

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

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 3, 2017

**GENERAL COMMUNICATION, INC.**

(Exact name of registrant as specified in its charter)

**State of Alaska**

(State or other Jurisdiction of  
Incorporation or organization)

**0-15279**

Commission File Number

**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

**NONE**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Section 2 - Financial Information

### Item 2.02 Results of Operations and Financial Condition

On May 3, 2017, General Communication, Inc. ("GCI") issued a press release announcing earnings for the three months ended March 31, 2017. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

The earnings release attached as Exhibit 99.1 discloses the non-GAAP financial measure of Adjusted EBITDA (defined as earnings plus imputed interest on financed devices before net interest expense, income taxes, depreciation and amortization expense, loss on extinguishment of debt, 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) and Pro Forma EBITDA (defined as Adjusted EBITDA plus Liberty transaction costs) for the three months ended March 31, 2017 and 2016 and December 31, 2016. Adjusted EBITDA and Pro Forma EBITDA have been reconciled to the closely related GAAP financial measure, net income (loss), within the earnings release.

Adjusted EBITDA and Pro Forma EBITDA are not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses Adjusted EBITDA and Pro Forma EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes Adjusted EBITDA and Pro Forma EBITDA are 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 and Pro Forma EBITDA are used to estimate current or prospective enterprise value. Adjusted EBITDA and Pro Forma EBITDA do not give effect to cash used for debt service requirements, and thus do not reflect funds available for investment or other discretionary uses. Adjusted EBITDA and Pro Forma EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit

<u>Number</u>	<u>Description</u>
99.1	Press Release issued by General Communication, Inc. on May 3, 2017

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**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 hereunto duly authorized.

**GENERAL COMMUNICATION, INC.**

\_\_\_\_\_  
(Registrant)

Date: May 3, 2017

By /s/ Peter J. Pounds

\_\_\_\_\_  
Name: Peter J. Pounds

Title: Senior Vice President,  
Chief Financial Officer,

and Secretary

(Principal Financial Officer)

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## Exhibit Index

Exhibit No.	Description
99.1	Press Release issued by General Communication, Inc. on May 3, 2017

**GCI REPORTS FIRST QUARTER 2017 FINANCIAL RESULTS**

Net Loss of \$55 million

Consolidated Revenue of \$228 million

Pro Forma EBITDA of \$73 million

**May 3, 2017, Anchorage, Alaska** - General Communication, Inc. ("GCI") (NASDAQ: GNCMA) announces its results for the first quarter of 2017.

**Liberty Interactive Transaction:**

On April 4<sup>th</sup> GCI and Liberty Interactive Corporation announced the signing of an agreement to combine GCI with certain assets of the Liberty Ventures Group ("Liberty Ventures"). The new company will be named GCI Liberty. As part of the transaction GCI shareholders will receive 0.63 shares of a reclassified GCI Class A common stock and 0.20 shares of a new GCI Series A preferred stock. The exchange ratios were determined based on a total consideration of \$32.50 per share for existing GCI common stock, comprised of \$27.50 per share in reclassified GCI Class A common stock and \$5.00 per share in a newly issued GCI preferred stock, and a Liberty Ventures reference price of \$43.65 (with no premium paid for shares of GCI Class B common stock). The transaction is subject to regulatory review, and applicable regulatory filings are in process. The transaction is expected to close in the first quarter of 2018.

We recently received consent from our bondholders to waive any change of control put rights in connection with the transaction. We are in the process of completing an amendment of our Senior Credit Facility to allow for the transaction.

**Net Loss:**

The net income for the quarter was negatively affected by a significantly higher income tax expense for the quarter than we expect to record for the entire year. This highly unusual outcome does not affect Adjusted EBITDA, Cash Flow or our Net Operating Losses. More information about this can be seen in our 10-Q.

