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

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2019**

**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. 001-38385**

# GCI LIBERTY, INC.
(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **92-0072737** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S Employer Identification No.) |
| **12300 Liberty Boulevard Englewood, Colorado** | **80112** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: **(720) 875-5900**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbols | Name of exchange on which registered |
|---|---|---|
| Series A Common Stock, par value $0.01 per share | GLIBA | The Nasdaq Stock Market LLC |
| Series A Cumulative Redeemable preferred stock, par value $0.01 per share | GLIBP | The Nasdaq Stock Market LLC |

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 every Interactive Data File required to be submitted 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 such files.) Yes ☒ No ☐

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

| | |
|---|---|
| Large accelerated filer ☒ | Accelerated filer ☒ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |
| 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. ☐

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 April 30, 2019 was:

101,078,857 shares of Series A common stock; and
4,441,109 shares of Series B common stock

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**GCI LIBERTY, INC. AND SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

**(unaudited)**

| | | March 31, 2019 | December 31, 2018 |
|---|---|---|---|
| | | amounts in thousands | |
| *Assets* | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ | 422,420 | 491,257 |
| Trade and other receivables, net of allowance for doubtful accounts of $17,548 and $7,555, respectively | | 175,825 | 182,600 |
| Current portion of tax sharing receivable | | 36,781 | 36,781 |
| Other current assets | | 34,349 | 40,100 |
| Total current assets | | 669,375 | 750,738 |
| Investments in equity securities (note 5) | | 1,867,838 | 1,533,517 |
| Investments in affiliates, accounted for using the equity method (note 6) | | 172,975 | 177,030 |
| Investment in Liberty Broadband measured at fair value (note 6) | | 3,915,632 | 3,074,373 |
| Property and equipment, net | | 1,161,345 | 1,184,606 |
| Intangible assets not subject to amortization | | | |
| Goodwill | | 855,837 | 855,837 |
| Cable certificates | | 305,000 | 305,000 |
| Wireless licenses | | 191,697 | 190,000 |
| Other | | 16,500 | 16,500 |
| | | 1,369,034 | 1,367,337 |
| Intangible assets subject to amortization, net (note 7) | | 423,431 | 436,006 |
| Tax sharing receivable | | 74,782 | 65,701 |
| Other assets, net | | 163,848 | 71,514 |
| Total assets | $ | 9,818,260 | 8,660,822 |

(Continued)

See accompanying notes to interim condensed consolidated financial statements.

**GCI LIBERTY, INC. AND SUBSIDIARIES**
**Condensed Consolidated Balance Sheets**
**(unaudited)**

| | | March 31, 2019 | December 31, 2018 |
|---|---|---|---|
| | | amounts in thousands, except share amounts | |
| *Liabilities and Equity* | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | $ | 80,678 | 100,334 |
| Deferred revenue | | 32,004 | 31,743 |
| Current portion of debt, net of deferred financing costs (note 8) | | 901,306 | 900,759 |
| Variable forward | | 91,484 | 20,340 |
| Other current liabilities | | 67,490 | 27,618 |
| Total current liabilities | | 1,172,962 | 1,080,794 |
| Long-term debt, net, including $521,376 and $462,336 measured at fair value (note 8) | | 2,042,158 | 1,985,275 |
| Obligations under finance leases and tower obligations, excluding current portion (note 9) | | 118,039 | 122,245 |
| Long-term deferred revenue | | 62,324 | 65,954 |
| Deferred income tax liabilities | | 1,064,198 | 793,696 |
| Preferred stock (note 10) | | 177,445 | 177,103 |
| Indemnification obligation (note 4) | | 110,317 | 78,522 |
| Other liabilities | | 121,835 | 50,543 |
| Total liabilities | | 4,869,278 | 4,354,132 |
| *Equity* | | | |
| Stockholders' equity: | | | |
| Series A common stock, $.01 par value. Authorized 500,000,000 shares; issued and outstanding 101,078,065 shares at March 31, 2019 and 102,058,816 shares at December 31, 2018 | | 1,011 | 1,021 |
| Series B common stock, $.01 par value. Authorized 20,000,000 shares; issued and outstanding 4,441,109 shares at March 31, 2019 and 4,441,609 shares at December 31, 2018 | | 44 | 44 |
| Series C common stock, $.01 par value. Authorized 1,040,000,000 shares; no shares issued | | — | — |
| Additional paid-in capital | | 3,212,878 | 3,251,957 |
| Accumulated other comprehensive earnings (loss), net of taxes | | 3,068 | 168 |
| Retained earnings | | 1,722,471 | 1,043,933 |
| Total stockholders' equity | | 4,939,472 | 4,297,123 |
| Non-controlling interests | | 9,510 | 9,567 |
| Total equity | | 4,948,982 | 4,306,690 |
| Commitments and contingencies | | | |
| Total liabilities and equity | $ | 9,818,260 | 8,660,822 |

