifying the power or frequency at which such equipment is operated) subsequent to the AWN Communications Equipment to, interfere, electronically or physically, with AWN Collocator's operations or the permitted, lawfully installed and properly operated (including the power and frequency at which such equipment is operated) AWN Communications Equipment. Written notice of such interference shall be provided to the purported interfering party by the non-interfering party, and the purported interfering party shall use its best efforts to determine the cause of such interference and, if responsible, immediately eliminate the interference at the interfering party's sole expense, but in no event later than seven (7) days from the receipt of such notice. If such interference has not ceased within such seven (7) days, the interfering party shall immediately terminate the operation of the Communications Equipment causing such interference; provided, however, if the interfering party is a Tower Subtenant, then the interference shall be terminated by Tower Operator within seven (7) days or such longer period of time required by the terms of any applicable agreement between Tower Operator and such interfering party. RF interference shall be deemed to have ceased if the interfering party powers its Communications Equipment down (except for intermittent testing) and such interference no longer occurs.

(b) Other Licenses. Tower Operator shall include substantially similar noninterference language in any license, lease or other agreements with other licensees, lessees or other users at or for the Site entered into after the Effective Date. Tower Operator will not approve any other antenna facilities or Communications Equipment that interfere with the AWN Communications Equipment. If any Communications Equipment or antenna facilities of another user that are installed after the installation of the AWN Communications Equipment cause interference with AWN Communications Equipment, Tower Operator will eliminate such interference as delineated in Section 13(a) above.

(c) Enforcement. The Parties acknowledge that there will not be an adequate remedy at law for noncompliance with the provisions of this Section 13, and therefore, either Party shall have the right to specifically enforce the provisions of this Section 13 in a court of competent jurisdiction or seek injunctive relief. Furthermore, if such interference is not remedied after the notice and cure periods provided in Section 13(a) and AWN Collocator continues to experience such interference, then: (i) subject to the notice requirements set forth in Section 33, AWN Collocator may elect to terminate the applicable SLA and (A) if AWN Collocator was not the party that caused such interference, then, any obligation of AWN Collocator to pay Rent or any other amounts under this MLA and related to such Site shall cease as of the date of such termination; and (B) if AWN Collocator was the party that caused such interference, then, the obligation of AWN Collocator to pay Rent or any other amounts under this MLA and related to such Site shall continue until the expiration of the then applicable term (without giving effect to any applicable unexercised renewal terms) except that AWN Collocator will not be required to pay any additional rent (including, without limitation, any additional rent charged in accordance with Exhibit H) relating to any AWN Communications Equipment or AWN Improvements that caused such interference so long as any such interfering AWN Communications Equipment and AWN Improvements are removed; and (ii) if AWN Collocator does not terminate the applicable SLA, then, AWN Collocator will not be required to pay any additional rent (including, without limitation, any additional rent charged in accordance with Exhibit H) relating to any AWN Communications Equipment or AWN Improvements that caused such interference so long as any such interfering AWN Communications Equipment and AWN Improvements are removed.

14. **INDEMNIFICATION.** Each Party shall defend, indemnify and hold the other Party and their respective parents, affiliates, subsidiaries, officers, directors, employees, managers, equity holders, agents, lenders and representatives (collectively, "**Indemnified Parties**") harmless from and against any injuries, claims, liabilities, damages, losses and/or expenses imposed upon or incurred by or asserted against the other Party and the other Parties' Indemnified Parties, including, but not limited to, reasonable attorneys' fees and costs, for personal injury, property damage or other claims asserted against (a) the other Party and the other Party's Indemnified Parties, or (b) third parties, resulting from or arising out of: (i) breach of a Site Lease, the applicable SLA or this MLA by the indemnifying Party; (ii) the conduct of the indemnifying Party's business, including, but not limited to, any work conducted at a Site; or (iii) any negligent act or omission, gross negligence or willful misconduct of the indemnifying Party; in all cases, except to the extent caused by the negligent act or omission, gross negligence or willful misconduct of the Indemnified Parties. The foregoing shall not, however, constitute a waiver by the indemnifying Party of any immunity from claims by employees under any applicable industrial insurance or workers' compensation act.

15. **INSURANCE.** AWN Collocator and Tower Operator shall, as applicable, maintain the following insurance coverages in full force during the term of this MLA and any SLA:

(a) **Commercial General Liability Insurance.** AWN Collocator shall carry commercial general liability insurance covering all operations by or on behalf of AWN Collocator and its Affiliates for personal injury and damage to property, including broad form property damage and explosion, collapse and underground hazards, and products and completed operations coverage. Limits of liability shall not be in amounts less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) general aggregate. Tower Operator, its subsidiaries, affiliates, and their respective officers, directors, and employees shall be named as additional insureds.

(b) **Workers' Compensation and Employer's Liability Insurance.** AWN Collocator shall maintain workers' compensation insurance as mandated by state law where the applicable Site is located for all employees of AWN Collocator and its Affiliates. AWN Collocator shall maintain employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000.00), each accident.

(c) **Automobile Insurance.** AWN Collocator shall maintain commercial automobile liability insurance, including coverage for all owned, hired and non-owned automobiles. The amount of coverage shall not be less than One Million Dollars (\$1,000,000.00) combined single limit for each accident and for bodily injury and property damage.

(d) **Commercial Site and Builder's Risk Insurance.** AWN Collocator shall carry "all risks" or "special causes of loss" property insurance on its respective personal property, including but not limited to the AWN Collocation Space, the AWN Communications Equipment, and its tools, equipment, machinery, materials and supplies in an amount sufficient to repair or replace such property. AWN Collocator further agrees to maintain "all risk" or "special causes of loss" builder's risk and/or installation floater insurance in an amount not less than the full replacement cost of such structure or equipment at time of completion. AWN Collocator may satisfy its obligations under this Section 15(d) by self-insurance.