**Operating Segment:**

In 2017, we merged our former Wireless and Wireline segments into one operating segment to reflect changes in how we manage the business. The former wireless segment revenues are now reflected in the consumer and business customer groups as follows:

1. Wholesale Wireless is reported in Consumer or Business wireless, according to which customer type is providing that revenue.
  2. Roaming and Backhaul is reported in Business wireless.
  3. High Cost USF Revenue is reported in Consumer wireless revenue.
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## **Operating and Financial Highlights**

Our first quarter revenues were \$228 million, a decline of \$4 million sequentially and \$3 million from the first quarter of 2016 (down approximately 1% year-over-year) driven by weakness in consumer wireless and video. Pro Forma EBITDA, which is Adjusted EBITDA plus \$4 million of one-time Liberty transaction costs in the quarter, was \$73 million. This is up \$5 million from the previous quarter and \$2 million year over year. Pro Forma EBITDA is up due to savings achieved in procurement initiatives and our circuit costs.

As we mentioned in our year end call we are focusing on operating efficiencies and cost savings. This quarter we had Pro Forma EBITDA margins of 32.0 percent compared to 30.6 percent in the first quarter of 2016 and 29.1 percent in the fourth quarter of 2016.

### **Consumer**

Consumer revenues of \$107 million in the first quarter are down \$7 million or six percent year-over-year and down \$4 million or three percent sequentially. Declining wireless plan fees, which was an industry wide trend in the first quarter, was partially responsible for the revenue declines. Our video subscribers were down six percent year-over year which also contributed to the declining revenue.

Our total wireless subscribers were down 500 in the first quarter and were associated with pre-paid subscriber losses. Our “Better than Unlimited” wireless plan is gaining traction in the market and we will be able to offer non-907 phone number porting with our plans soon.

### **Business**

GCI Business revenues were \$121 million in the first quarter. This is up \$4 million or three percent year-over-year and flat sequentially. Sales of data products led to the revenue increase in business, which was partially offset by declines in voice and video.

### **SG&A**

SG&A expenses were \$94 million during the quarter. Excluding the one-time Liberty transaction costs of \$4 million, the expenses were up \$2 million or two percent year-over-year and down \$4 million or five percent sequentially. The sequential decline is a result of one-time charges in the fourth quarter of 2016.

### **Capital Expenditures**

Capital expenditures for the quarter totaled \$28 million.

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## **Leverage**

After adding back the roaming adjustment and Liberty transaction costs, our net debt to trailing 12 months Adjusted EBITDA was 4.7x as of March 31<sup>st</sup> 2017.

## **2017 Guidance**

Pro Forma EBITDA is expected to be between \$300 million and \$325 million in 2017, excluding costs related to the Liberty transaction.

Capital expenditures are expected to be approximately \$165 million in 2017.

## Use of Non-GAAP Measure

Pro-Forma and Adjusted EBITDA are presented herein and are non-GAAP measures. See our attached financials for a reconciliation of these non-GAAP measures to the nearest GAAP measure.

Adjusted EBITDA guidance is a forward-looking non-GAAP financial measure presented herein. Reconciliation to the most directly comparable GAAP financial measure is not provided because we are unable to provide such reconciliation without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty regarding the occurrence, the financial impact and the periods with respect to recognition of future GAAP financial measures. We also believe that such a reconciliation would imply an inappropriate degree of precision. For the same reasons, we are unable to address the probable significance of the unavailable information.

## Conference Call

The company will hold a conference call to discuss the financial results on Thursday, May 4<sup>th</sup>, at 2:00 p.m. (Eastern). To access the call, call the conference operator between 1:45-2:00 p.m. (Eastern) at 844-850-0551 (International callers should dial +1-412-902-4197) and identify your call as "GCI".

In addition to dial-up access, GCI will make available net conferencing. To access the call via net conference, log on to [ir.gci.com](http://ir.gci.com) and follow the instructions.

A replay of the call will be available, beginning at 4:00pm, for 72-hours by dialing 877-344-7529, access code 10104277 (International callers should dial +1-412-317-0088).