See accompanying notes to interim condensed consolidated financial statements.

**GCI LIBERTY, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 |
|---|---|---|
| | amounts in thousands, except per share amounts | |
| Revenue | $ 217,736 | 61,204 |
| Operating costs and expenses: | | |
| Operating expense (exclusive of depreciation and amortization shown separately below) | 68,893 | 19,819 |
| Selling, general and administrative, including stock-based compensation (note 12) | 116,309 | 32,733 |
| Insurance proceeds | (2,500) | — |
| Depreciation and amortization expense | 67,678 | 16,021 |
| | 250,380 | 68,573 |
| Operating income (loss) | (32,644) | (7,369) |
| Other income (expense): | | |
| Interest expense (including amortization of deferred loan fees) | (37,618) | (8,248) |
| Share of earnings (losses) of affiliates, net (note 6) | (3,296) | (2,492) |
| Realized and unrealized gains (losses) on financial instruments, net (note 4) | 1,009,600 | (71,481) |
| Tax sharing agreement | 9,081 | (6,883) |
| Other, net | 2,768 | 1,697 |
| | 980,535 | (87,407) |
| Earnings (loss) before income taxes | 947,891 | (94,776) |
| Income tax (expense) benefit | (269,405) | (75,955) |
| Net earnings (loss) | 678,486 | (170,731) |
| Less net earnings (loss) attributable to the non-controlling interests | (57) | (39) |
| Net earnings (loss) attributable to GCI Liberty, Inc. shareholders | $ 678,543 | (170,692) |
| Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 3) | $ 6.47 | (1.58) |
| Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 3) | $ 6.41 | (1.58) |

See accompanying notes to interim condensed consolidated financial statements.

**GCI LIBERTY, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statements of Comprehensive Earnings (Loss)**

**(Unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | **2019** | **2018** |
| | **amounts in thousands** | |
| Net earnings (loss) | $ 678,486 | (170,731) |
| Other comprehensive earnings (loss), net of taxes: | | |
| Comprehensive earnings (loss) attributable to debt credit risk adjustments | 2,900 | — |
| Comprehensive earnings (loss) | 681,386 | (170,731) |
| Less comprehensive earnings (loss) attributable to the non-controlling interests | (57) | (39) |
| Comprehensive earnings (loss) attributable to GCI Liberty, Inc. shareholders | $ 681,443 | (170,692) |

See accompanying notes to interim condensed consolidated financial statements.