(e) Umbrella Insurance. Awn Collocator shall maintain an umbrella insurance policy providing coverage in excess of its primary commercial general liability, automobile liability and employer's liability policies in an amount not less than Five Million and no/100 Dollars (\$5,000,000.00) per occurrence and Five Million Dollars (\$5,000,000.00) general aggregate. Tower Operator, its subsidiaries, affiliates, and their respective officers, directors and employees shall be named as additional insureds.

(f) Certificates of Insurance. A certificate (or certificates) of insurance, as evidence of the insurance required by this MLA, shall be furnished by Awn Collocator to Tower Operator before any access to the Site or construction is commenced by Awn Collocator, its agents or contractors. Each certificate of insurance shall provide that the broker will give written notice of cancellation of the above-required insurance policies to the certificate holder thirty (30) days prior to cancellation.

(g) Subcontractor Insurance. Awn Collocator shall cause each contractor or subcontractor to maintain insurance coverages and limits of liability of the same type and the same amount as are required of Awn Collocator under this Section 15.

(h) Tower Operator Insurance. Tower Operator shall maintain commercial general liability insurance covering the Site in an amount of not less than Two Million Dollars (\$2,000,000.00), commercial property insurance covering its Tower and an umbrella insurance policy with the coverage set forth in Section 15(e) above.

(i) Insurer Qualifications. All of the above-required insurance coverages/policies shall be written by insurance companies licensed to issue policies in the state of the Site and with an A.M. Best rating of no less than A-.

(j) Waiver of Subrogation. Tower Operator and Awn Collocator hereby mutually release each other (and their directors, officers, employees, agents, successors or assigns) from liability and waive all right of recovery against the other for any loss or damage: (i) covered by their respective first party property insurance policies for all perils insured thereunder; or (ii) within any deductible or self-insured retention, it being the intent of the Parties that each shall first look solely to its own insurance to protect itself from loss to its own property. In the event of such insured loss, neither Party's insurance company shall have a subrogated claim against the other.

16. **ENVIRONMENTAL.** Awn Collocator and its Affiliates shall not use or store any Hazardous Materials (defined below) of any kind on the Site except in accordance with applicable Law. Awn Collocator shall, at its sole cost, remove, dispose and remediate all Hazardous Materials transported, manufactured, used, stored or released on any applicable Site by Awn Collocator, its Affiliates or any of their respective agents, employees or independent contractors. Awn Collocator shall defend, indemnify and hold Tower Operator, its agents and its employees harmless from and against any and all claims, costs and liabilities, including, but not limited to, reasonable attorneys' fees and costs, arising out of or in connection with the introduction, use, manufacture, storage or release of Hazardous Materials on any Site caused by any act or omission of Awn Collocator. Tower Operator shall be solely responsible for and shall defend, indemnify and hold Awn Collocator, its agents and its employees harmless from and against any and all claims, costs and liabilities, including, but

not limited to, reasonable attorneys' fees and costs, arising out of or in connection with the introduction, use, manufacture, storage or release of Hazardous Materials on any Site caused by any act or omission of Tower Operator. The obligations of this Section 16 shall survive the expiration or other termination of this MLA.

17. **CASUALTY.** In the event of damage by fire or other casualty to the AWN Collocation Space that cannot reasonably be expected to be repaired or replaced within seventy-five (75) days following same or, if the Site is damaged by fire or other casualty so that such damage to the AWN Collocation Space or the Site may reasonably be expected to substantially disrupt AWN Collocator's operations at the AWN Collocation Space for more than seventy-five (75) days, then AWN Collocator may, at any time following such fire or other casualty (provided Tower Operator has not completed within such seventy-five (75) days the restoration required to permit AWN Collocator to resume its operation at the AWN Collocation Space), terminate the applicable SLA upon fifteen (15) days' prior written notice to Tower Operator; provided, however, that, notwithstanding the foregoing: (i) such seventy-five (75) day period shall be extended to six (6) months if the fire or other casualty was caused by the negligence, gross negligence or intentional misconduct of AWN Collocator or its contractors, subcontractors, invitees or agents or, in accordance with clause (vi) below, such longer period of time as specified therein; (ii) nothing in this Section 17 is intended to limit the rights and remedies otherwise available to Tower Operator with respect to any such damage caused by the negligence, gross negligence or intentional misconduct of AWN Collocator or its contractors, subcontractors, invitees or agents; (iii) without limiting AWN Collocator's right of termination under this Section 17 or AWN Collocator's right to exercise any unexercised renewal terms, if there is less than five (5) years remaining on the then existing term of the applicable SLA, Tower Operator will not be required to replace such Site unless AWN Collocator agrees to extend the existing term so that there are five (5) years remaining; (iv) Tower Operator will only be required to use commercially reasonable efforts to replace a Tower if changes to local zoning Laws prevent replacement of the type and height of Tower that was subject to the casualty (but if Tower Operator is not able to replace the Tower after using commercially reasonable efforts, then AWN Collocator shall be entitled to terminate this MLA and the SLA with respect to such Site by written notice to Tower Operator); (v) Tower Operator will not be required to repair or replace a Rooftop Site if a building (or the applicable portion thereof affecting AWN Collocator's Communications Facility) at a Rooftop Site was subject to casualty and such casualty prevents Tower Operator from making such repair or replacement, but AWN Collocator shall be entitled to terminate this MLA and the SLA with respect to such Rooftop Site by written notice to Tower Operator if Tower Operator does not timely complete such repair or replacement; and (vi) if a building (or the applicable portion thereof affecting AWN Collocator's Communications Facility) at a Rooftop Site was subject to casualty and such casualty delays Tower Operator from making such repair or replacement, then the seventy-five (75) day period above will be extended by a corresponding period to account for such delay. Any such notice of termination shall cause such SLA to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of the applicable SLA, and the applicable Parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under the SLA. In the event of damage or destruction that does not result in termination of the applicable SLA, AWN Collocator, at its sole expense but without any increase in Rent or payment of additional rent to Tower Operator, shall have the right to place a temporary antenna facility and related facilities (including, but not limited to, a generator) on the Site from the date of such damage and during such repair and reconstruction to enable AWN Collocator