## Forward-Looking Statement Disclosure

The foregoing contains forward-looking statements regarding GCI's expected results that are based on management's expectations as well as on a number of assumptions concerning future events. Actual results might differ materially from those projected in the forward-looking statements due to uncertainties and other factors, many of which are

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outside GCI's control. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in GCI's cautionary statement sections of Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

#### About GCI

GCI is the largest communications provider in Alaska, providing data, wireless, video, voice and managed services to consumer and business customers throughout Alaska and nationwide. Headquartered in Alaska, GCI has delivered services for nearly 40 years to some of the most remote communities and in some of the most challenging conditions in North America. Learn more about GCI at [www.gci.com](http://www.gci.com).

#### Contacts:

Investors: Kyle Jones, 907.868.7105, [kjones@gci.com](mailto:kjones@gci.com)

Media: Heather Handyside, 907.868.6838, [hhandyside@gci.com](mailto:hhandyside@gci.com)

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

(Amounts in thousands)

ASSETS	March 31, 2017	December 31, 2016
<b>Current assets:</b>		
Cash and cash equivalents	\$ 14,759	19,297
Receivables	212,585	184,296
Less allowance for doubtful receivables	4,408	4,407
Net receivables	208,177	179,889
Prepaid expenses	21,852	18,599
Inventories	9,370	11,945
Other current assets	139	167
Total current assets	254,297	229,897
Property and equipment	2,642,130	2,614,875
Less accumulated depreciation	1,497,542	1,452,957
Net property and equipment	1,144,588	1,161,918
Goodwill	242,108	239,263
Cable certificates	191,635	191,635
Wireless licenses	92,347	92,347
Other intangible assets, net of amortization	78,248	74,444
Other assets	80,408	76,435
Total other assets	684,746	674,124
Total assets	\$ 2,083,631	2,065,939

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Continued)

(Amounts in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2017	December 31, 2016
<b>Current liabilities:</b>		
Current maturities of obligations under long-term debt, capital leases, and tower obligation	\$ 13,429	13,229
Accounts payable	50,975	72,937
Deferred revenue	39,037	37,618
Accrued payroll and payroll related obligations	30,134	30,305
Accrued interest (including \$894 and \$5,132 to a related party at March 31, 2017 and December 31, 2016, respectively)	22,886	13,926
Accrued liabilities	15,230	14,729
Subscriber deposits	1,070	917
<b>Total current liabilities</b>	<b>172,761</b>	<b>183,661</b>
Long-term debt, net (including \$57,130 and \$56,640 to a related party at March 31, 2017 and December 31, 2016, respectively)	1,363,793	1,333,446
Obligations under capital leases, excluding current maturities (including \$1,754 and \$1,769 due to a related party at March 31, 2017 and December 31, 2016, respectively)	47,843	50,316
Deferred income taxes	177,480	137,982
Long-term deferred revenue	137,885	135,877
Tower obligation	91,221	87,653
Other liabilities (including \$32,610 and \$29,700 for derivative stock appreciation rights with a related party at March 31, 2017 and December 31, 2016, respectively)	87,312	83,756
<b>Total liabilities</b>	<b>2,078,295</b>	<b>2,012,691</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
<b>Common stock (no par):</b>		
Class A. Authorized 100,000 shares; issued 32,909 and 32,668 shares at March 31, 2017 and December 31, 2016, respectively; outstanding 32,883 and 32,642 shares at March 31, 2017 and December 31, 2016, respectively	—	—
Class B. Authorized 10,000 shares; issued and outstanding 3,153 at March 31, 2017 and December 31, 2016; convertible on a share-per-share basis into Class A common stock	2,663	2,663
Less cost of 26 Class A common shares held in treasury at March 31, 2017 and December 31, 2016	(249)	(249)
Paid-in capital	6,358	3,237
Retained earnings (deficit)	(36,557)	17,068
<b>Total General Communication, Inc. stockholders' equity</b>	<b>(27,785)</b>	<b>22,719</b>
Non-controlling interests	33,121	30,529
<b>Total stockholders' equity</b>	<b>5,336</b>	<b>53,248</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,083,631</b>	<b>2,065,939</b>