**GCI LIBERTY, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statements of Cash Flows**

**(Unaudited)**

| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Cash flows from operating activities: | | |
| Net earnings (loss) | $ 678,486 | (170,731) |
| Adjustments to reconcile net earnings (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 67,678 | 16,021 |
| Stock-based compensation expense | 5,631 | 5,236 |
| Share of (earnings) losses of affiliates, net | 3,296 | 2,492 |
| Realized and unrealized (gains) losses on financial instruments, net | (1,009,600) | 71,481 |
| Deferred income tax expense (benefit) | 269,397 | 75,596 |
| Other, net | 2,489 | 243 |
| Change in operating assets and liabilities: | | |
| Current and other assets | 20,882 | (20,092) |
| Payables and other liabilities | (17,194) | (1,889) |
| Net cash provided (used) by operating activities | 21,065 | (21,643) |
| Cash flows from investing activities: | | |
| Cash and restricted cash from acquisition of GCI Holdings | — | 147,957 |
| Capital expended for property and equipment | (40,114) | (6,500) |
| Other | 803 | — |
| Net cash provided (used) by investing activities | (39,311) | 141,457 |
| Cash flows from financing activities: | | |
| Borrowings of debt | — | 1,000,000 |
| Repayment of debt, capital lease, and tower obligations | (4,739) | (81,386) |
| Repurchases of GCI Liberty common stock | (43,910) | — |
| Contributions from (distributions to) parent, net | — | (1,121,320) |
| Distribution to non-controlling interests | — | (3,272) |
| Derivative payments | — | (80,001) |
| Other financing activities, net | (1,929) | (4,341) |
| Net cash provided (used) by financing activities | (50,578) | (290,320) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (68,824) | (170,506) |
| Cash, cash equivalents and restricted cash at beginning of period | 492,032 | 574,148 |
| Cash, cash equivalents and restricted cash at end of period | $ 423,208 | 403,642 |

The following table reconciles cash and cash equivalents and restricted cash reported in the accompanying condensed consolidated balance sheets to the total amount presented in the accompanying condensed consolidated statement of cash flows:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Cash and cash equivalents | $ 422,420 | 491,257 |
| Restricted cash included in other current assets | 788 | 775 |
| Total cash and cash equivalents and restricted cash at end of period | $ 423,208 | 492,032 |

See accompanying notes to condensed consolidated financial statements.

**GCI LIBERTY, INC. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Equity**
**Three Months Ended March 31, 2019 and 2018**
**(Unaudited)**

| | Series A common stock | Series B common stock | Parent's Investment | Additional paid-in capital | Accumulated other comprehensive earnings (loss) | Retained earnings | Non-controlling interest in equity of subsidiaries | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | | | amounts in thousands | | | | |
| **Balances at January 1, 2018** | $ — | — | 2,305,440 | — | — | 1,914,963 | 3,633 | 4,224,036 |
| Net earnings (loss) | — | — | — | — | — | (170,692) | (39) | (170,731) |
| Stock-based compensation | — | — | — | 4,874 | — | — | — | 4,874 |
| Contribution of taxes in connection with HoldCo Split-Off | — | — | 1,345,704 | — | — | — | — | 1,345,704 |
| Contributions from (distributions to) former parent, net | — | — | (1,121,295) | — | — | — | — | (1,121,295) |
| Change in Capitalization in connection with HoldCo Split-Off | — | — | (2,529,849) | 2,529,849 | — | — | 7,000 | 7,000 |
| Issuance of GCI Liberty Stock in connection with the Transactions | — | — | — | 1,111,206 | — | — | — | 1,111,206 |
| Issuance of Indemnification Agreement | — | — | — | (281,255) | — | — | — | (281,255) |
| Distribution to non-controlling interests | — | — | — | — | — | — | (3,272) | (3,272) |
| Other | — | — | — | 7 | — | (7) | — | — |
| **Balances at March 31, 2018** | $ — | — | — | 3,364,681 | — | 1,744,264 | 7,322 | 5,116,267 |
| | | | | | | | | |
| **Balances at January 1, 2019** | $ 1,021 | 44 | — | 3,251,957 | 168 | 1,043,933 | 9,567 | 4,306,690 |
| Net earnings (loss) | — | — | — | — | — | 678,543 | (57) | 678,486 |
| Other comprehensive earnings (loss) | — | — | — | — | 2,900 | — | — | 2,900 |
| Stock-based compensation | — | — | — | 6,735 | — | — | — | 6,735 |
| Series A GCI Liberty stock repurchases | (10) | — | — | (43,900) | — | — | — | (43,910) |
| Other | — | — | — | (1,914) | — | (5) | — | (1,919) |
| **Balances at March 31, 2019** | $ 1,011 | 44 | — | 3,212,878 | 3,068 | 1,722,471 | 9,510 | 4,948,982 |

See accompanying notes to interim condensed consolidated financial statements.