to continue operations without interruption; provided, however, AWN Collocator's right to place a temporary antenna facility and related facilities (including, but not limited to, a generator) on the Site during such repair and reconstruction shall only be allowed if such right is permitted under the Site Lease or authorization from the applicable Lessor is obtained. Notwithstanding the foregoing, all Rent shall abate from the date of such damage until the temporary antenna facility, if applicable, is removed, or the resumption of AWN Collocator's operations at the AWN Collocation Space if AWN Collocator resumes operations at the AWN Collocation Space on an earlier date.

18. **CONDEMNATION.** In the event of any condemnation of all or any portion of a Site, AWN Collocator may terminate the applicable SLA upon fifteen (15) days' prior written notice to Tower Operator if such condemnation may reasonably be expected to substantially disrupt AWN Collocator's operations at the AWN Collocation Space for more than forty-five (45) days. AWN Collocator may on its own behalf make a claim in any condemnation proceeding involving the AWN Collocation Space for losses related to the AWN Communications Equipment, AWN Improvements, Ancillary Facilities, its relocation costs and its damages and losses (but not for the loss of its license/leasehold interest). Any such notice of termination shall cause the SLA to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of the SLA, and the applicable Parties shall make an appropriate adjustment as of such termination date with respect to payments due to the other under the SLA.

19. **TAXES.**

(a) **AWN Collocator's Obligations.** AWN Collocator shall directly pay to the applicable Governmental Authority, throughout the term of each applicable SLA, all sales and use Taxes applied to the rental payments made by AWN Collocator to Tower Operator. Where Tower Operator is obligated by applicable Law to collect such sales and use Taxes from AWN Collocator, AWN Collocator shall instead remit such sales and use Taxes to Tower Operator, which shall in turn timely remit such Taxes to the applicable Governmental Authority and promptly make available evidence of payment upon request by AWN Collocator; provided, however, that AWN Collocator shall not be liable for any such Taxes imposed on AWN Collocator (or related Taxes on Tower Operator) to the extent Tower Operator did not invoice AWN Collocator for such Taxes within one hundred and eighty (180) days following the close of the month in which the applicable associated rental payment was made. AWN Collocator shall pay any personal property and real estate Taxes assessed on the AWN Communications Equipment, AWN Improvements and Ancillary Facilities. Nothing in this Section 19(a) shall, or is intended to, override Section 2.10 of the PSA. The Parties agree to reasonably cooperate to minimize the application of any Taxes to the transaction under this MLA to the fullest extent of the law.

(b) **Tower Operator's Obligations.** Except as set forth in Section 19(a), Tower Operator shall timely pay all Taxes imposed on or against the Site or Tower, and shall pay all net or gross income Taxes, excise Taxes, gross receipts Taxes, gross margin Taxes, business and occupation (and similar) Taxes, and license Taxes, in each case upon Tower Operator's operations, business or income. If personal property and/or real estate Taxes assessed on the AWN Communications Equipment, AWN Improvements and/or Ancillary Facilities are billed to Tower Operator under local Tax Laws or regulations, Tower Operator shall promptly upon

receipt of such Tax bills notify AWN Collocator of such Taxes and provide a calculation of the Taxes on the AWN Communications Equipment, AWN Improvements and/or Ancillary Equipment and copies of such bills to AWN Collocator. If Tower Operator fails to provide the foregoing items to AWN Collocator within forty-five (45) days of the date of the Tax bill, then Tower Operator shall pay, or reimburse AWN Collocator within thirty (30) days following receipt of an invoice for, any late fees or penalties resulting from the late payment of such Tax bill. If Tower Operator fails to pay when due any Taxes attributable to the Site or Tower, AWN Collocator shall have the right, but not the obligation, to pay such Taxes. In such event, Tower Operator shall reimburse AWN Collocator for such Tax expenditures within thirty (30) days following receipt of an invoice therefor.

(c) Contest of Taxes. Subject to any requirements or restrictions in the Site Lease for a Site, AWN Collocator shall have the right, at its sole option and at its sole cost and expense, to appeal, challenge or seek modification of any tax assessment or billing for which AWN Collocator is wholly or partly responsible for payment. Provided AWN Collocator's appeal, change or request for modification will not have a material adverse impact on Tower Operator, Tower Operator shall reasonably cooperate with AWN Collocator in filing, prosecuting and perfecting any appeal or challenge to such Taxes, including but not limited to executing any consent, appeal or other similar document. If, as a result of any appeal or challenge by AWN Collocator, there is a reduction, credit or repayment received by Tower Operator for any Taxes previously paid by AWN Collocator, Tower Operator agrees to promptly reimburse to AWN Collocator the amount of said reduction, credit or repayment together with any interest paid or credited thereon.

20. **TERMINATION.**

(a) Termination Events. Except upon expiration of the term of an SLA, the Site Expiration Date of a Site Lease or as otherwise provided in this MLA, a Party may only terminate an SLA as follows:

- Collocator;
- (i) In accordance with Section 2(b) or Section 2(c) pursuant to an AWN Termination Right exercised by AWN
 - (ii) In accordance with Section 13(c) in the event of uncured interference;
 - (iii) In accordance with Section 17 in the event of damage or destruction;
 - (iv) In accordance with Section 18 in the event of condemnation; or
 - (v) In accordance with Section 22 for default by AWN Collocator, Tower
 - (vi) Operator or Tower Operator Guarantor.