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

(Amounts in thousands, except per share amounts)	Three Months Ended	
	March 31,	
	2017	2016
Revenues	\$ 228,115	231,098
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	69,274	76,291
Selling, general and administrative expenses	93,558	87,646
Depreciation and amortization expense	49,937	47,142
Operating income	15,346	20,019
<b>Other income (expense):</b>		
Interest expense (including amortization of deferred loan fees)	(19,836)	(19,171)
Interest expense with related party	(1,877)	(1,831)
Derivative instrument unrealized income (loss) with related party	(2,910)	4,530
Other	627	502
Other expense, net	(23,996)	(15,970)
Income (loss) before income taxes	(8,650)	4,049
Income tax expense	(46,596)	(3,067)
Net income (loss)	(55,246)	982
Net loss attributable to non-controlling interests	(117)	(117)
Net income (loss) attributable to General Communication, Inc.	\$ (55,129)	1,099
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class A common share	\$ (1.60)	0.03
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class B common share	\$ (1.60)	0.03
Diluted net loss attributable to General Communication, Inc. common stockholders per Class A common share	\$ (1.60)	(0.04)
Diluted net loss attributable to General Communication, Inc. common stockholders per Class B common share	\$ (1.60)	(0.04)
Common shares used to calculate Class A basic EPS	31,220	33,696
Common shares used to calculate Class A diluted EPS	34,373	37,746

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL SCHEDULES**  
**(Unaudited)**

(Amounts in thousands)

	First Quarter 2017	First Quarter 2016	Fourth Quarter 2016
<b>Revenues</b>			
Wireless	\$ 65,462	68,260	68,650
Data	114,154	106,971	111,388
Video	29,061	33,409	31,583
Voice	19,438	22,458	20,672
Total	228,115	231,098	232,293
<b>Cost of goods sold</b>	69,274	76,291	74,652
Contribution	158,841	154,807	157,641
Less SG&A	(93,558)	(87,646)	(93,714)
Plus share-based compensation	3,138	2,327	3,223
Plus imputed interest on financed devices	681	601	672
Plus accretion	490	392	(11)
Other	(783)	125	(98)
Adjusted EBITDA	68,809	70,606	67,713
Liberty transaction costs	4,208	—	—
Pro Forma EBITDA	\$ 73,017	70,606	67,713

**General Communication, Inc.**

**Non-GAAP Financial Reconciliation Schedule**

(Unaudited, Amounts in Thousands)

	March 31, 2017	Three Months Ended March 31, 2016	December 31, 2016
Net income (loss)	\$ (55,246)	982	(16,243)
Income tax expense (benefit)	46,596	3,067	(2,391)
Income (loss) before income taxes	(8,650)	4,049	(18,634)
Other (income) expense:			
Interest expense (including amortization of deferred loan fees)	19,836	19,171	20,429
Related party interest expense	1,877	1,831	1,897
Derivative instrument unrealized (income) loss with related party	2,910	(4,530)	12,720
Loss on extinguishment of debt	—	—	640
Other	(627)	(502)	(3,867)
Other expense, net	23,996	15,970	31,819
Operating income	15,346	20,019	13,185
Plus depreciation and amortization expense	49,937	47,142	50,742
Plus share-based compensation expense	3,138	2,327	3,223
Plus imputed interest on financed devices	681	601	672
Plus accretion expense	490	392	(11)
Other	(783)	125	(98)
Adjusted EBITDA (Note 1)	68,809	70,606	67,713
Liberty transaction costs	4,208	—	—
Pro Forma EBITDA (Note 2)	\$ 73,017	70,606	67,713

Note:

(1) Earnings plus imputed interest on financed devices before:

- Net interest expense,
- Income taxes,
- Depreciation and amortization expense,
- Loss on extinguishment of debt,
- 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.

(2) Adjusted EBITDA plus Liberty transaction costs.