**(1) Basis of Presentation**

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

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

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

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

The accompanying condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the periods presented have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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

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

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

***Split-Off from Qurate Retail***

Following the HoldCo Split-Off, Qurate Retail and GCI Liberty operate as separate, publicly traded companies, and neither have any stock ownership, beneficial or otherwise, in the other. In connection with the HoldCo Split-Off, Qurate Retail, Liberty Media Corporation ("Liberty Media") (or its subsidiary) and GCI Liberty entered into certain agreements in order to govern certain of the ongoing relationships among the companies after the HoldCo Split-Off and to provide for an orderly transition. These agreements include an indemnification agreement, a reorganization agreement, a services agreement, a facilities sharing agreement and a tax sharing agreement.

The reorganization agreement provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Transactions and certain conditions to and provisions governing the relationship between GCI Liberty and Qurate Retail (for accounting purposes a related party of GCI Liberty) with respect to and resulting from the Transactions. The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and GCI Liberty and other agreements related to tax matters. Pursuant to the services agreement, Liberty Media provides GCI Liberty with general and administrative services including legal, tax, accounting, treasury and investor relations support. Under the facilities sharing agreement, GCI Liberty shares office space with Liberty Media and related amenities at its corporate headquarters. GCI Liberty reimburses Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and for costs that will be negotiated semi-annually. Liberty Media is a related party of GCI Liberty for accounting purposes as a result of the services agreement. Under these agreements, approximately $2.3 million and $1.7 million were reimbursable to Liberty Media for thethree months ended March 31, 2019and 2018, respectively.

In addition, Qurate Retail and GCI Liberty have agreed to indemnify each other with respect to certain potential losses in respect of the HoldCo Split-Off. See note 4 for information related to the indemnification agreement.

***Recent Accounting Pronouncements***

*New Accounting Pronouncements Not Yet Adopted*

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

**(2) Acquisition**

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

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

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

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce, value associated with future customers, continued innovation and non-contractual relationships. Amortizable intangible assets of $468.7 million were acquired and are comprised of a tradename with an estimated useful life of approximately 10 years, customer relationships with a weighted average useful life of approximately 16 years and right-to-use assets with a weighted average useful life of 8 years. Approximately $170.0 million of the acquired goodwill will be deductible for income tax purposes. As of March 31, 2019, the determination of the acquisition date fair value of the acquired assets and assumed liabilities is final.

Since the date of the acquisition, included in net earnings (loss) attributable to GCI Liberty shareholders for the three months ended March 31, 2018 is $1.5 million in losses related to GCI Holdings. The unaudited pro forma revenue, net earnings and basic and diluted net earnings per common share of GCI Liberty, prepared utilizing the historical financial statements of HoldCo, giving effect to acquisition accounting related adjustments made at the time of acquisition, as if the acquisition discussed above occurred on January 1, 2017, are as follows:

| | | Three Months Ended March 31, 2018 |
|---|---|---|
| | | **amounts in thousands, except per share amounts** |
| Revenue | $ | 219,470 |
| Net earnings (loss) | $ | (180,981 ) |
| Net earnings (loss) attributable to GCI Liberty shareholders | $ | (180,826 ) |
| Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share | $ | (1.68 ) |
| Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share | $ | (1.68 ) |

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

### (3) Earnings Attributable to GCI Liberty Stockholders Per Common Share

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding ("WASO") for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

*Series A and Series B Common Stock*

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | number of shares in thousands | |
| Basic WASO | 104,842 | 107,735 |
| Diluted WASO | 105,864 | 107,735 |
| Antidilutive shares excluded from diluted WASO | — | 1,599 |