(b) Effect of Termination. No termination of an SLA shall cause a termination of any other SLA or this MLA (except with respect to the Site subject to the terminated SLA), and this MLA (except with respect to the Site subject to the terminated SLA) and any other

SLA shall remain in full force and effect. Upon the termination of an SLA for a Site, the rights, duties and obligations of AWN Collocator, its Affiliates and Tower Operator in this MLA and the SLA with respect to such Site shall terminate as of the date of such termination (including, without limitation, AWN Collocator's obligation to pay Rent and its rights to the AWN Collocation Space for such Site), except the rights, duties and obligations with respect to such Site that expressly survive the termination of this MLA and the SLA with respect to such Site.

(c) **Termination Notices.** A Party shall exercise any right to terminate by following the notice requirements of Section 33 and providing the basis under this Section 20 for such termination. Upon such termination the applicable Parties shall have no further obligations to each other with respect to such SLA, except as to any outstanding liabilities as of the date of termination and as otherwise provided herein.

21. REMOVAL OF AWN COMMUNICATIONS EQUIPMENT; WAIVER OF TOWER OPERATOR'S LIEN.

(a) **Removal.** Within sixty (60) days of termination or expiration of an SLA, AWN Collocator shall remove the AWN Communications Equipment, AWN Improvements (except the AWN Improvements that also support, shelter, protect, enclose or provide power or back-up power to any Tower Subtenant Communications Equipment) and Ancillary Facilities (unless agreed to otherwise by Tower Operator or if otherwise required by a Site Lease or a Governmental Authority); provided, however, that, notwithstanding anything to the contrary in this MLA or an SLA, AWN Collocator will not be required to remove any such items located in the Backhaul Services Space to the extent that such items are permitted to remain at the Site under the license for such space granted to AWN Collocator pursuant to Section 2(a). Notwithstanding the foregoing, AWN Collocator shall not be required to remove any foundations, pavement, utility installations or any structural enhancements to or extensions of the Tower. If AWN Collocator fails to remove such AWN Communications Equipment, AWN Improvements (except the AWN Improvements that also support, shelter, protect, enclose or provide power or back-up power to any Tower Subtenant Communications Equipment) and Ancillary Facilities within such period, Tower Operator may, at its sole discretion, remove and store same at AWN Collocator's sole cost. If the personal property is not retrieved from storage within ninety (90) days of removal, then said property shall be deemed abandoned.

(b) **Waiver of Tower Operator's Lien.** Tower Operator waives any and all lien rights it may have, statutory or otherwise, concerning the AWN Communications Equipment, AWN Improvements and Ancillary Facilities or any portion thereof. Subject to Section 8 and Section 9(h), AWN Collocator and AWN Collocator's mortgagee shall have the right to remove all or any portion of the AWN Communications Equipment, AWN Improvements (except the AWN Improvements that also support, shelter, protect, enclose or provide power or back-up power to any Tower Subtenant Communications Equipment) and Ancillary Facilities from the AWN Collocation Space from time to time, whether before or after termination of this MLA or the applicable SLA, in AWN Collocator's and/or such mortgagee's sole discretion and without Tower Operator's consent. Except as set forth in Section 8 and Section 9(h), the AWN Communications Equipment, AWN Improvements and Ancillary Facilities constitutes the personal property of AWN Collocator and AWN Collocator shall have the right to remove such AWN Communications Equipment, AWN Improvements (except the AWN Improvements that also support, shelter, protect, enclose or provide power or back-up power to any Tower

Subtenant Communications Equipment) and Ancillary Facilities whether or not said items are considered fixtures or attachments to real property under applicable Law.

22. **DEFAULT AND REMEDIES.**

(a) **AWN Collocator Default.** Any one or more of the following events shall constitute a default by AWN Collocator (each, an "**AWN Collocator Default**"):

(i) The failure to pay Rent or make other payments set forth in this MLA and/or in the applicable SLA when such failure continues for twenty (20) Business Days after the date Tower Operator provides written notice thereof to AWN Collocator; provided, however, that: (A) the failure to pay Rent within twenty (20) Business Days after the due date shall automatically constitute an AWN Collocator Default (without the need for written notice by Tower Operator) for all subsequent instances of non-payment of Rent during a calendar year after AWN Collocator has failed to make such timely Rent payments within such twenty (20) Business Day period during more than two (2) calendar months and Tower Operator has provided written notice of such failure to AWN Collocator during each such calendar month; and (B) notwithstanding anything to the contrary in this MLA or the applicable SLA, Tower Operator may not terminate an SLA as a result of a AWN Collocator Default relating to the non-payment of any payments set forth in this MLA and/or the applicable SLA (other than Rent) to the extent such payments for such SLA are less than \$2,500.00.

(ii) The failure to perform any other material obligations of AWN Collocator under this MLA or an SLA, and such failure continues for thirty (30) days from the date Tower Operator provides written notice thereof to AWN Collocator (unless another time period is specified for a particular default under a Site Lease, this MLA or the SLA); provided, however, that in the event that more than thirty (30) days are required in order to cure any such non-monetary AWN Collocator Default, AWN Collocator shall have a reasonable period of time necessary to cure such a default if AWN Collocator shall have commenced and is continuously and diligently pursuing corrective action within such initial thirty (30) days; provided, further that if any such default causes Tower Operator to be in default under any Collocation Agreement existing prior to the Effective Date, the thirty (30) day period referenced above in this Section 22(a)(ii) shall be reduced to such lesser time period as required in the Collocation Agreement as of the Effective Date and such lesser time period shall be included in the written notice from Tower Operator to AWN Collocator;

(iii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (A) relief in respect of AWN Collocator or AWN Guarantor, or of a substantial part of the property or assets of AWN Collocator or AWN Guarantor, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar Law, (B) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for AWN Collocator or AWN Guarantor or for a substantial part of the property or assets of AWN Collocator or AWN Guarantor or (C) the winding-up or liquidation of AWN Collocator or AWN Guarantor; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(iv) AWN Collocator or AWN Guarantor shall (A) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar Law, (B) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (iii) above, (C) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for AWN Collocator or AWN Guarantor or for a substantial part of the property or assets of AWN Collocator or AWN Guarantor, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, (F) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (G) take any action for the purpose of effecting any of the foregoing; or

(v) the material breach by AWN Guarantor of Section 35.