Adjusted and Pro Forma EBITDA are not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses Adjusted EBITDA and Pro Forma EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes Adjusted EBITDA and Pro Forma EBITDA are 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 and Pro Forma EBITDA are used to estimate current or prospective enterprise value. Adjusted EBITDA and Pro Forma EBITDA do not give effect to cash used for debt service requirements, and thus do not reflect funds available for investment or other discretionary uses. Adjusted EBITDA and Pro Forma EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL REVENUE SCHEDULES**  
(Unaudited)

(Amounts in thousands)

	First Quarter 2017			First Quarter 2016		
	Consumer	Business	Total	Consumer	Business	Total
Revenues						
Wireless	\$ 40,100	25,362	65,462	43,404	24,856	68,260
Data	36,088	78,066	114,154	34,960	72,011	106,971
Video	24,939	4,122	29,061	28,347	5,062	33,409
Voice	6,061	13,377	19,438	7,042	15,416	22,458
Total	\$ 107,188	120,927	228,115	113,753	117,345	231,098

(Amounts in thousands)

	First Quarter 2017			Fourth Quarter 2016		
	Consumer	Business	Total	Consumer	Business	Total
Revenues						
Wireless	\$ 40,100	25,362	65,462	43,352	25,298	68,650
Data	36,088	78,066	114,154	35,163	76,225	111,388
Video	24,939	4,122	29,061	26,011	5,572	31,583
Voice	6,061	13,377	19,438	6,377	14,295	20,672
Total	\$ 107,188	120,927	228,115	110,903	121,390	232,293

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**KEY PERFORMANCE INDICATORS**  
(Unaudited)

	March 31, 2017	March 31, 2016	December 31, 2016	March 31, 2017 as compared to		March 31, 2017 as compared to	
				March 31, 2016	December 31, 2016	March 31, 2016	December 31, 2016
<b>Consumer</b>							
<b>Data</b>							
Cable modem subscribers <sup>1</sup>	130,900	130,900	130,700	—	200	— %	0.2 %
<b>Video</b>							
Basic subscribers <sup>2</sup>	106,100	112,700	108,200	(6,600)	(2,100)	(5.9)%	(1.9)%
Digital programming tier subscribers <sup>3</sup>	48,000	57,800	52,100	(9,800)	(4,100)	(17.0)%	(7.9)%
HD/DVR converter boxes <sup>4</sup>	112,400	118,000	116,200	(5,600)	(3,800)	(4.7)%	(3.3)%
Homes passed	250,800	253,100	250,800	(2,300)	—	(0.9)%	— %
<b>Voice</b>							
Local access lines in service <sup>5</sup>	52,700	54,900	53,400	(2,200)	(700)	(4.0)%	(1.3)%
<b>Business</b>							
<b>Data</b>							
Cable modem subscribers <sup>1</sup>	9,900	9,700	10,100	200	(200)	2.1 %	(2.0)%
<b>Voice</b>							
Local access lines in service <sup>5</sup>	40,300	41,600	41,100	(1,300)	(800)	(3.1)%	(1.9)%
<b>Consumer and Business Combined</b>							
<b>Wireless</b>							
Consumer Lifeline lines in service	27,200	28,000	27,200	(800)	—	(2.9)%	— %
Consumer prepaid lines in service	27,800	23,900	28,500	3,900	(700)	16.3 %	(2.5)%
Consumer postpaid lines in service <sup>6</sup>	143,600	149,100	142,900	(5,500)	700	(3.7)%	0.5 %
Business postpaid lines in service <sup>6</sup>	23,400	25,000	23,900	(1,600)	(500)	(6.4)%	(2.1)%
<b>Total wireless lines in service</b>	<b>222,000</b>	<b>226,000</b>	<b>222,500</b>	<b>(4,000)</b>	<b>(500)</b>	<b>(1.8)%</b>	<b>-0.2 %</b>

<sup>1</sup> On January 1, 2017, we transferred 3,100 small business cable modem subscribers from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.

<sup>2</sup> On January 1, 2017, we transferred 500 small business basic subscribers from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.

<sup>3</sup> On January 1, 2017, we transferred 100 small business digital programming tier subscribers from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.

<sup>4</sup> On January 1, 2017, we transferred 300 small business HD/DVR converter boxes from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.

<sup>5</sup> On January 1, 2017, we transferred 4,800 small business local access lines from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.

<sup>6</sup> On January 1, 2017, we transferred 3,700 small business postpaid wireless lines from Business to Consumer. We adjusted the previously reported subscriber numbers as of March 31, 2016 for the number of subscribers that were transferred on January 1, 2017.