### (4) Assets and Liabilities Measured at Fair Value

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

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

| | March 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| Description | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) |
| | amounts in thousands | | | | | |
| Cash equivalents | $ 351,076 | 351,076 | — | 384,071 | 384,071 | — |
| Equity securities | $ 1,862,553 | 1,862,553 | — | 1,529,901 | 1,529,901 | — |
| Investment in Liberty Broadband | $ 3,915,632 | 3,915,632 | — | 3,074,373 | 3,074,373 | — |
| Variable forward | $ 91,484 | — | 91,484 | 20,340 | — | 20,340 |
| Indemnification obligation | $ 110,317 | — | 110,317 | 78,522 | — | 78,522 |
| Exchangeable senior debentures | $ 521,376 | — | 521,376 | 462,336 | — | 462,336 |

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

Pursuant to an indemnification agreement, GCI Liberty has agreed to indemnify LI LLC for certain payments made to a holder of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures"). An indemnity obligation in the amount of $281.3 million was recorded upon completion of the HoldCo Split-Off. In June 2018, Qurate Retail repurchased 417,759 bonds of the 1.75% Exchangeable Debentures for approximately $457 million, including accrued interest, and the Company made a payment under the indemnification agreement to Qurate Retail in the amount of$133 million.The remaining indemnification liability due to LI LLC pertains to the holder's ability to exercise its exchange right according to the terms of the 1.75% Exchangeable Debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification obligation recorded in the accompanying condensed consolidated balance sheets as of March 31, 2019 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on observable market data as significant inputs (Level 2). As of March 31, 2019, a holder of the 1.75% Exchangeable Debentures does not have the ability to exchange and, accordingly, such indemnification obligation is included as a long-term liability in the accompanying condensed consolidated balance sheets. Additionally, as of March 31, 2019, 332,241 bonds of the 1.75% Exchangeable Debentures remain outstanding.

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | amounts in thousands | |
| Equity securities | $ 334,320 | (131,562) |
| Investment in Liberty Broadband | 841,259 | 22,621 |
| Variable forward | (71,144) | 8,743 |
| Indemnification obligation | (31,795) | 28,717 |
| Exchangeable senior debentures | (63,040) | — |
| | $ 1,009,600 | (71,481) |

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

## (5) Investments in Equity Securities

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

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Charter (a) | $ 1,858,883 | 1,526,984 |
| Other investments (b) | 8,955 | 6,533 |
| | $ 1,867,838 | 1,533,517 |

(a) A portion of the Charter equity securities are considered covered shares and subject to certain contractual restrictions in accordance with the indemnification agreement. See note 4 for additional discussion of the indemnification agreement.
(b) The Company has elected the measurement alternative for a portion of these securities.

## (6) Investments in Affiliates Accounted for Using the Equity Method

***Investment in LendingTree***

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

| | March 31, 2019 | | | December 31, 2018 |
|---|---|---|---|---|
| | Percentage ownership | Market value | Carrying amount | Carrying amount |
| | | | dollars in thousands | |
| LendingTree (a) | 26.9% | $ 1,210,769 | $ 171,116 | 174,002 |
| Other | various | NA | 1,859 | 3,028 |
| | | | $ 172,975 | 177,030 |

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

The Company’s share of LendingTree’s losses was $2.1 million and $2.5 million for the three months ended March 31, 2019 and 2018, respectively.

***Investment in Liberty Broadband***

On May 18, 2016, Qurate Retail completed a $2.4 billion investment in Liberty Broadband Series C non-voting shares (for accounting purposes a related party of the Company) in connection with the merger of Charter and Time Warner Cable Inc. ("TWC"). The proceeds of this investment were used by Liberty Broadband to fund, in part, its acquisition of $5 billion of stock in the new public parent company, Charter, of the combined enterprises. Qurate Retail, along with third party investors, all of whom invested on the same terms as Qurate Retail, purchased newly issued shares of Liberty Broadband Series C common stock at a per share price of $56.23, which was determined based upon the fair value of Liberty Broadband’s net assets on a sum-of-the parts basis at the time the investment agreements were executed (May 2015). Qurate Retail, as part of the merger described above, exchanged, in a tax-free transaction, its shares of TWC common stock for shares of Charter Class A common stock, on a one-for-one basis, and Qurate Retail granted to Liberty Broadband a proxy and a right of first refusal with respect to the shares of Charter Class A common stock held by Qurate Retail following the exchange, which proxy and right of first refusal was assigned to GCI Liberty in connection with the completion of the Transactions.