(b) Tower Operator's Remedies. In the event of an AWN Collocator Default, Tower Operator shall have the right to terminate the applicable SLA(s) at issue (after the expiration of any applicable cure periods set forth above) but not this MLA, in addition to all other remedies available at law or equity. In the event that Tower Operator should, as a result of an AWN Collocator Default, incur any costs or expenses on behalf of AWN Collocator or in connection with AWN Collocator's obligations thereunder, such sums shall be due to Tower Operator within thirty (30) days after rendering of an invoice and reasonably sufficient documentation of such costs to AWN Collocator as an additional fee hereunder.

(c) Tower Operator Default. Any one or more of the following events shall constitute a default by Tower Operator ("**Tower Operator Default**"):

(i) The breach of or failure to perform any of the material obligations of Tower Operator under this MLA and/or SLA and such breach or failure continues for thirty (30) days from the date AWN Collocator provides written notice thereof to Tower Operator (unless another time period is specified for a particular default under a Site Lease, this MLA or the SLA); provided, however, that in the event that more than thirty (30) days are required in order to cure any non-monetary Tower Operator Default, Tower Operator shall have a reasonable period of time to cure such a default if Tower Operator shall have commenced and is continuously and diligently pursuing corrective action within such initial thirty (30) days;

(ii) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (A) relief in respect of Tower Operator or Tower Operator Guarantor, or of a substantial part of the property or assets of Tower Operator or Tower Operator Guarantor, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar Law, (B) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Tower Operator or Tower Operator Guarantor or for a substantial part of the property or assets of Tower Operator or Tower Operator Guarantor or (C) the winding-up or liquidation of Tower Operator or Tower Operator Guarantor; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(iii) Tower Operator or Tower Operator Guarantor shall (A) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar Law, (B) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (ii) above, (C) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Tower Operator or Tower Operator Guarantor or for a substantial part of the property or assets of Tower Operator or Tower Operator Guarantor, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors, (F) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (G) take any action for the purpose of effecting any of the foregoing; or

(iv) The material breach by Tower Operator Guarantor under the Guaranty Agreement.

Notwithstanding the foregoing or anything to the contrary contained in this MLA, no Tower Operator Default shall be deemed to occur and exist under this MLA or the applicable SLA with respect to any Site that is a Managed Site as a result of the condition or conditions that existed as of the Effective Date of this MLA and that were the reason such Site was designated a Managed Site in accordance with the PSA.

(d) AWN Collocator's Remedies. In the event of a Tower Operator Default, AWN Collocator shall have all remedies available at law or in equity, including without limitation, damages, injunctive relief and the following:

(i) In addition to such remedies or any remedies available under this MLA, AWN Collocator may terminate the applicable SLA, in which case, AWN Collocator shall (subject to the right of set-off in Section 3(e)) pay Tower Operator any Rent or fees due for the period up to the termination of the applicable SLA, but shall not owe Rent for any subsequent period. Any advance payments made for periods after the termination of the SLA will be reimbursed to AWN Collocator.

(ii) In addition to any other rights and remedies that AWN Collocator may have, if AWN Collocator is not able to use or occupy the AWN Collocation Space at a Site for the current or future business activities that it conducts at such Site as a result of a Tower Operator Default, AWN Collocator shall have the right to abate the Rent applicable to such Site until such Tower Operator Default is cured.

(iii) In the event Tower Operator fails to cure a default under Section 4(b) of this MLA within the time frame provided under an applicable Site Lease and either (A) Tower Operator is not diligently and in good faith contesting the same (to the extent and in the manner permitted under the applicable Site Lease) or (B) any material portion of such Site is subject to imminent danger of loss or forfeiture, including by reason of a termination of the Site Lease with respect to such Site, as a result of the same, then, in addition to any other rights or remedies, including, without limitation, those set forth in Section 3(d) and Section 3(e), AWN Collocator may cure such default, and Tower Operator shall reimburse AWN Collocator for its reasonable out-of-pocket costs related to curing such default.

(iv) In addition to any other rights and remedies that AWN Collocator may have, if Tower Operator in violation of this MLA fails to take any action or make any repairs to any Site: (x) within the time frame required by any Governmental Authority; (y) as necessary to comply with applicable Laws or the terms of any Site Lease; or (z) that results in or relates to an Emergency, then AWN Collocator may take action or make the repairs at Tower Operator's sole cost; provided, however, that, prior to AWN Collocator taking such action or making repairs to the Site (including, but not limited to, repairs to the Tower), then, other than in the case of an Emergency, AWN Collocator shall provide Tower Operator written notice that AWN Collocator is exercising its right under this Section 22(d)(iv). An amount equal to 105% of the reasonable costs thereof incurred by AWN Collocator shall be due and payable by Tower Operator within thirty (30) days of Tower Operator's receipt of an invoice and reasonably sufficient documentation of such costs. AWN Collocator's right to repair Sites pursuant to this Section 22(d)(iv) is granted solely to protect AWN Collocator's interests and property and AWN Collocator shall have no duty to undertake repairs. The undertaking of repairs will not create a duty to protect the interests of Tower Operator or to third parties.