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

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Current assets | $ 74,299 | 84,574 |
| Investment in Charter, accounted for using the equity method | 11,999,494 | 12,004,376 |
| Other assets | 9,585 | 9,487 |
| Total assets | 12,083,378 | 12,098,437 |
| Long-term debt, including current portion | 523,238 | 522,928 |
| Deferred income tax liabilities | 961,665 | 965,829 |
| Other liabilities | 8,720 | 11,062 |
| Equity | 10,589,755 | 10,598,618 |
| Total liabilities and shareholders' equity | $ 12,083,378 | 12,098,437 |

| | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Revenue | $ 3,458 | 11,791 |
| Operating expenses, net | (9,659) | (9,545) |
| Operating income (loss) | (6,201) | 2,246 |
| Share of earnings (losses) of affiliates | 34,849 | 9,302 |
| Gain (loss) on dilution of investment in affiliate | (41,403) | (26,757) |
| Other income (expense), net | (6,120) | (4,812) |
| Income tax benefit (expense) | 4,574 | 4,951 |
| Net earnings (loss) | $ (14,301) | (15,070) |

**(7) Intangible Assets**

*Intangible Assets Subject to Amortization*

| | March 31, 2019 Gross carrying amount | Accumulated amortization | Net carrying amount |
|---|---|---|---|
| | amounts in thousands | | |
| Customer relationships | $ 408,267 | (65,354) | 342,913 |
| Other amortizable intangibles | 126,453 | (45,935) | 80,518 |
| Total | $ 534,720 | (111,289) | 423,431 |

Amortization expense for intangible assets with finite useful lives was$16.3 million and $5.2 million for the three months ended March 31, 2019 and 2018, respectively. Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in thousands):

| | |
|---|---|
| Remainder of 2019 | $ 44,525 |
| 2020 | $ 51,997 |
| 2021 | $ 41,616 |
| 2022 | $ 36,009 |
| 2023 | $ 33,260 |

**(8) Debt**

Debt is summarized as follows:

| | Outstanding Principal March 31, 2019 | Carrying Value March 31, 2019 | Carrying Value December 31, 2018 |
|---|---|---|---|
| | amounts in thousands | | |
| Margin Loan Facility | $ 900,000 | 900,000 | 900,000 |
| Exchangeable senior debentures | 477,250 | 521,376 | 462,336 |
| Senior notes | 775,000 | 802,107 | 803,287 |
| Senior credit facility | 714,510 | 714,510 | 715,124 |
| Wells Fargo note payable | 7,436 | 7,436 | 7,554 |
| Deferred financing costs | — | (1,965 ) | (2,267 ) |
| Total debt | $ 2,874,196 | 2,943,464 | 2,886,034 |
| Debt classified as current (included in other current liabilities) | | (901,306 ) | (900,759 ) |
| Total long-term debt | | $ 2,042,158 | 1,985,275 |