(e) No Effect on other Provisions of MLA or SLA No default by any Party relating to an SLA, whether pursuant to this Section 22, by operation of law or otherwise (except as expressly provided herein), nor any termination of an SLA and removal of AWN Collocator's property from the AWN Collocation Space, shall relieve either Party of its obligations or liabilities under the MLA or any other SLA, all of which shall survive such default, termination and/or removal. A default by any Party will not constitute or serve as a basis for a default by any other Party, and a default under any SLA will not constitute or serve as a basis for a default under any other SLA or this MLA as a whole.

(f) No Waiver. All of the rights, powers and remedies provided for in this MLA, or in any SLA, or now or hereafter existing at law or in equity, or by statute or otherwise, shall be deemed to be separate, distinct, cumulative and concurrent and shall not be deemed to be in the exclusion of, or a waiver of, any other rights, powers or remedies provided for in this MLA. The exercise or enforcement of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise or enforcement of any or all of such other rights, powers or remedies.

(g) Attorneys' Fees. The substantially prevailing party in any litigation arising hereunder shall be entitled to its reasonable attorneys' fees and court costs, including appeals, if any.

(h) Force Majeure. In the event that either Party shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of events of Force Majeure, then the performance of such act (and any related losses and damages caused by the failure of such performance) shall be excused for the period of delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay.

23. LIMITATION OF LIABILITY. Notwithstanding anything in this MLA to the contrary, except for (i) indemnity claims pursuant to Section 14 which relate to damages asserted by third parties, (ii) indemnity claims pursuant to Section 16, and (iii) grossly negligent or intentionally wrongful acts, neither Party shall have any liability under this MLA or any SLA, for: (y) any punitive or exemplary damages; or (z) any special, consequential, incidental or

indirect damages, including without limitation lost profits, lost data, lost revenues and loss of business opportunity, whether or not the other Party was aware or should have been aware of the possibility of these damages. No other Affiliate of AWN Collocator shall have any liabilities or obligations under any SLA unless AWN Guarantor is required to fulfill its obligations pursuant to Section 35.

24. **BINDING ON SUCCESSORS AND ASSIGNS; THIRD-PARTY BENEFICIARIES**. This MLA and any SLA shall bind the successors and permitted assignees of the Parties. Any successor or permitted assignee of Tower Operator shall take each Site subject to the rights of AWN Collocator under this MLA and the applicable SLA. The Parties acknowledge that General Communication, Inc. and GCI Communication Corp., both Affiliates of AWN Collocator, are express third-party beneficiaries of this MLA.

25. **ASSIGNMENT; SUBLEASING.**

(a) AWN Collocator may, without any approval or consent of Tower Operator, sublease, license, sublicense or grant concessions or other rights for the occupancy or use of any portion of the AWN Collocation Space to any of AWN Collocator's Affiliates. AWN Collocator may, without any approval or consent of Tower Operator, sell, convey, assign or transfer all or any portion of its rights and obligations under this MLA or any SLA: (i) to any of AWN Collocator's Affiliates, (ii) to any Person that acquires all or substantially all of AWN Collocator's assets in any market defined by the FCC, (iii) to any Person that acquires all or substantially all of the assets of AWN Collocator, or (iv) to a successor Person that, directly or indirectly, acquires more than a 50% ownership interest in AWN Collocator, effected through a transaction or series of transactions (including by way of merger, consolidation, business combination, other reorganization or similar transaction or by operation of law). Except as set forth in this Section 25(a), AWN Collocator may not sell, convey, assign or transfer its rights or obligations under this MLA and the applicable SLAs without the written consent of Tower Operator, which consent shall not be unreasonably withheld, conditioned or delayed. Nothing in this MLA or any SLA shall prohibit the use of any Site, any AWN Communications Equipment or AWN Collocator's communications network by third parties as expressly permitted under Section 5.

(b) Without the prior written consent of AWN Collocator not to be unreasonably withheld, delayed or conditioned, Tower Operator may not assign this MLA or any SLA; provided that the consent of AWN Collocator shall not be required if the assignee meets the Assumption Requirements (as defined below) and is (x) a tower company that has a good business reputation and is experienced in the management of communication towers, or (y) an Affiliate of Tower Operator. "**Assumption Requirements**" means, with respect to an assignment by Tower Operator, that (i) the applicable assignee has creditworthiness, reasonably sufficient to perform the obligations of the assigning party under this MLA and the applicable SLA(s) or that the assigning party remains liable for such obligations notwithstanding such assignment, and (ii) the assignee assumes and agrees to perform all of the obligations of the assigning party hereunder.

26. **SUBORDINATION AND NONDISTURBANCE.** At Tower Operator's option, this MLA and each applicable SLA shall be subordinate to any mortgage or other security interest by Tower Operator that from time to time may encumber all or part of the Site; provided, however, every such mortgage or other security interest shall recognize the validity of this

MLA and applicable SLA in the event of a foreclosure of Tower Operator's interest and also AWN Collocator's right to remain in occupancy of and have access to the AWN Collocation Space as long as AWN Collocator is not in default of this MLA and the applicable SLA beyond any applicable grace or cure periods. AWN Collocator shall execute whatever instruments may reasonably be required to evidence this subordination clause. In the event a Site is encumbered by a mortgage or other security interest created by Tower Operator, Tower Operator, immediately after this MLA and the applicable SLA are executed, will, upon AWN Collocator's request, use commercially reasonable efforts to obtain and furnish to AWN Collocator, a non-disturbance agreement for each such mortgage or other security interest in recordable form. In the event Tower Operator defaults in the payment and/or other performance of any mortgage or other security interest encumbering the Site, AWN Collocator may, at its sole option and without obligation, cure or correct Tower Operator's Default and, upon doing so, AWN Collocator shall be subrogated to any and all rights, titles, liens and equities of the holders of such mortgage or security interest, and Tower Operator shall reimburse AWN Collocator within ten (10) days of an invoice for all sums paid by AWN Collocator to cure or correct such defaults.

27. **ESTOPPEL CERTIFICATES.** Either Party shall within fifteen (15) business days' prior written notice from the other, execute, acknowledge and deliver to the other a written statement to the extent the following are true: (i) certifying that this MLA and any SLA is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying the SLA, as so modified, is in full force and effect) and the date to which the Rent and other charges have been paid; and (ii) acknowledging that there are not, to such Party's actual knowledge, any uncured defaults on the part of the other Party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Site.

28. **SURVIVAL.** The provisions of this MLA relating to indemnification from one Party to the other Party shall survive any termination or expiration of the applicable SLA. Additionally, any provisions of this MLA that indicate survival subsequent to termination or expiration or require performance subsequent to the termination or expiration of this MLA shall also survive such termination or expiration of the applicable SLA.

29. **RECORDING.** The Parties shall not record this MLA or any SLA. Subject to any limitations contained in any applicable Site Lease for a Site, the Parties to an SLA shall execute, and AWN Collocator may, at its own cost, record a Memorandum of SLA. The date set forth in the Memorandum of SLA will be for recording purposes only and shall not establish the SLA Effective Date. AWN Collocator shall, at the request of Tower Operator, execute a termination of the Memorandum of SLA within thirty (30) days after the termination date of an SLA, which Tower Operator may record at its cost and expense.

30. **QUIET ENJOYMENT.** Tower Operator covenants that AWN Collocator shall peaceably and quietly have, hold and enjoy the AWN Collocation Space as provided in this MLA and each SLA during the term of the applicable SLA.

31. **INTEGRATION.** This MLA, in conjunction with each SLA, contains all agreements, promises and understandings between the Parties pertaining to the subject matter of these documents, and no verbal or oral agreements, promises or understandings shall be binding upon any Party in any dispute, controversy or proceeding at law. Any addition,

variation or modification to this MLA or any SLA shall be void and ineffective unless made in writing signed by the Parties. In the event any provision of this MLA or any SLA is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this MLA or applicable SLA. The failure of any Party to insist upon strict performance of any of the terms or conditions of this MLA or any SLA or to exercise any rights under this MLA or any SLA shall not waive such rights, and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this MLA or any SLA, either in law or in equity.

32. **GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM; WAIVER OF JURY TRIAL.** THIS MLA AND EACH SLA SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ALASKA AS TO ALL MATTERS, INCLUDING MATTERS OF VALIDITY, CONSTRUCTION, EFFECT, PERFORMANCE AND REMEDIES (WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION). Each Party agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this MLA and any SLA or the transactions contained in or contemplated by this MLA or any SLA exclusively in the United States District Court for the District of Alaska or any Alaska state court sitting in the city of Anchorage and appellate courts having jurisdiction of appeals from any of the foregoing (the "**Chosen Courts**"), and, solely in connection with claims arising under this MLA and any SLA or the transactions that are the subject of this MLA and any SLA, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party and (iv) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 33. EACH PARTY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS MLA AND EACH SLA OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. Notwithstanding the foregoing, the enforcement of this MLA and any SLA with respect to a particular Site as to matters relating to real property and matters mandatorily governed by local law, shall be governed by and construed in accordance with the laws of the state in which the applicable Site is located.

33. **NOTICES.** All notices, requests, demands, waivers and other communications required or permitted under this MLA shall be in writing, reference a particular Site number or address, if applicable, and shall be deemed to have been delivered (i) the next Business Day when sent overnight by a nationally recognized overnight courier service or certified or priority mail (provided such delivery is actually effected or rejected), (ii) upon transmission of an e-mail (followed by delivery of an original via nationally recognized overnight courier service, or (iii) upon delivery when personally delivered to the receiving Party. All such notices and communications shall be sent or delivered as set forth below or to such other person(s), e-mail address or address(es) as the receiving Party may have designated by written notice to the other Party. All notices shall be delivered to the relevant Party at the address set forth below.

If to Tower Operator: AWN Tower Company, LLC
 c/o Vertical Bridge Towers II, LLC
 750 Park of Commerce Dr., Suite 200
 Boca Raton, FL 33487
 Attn: Dan Marinberg, Esq., General Counsel
 Email: dmarinberg@verticalbridge.com

with copies not constituting notice to:

Fox Rothschild LLP
747 Constitution Drive, Suite 100
Exton, PA 19341
Attention: Levin V. Czubaroff, Esq.
E-mail address: lczubaroff@foxrothschild.com

If to AWN Collocator or AWN
Guarantor: The Alaska Wireless Network, LLC
 c/o GCI Communication Corp.
 2550 Denali Street, Suite 1000
 Anchorage, AK 99503
 Attention: Corporate Counsel
 E-mail address: wwailand@gci.com

with a copy not constituting notice to:

Lape Mansfield Nakasian + Gibson, LLC
9980 Brewster Lane, Suite 150
Powell, OH 43065
Attention: Rick J. Gibson
E-mail address: rjgibson@lmng-law.com

34. **MISCELLANEOUS.** Each of the Parties hereto warrants to the other that the Party executing this MLA and each SLA has the full right, power and authority to enter into and execute the same on such Party's behalf and that no consent (except as may be required under an applicable Site Lease) from any other person or entity is necessary as a condition precedent to the legal effect of this MLA and any SLA executed pursuant to it. The captions contained in this MLA are inserted for convenience only and are not intended to be part of the MLA. They shall not affect or be utilized in the construction or interpretation of the MLA. The recitals in this MLA are hereby incorporated in this MLA as if set forth fully in this Section 34.

35. **AWN PARENT GUARANTY.**

(a) AWN Guarantor unconditionally, absolutely and irrevocably guarantees to Tower Operator the full and timely payment of all payment obligations of AWN Collocator under this MLA and any corresponding obligations of AWN Collocator under any SLA (collectively, the "***AWN Collocator Obligations***"). AWN Guarantor agrees that if AWN Collocator (all references to AWN Collocator in this Section 35 shall be deemed to include any Affiliate of AWN Collocator with AWN Communications Equipment (including, but not limited to, that used for Backhaul Services), AWN Improvements, Ancillary Facilities or any equipment related to the use and operation thereof on a Site) defaults at any time during the Term of this MLA or the term of any SLA in the performance of any of the AWN Collocator Obligations, AWN Guarantor shall faithfully perform and fulfill all AWN Collocator Obligations and shall pay to Tower Operator all reasonable

attorneys' fees, court costs and other reasonable out-of-pocket costs and expenses incurred by Tower Operator on account of any default by AWN Collocator in the performance of the AWN Collocator Obligations and on account of the enforcement of this guaranty.

(b) The foregoing guaranty obligation of AWN Guarantor shall be enforceable by Tower Operator in an action against AWN Guarantor without the necessity of any suit, action or proceeding by Tower Operator of any kind or nature whatsoever against AWN Collocator, without the necessity of any notice to AWN Guarantor of AWN Collocator's default or breach under this MLA or any SLA, and without the necessity of any other notice or demand to AWN Guarantor to which AWN Guarantor might otherwise be entitled, all of which notices AWN Guarantor hereby expressly waives. AWN Guarantor hereby agrees that the validity of this guaranty and the obligations of AWN Guarantor hereunder shall not be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by Tower Operator against AWN Collocator any of the rights or remedies reserved to Tower Operator pursuant to the provisions of this MLA, any SLA or any other remedy or right which Tower Operator may have at law or in equity or otherwise. Notwithstanding anything to the contrary in this Section 35, AWN Guarantor shall be entitled to assert any defense, counterclaim or set off right and will otherwise be entitled to exercise all other rights that would be available to AWN Collocator hereunder, under the PSA or any other Collateral Agreements, at law or in equity, and to require that Tower Operator comply with any and all conditions applicable to asserting a claim against AWN Collocator, including the giving of notices of default to AWN Collocator, notices pursuant to Section 14 or notice to any other Affiliate of AWN Collocator as expressly provided for herein or waiting for the expiration of notice periods, cure periods or other time periods for performance, if any.

(c) AWN Guarantor covenants and agrees that this guaranty is an absolute, unconditional, irrevocable and continuing guaranty. The liability of AWN Guarantor hereunder shall not be affected, modified or diminished by reason of any assignment, renewal, modification, extension or termination of this MLA or any SLA or any modification or waiver of or change in any of the covenants and terms of this MLA or any SLA by agreement of Tower Operator and AWN Collocator, or by any unilateral action of either Tower Operator or AWN Collocator, or by an extension of time that may be granted by Tower Operator to AWN Collocator or any indulgence of any kind granted to AWN Collocator, or any dealings or transactions occurring between Tower Operator and AWN Collocator, including, without limitation, any adjustment, compromise, settlement, accord and satisfaction or release, or any Bankruptcy, insolvency, reorganization or other arrangements affecting AWN Collocator, except in each case, to the extent expressly provided for in the terms of any document evidencing any of the foregoing. AWN Guarantor does hereby expressly waive any suretyship defenses it might otherwise have.

(d) AWN Guarantor may not, without the prior written consent of Tower Operator, assign this MLA or delegate any of its duties or obligations hereunder to any Person; provided that Tower Operator's consent shall not be required in the case of an assignment or delegation by AWN Guarantor to any Person with (i) financial condition no less favorable than existed for AWN Guarantor on the Effective Date or (ii) creditworthiness reasonably sufficient to perform the obligations of AWN Guarantor under this MLA.

(e) All of Tower Operator's rights and remedies under this guaranty are intended to be distinct, separate and cumulative and no such right and remedy herein is intended to be to the exclusion of or a waiver of any other. AWN Guarantor hereby waives presentment, demand for performance, notice of non-performance, notice of protest, notice of dishonor and notice of

acceptance. AWN Guarantor further waives any right to require that an action be brought against AWN Collocator or any other Person or to require that resort be had by Tower Operator to any security held by Tower Operator.

* * * Remainder of Page Blank - Signature Page Follows * * *

IN WITNESS WHEREOF, the Parties have caused this MLA to be executed and sealed by their duly authorized representatives, all effective as of the day and year first written above.

AWN COLLOCATOR:

THE ALASKA WIRELESS NETWORK, LLC

By: /s/ Bruce Broquet
Bruce L. Broquet, Vice President and
Chief Financial Officer

AWN GUARANTOR:

GENERAL COMMUNICATION, INC.

By: /s/ Peter Pounds
Peter J. Pounds, Senior Vice President
and Chief Financial Officer

TOWER OPERATOR:

AWN TOWER COMPANY, LLC

By: Vertical Bridge Towers II, LLC, a Delaware
limited liability company, its sole member

By: /s/ Alex Gellman
Alex Gellman, Chief Executive Officer

SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended September 30, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2016

/s/ Ronald A. Duncan

Ronald A. Duncan

President and Director

SECTION 302 CERTIFICATION

I, Peter J. Pounds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended September 30, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2016

/s/ Peter J. Pounds

Peter J. Pounds

Senior Vice President, Chief Financial Officer, and Secretary (Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald A. Duncan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 3, 2016

/s/ Ronald A. Duncan

Ronald A. Duncan
Chief Executive Officer
General Communication, Inc.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter J. Pounds, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 3, 2016

/s/ Peter J. Pounds

Peter J. Pounds
Chief Financial Officer
General Communication, Inc.