***Margin Loan***

On December 29, 2017, Broadband Holdco, LLC ("Broadband Holdco"), a wholly owned subsidiary of, at such time, Qurate Retail, and now the Company, entered into a margin loan agreement with various lender parties consisting of a term loan in an aggregate principal amount of $1 billion (the “Margin Loan”). 42,681,842 shares of Liberty Broadband Series C common stock with a value of $3.9 billion were pledged by Broadband Holdco, LLC as collateral for the loan as ofMarch 31, 2019. This Margin Loan has a term of two years with an interest rate of LIBOR plus1.85% and contains an undrawn commitment fee of up to0.75% per annum. Deferred financing costs incurred on the Margin Loan are reflected in current portion of debt, net in the accompanying condensed consolidated balance sheet. In connection with the completion of the Transactions, Broadband Holdco borrowed the full principal amount of the Margin Loan. A portion of the proceeds of the Margin Loan was used to make a distribution to Qurate Retail of $1.1 billion to be used within one year for the repurchase of QVC Group stock (now the Qurate Retail common stock) or to pay down certain debt at Qurate Retail, and for the payment of fees and other costs and expenses, in each case, pursuant to the terms of the reorganization agreement. The distributed loan proceeds constituted a portion of the cash reattributed to the QVC Group.

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

Broadband Holdco is permitted to use the proceeds of the Revolving Loans for any purpose not prohibited under the Margin Loan, including, without limitation, (i) to make dividends and distributions, (ii) for the purchase of margin stock, (iii) to make investments not prohibited under the Margin Loan, (iv) to repay an intercompany loan to GCI Liberty, and/or (v) otherwise for general corporate purposes, including, without limitation, for payment of interest and fees and other costs and expenses. On the Closing Date, Broadband Holdco drew down on the full amount of the commitments under the Revolving

Credit Facility and applied all of the proceeds to prepay, on the Closing Date, a portion of the loans outstanding under the Term Loan Facility (the “Term Loan Prepayment”).

The Loans will mature on December 29, 2019 (the “maturity date”) and accrue interest at a rate equal to the 3-month LIBOR rate plus a per annum spread of 1.85%, subject to certain conditions and exceptions. Undrawn Revolving Commitments shall be available to Broadband Holdco from the Closing Date to but excluding the earlier of (i) the date that is one month prior to the maturity date and (ii) the date of the termination of such Revolving Commitments pursuant to the terms of the Margin Loan. The obligations under the Revolving Credit Facility, together with the obligations under Term Loan Facility, are secured by first priority liens on the shares of Liberty Broadband owned by Broadband Holdco and certain other cash collateral provided by Broadband Holdco. In addition, the Revolving Credit Facility and the Term Loan Facility are subject to the same affirmative and negative covenants and events of default.

***Exchangeable Senior Debentures***

On June 18, 2018, GCI Liberty issued 1.75% exchangeable senior debentures due 2046 ("Exchangeable Senior Debentures"). Upon an exchange of debentures, GCI Liberty, at its option, may deliver Charter Class A common stock, cash or a combination of Charter Class A common stock and cash. Initially, 2.6989 shares of Charter Class A common stock are attributable to each $1,000 principal amount of debentures, representing an initial exchange price of approximately $370.52 for each share of Charter Class A common stock. A total of 1,288,051 shares of Charter Class A common stock are attributable to the debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year. The debentures may be redeemed by GCI Liberty, in whole or in part, on or after October 5, 2023. Holders of debentures also have the right to require GCI Liberty to purchase their debentures on October 5, 2023. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the debentures plus accrued and unpaid interest.

***Senior Notes***

Interest on the 6.75% Senior Notes due 2021 (the "2021 Notes") and the 6.875% Senior Notes due 2025, both of which were issued by GCI, Inc., which is now GCI, LLC (collectively, the “Senior Notes”), is payable semi-annually in arrears. The Senior Notes are redeemable at the Company's option, in whole or in part, at a redemption price defined in the respective indentures, and accrued and unpaid interest (if any) to the date of redemption. The Senior Notes are stated net of an aggregate unamortized premium of $27.1 million at March 31, 2019. Such premium is being amortized to interest expense in the accompanying condensed consolidated statements of operations. As of March 31, 2019, GCI, LLC exceeded the maximum leverage threshold, as measured by the terms of its Senior Notes, and therefore does not have access to any additional funding under the revolving portion of the Senior Credit Facility, as defined below.

***Senior Credit Facility***

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

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

The revolving credit facility borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.50% and 2.75% depending on the total leverage ratio. The full principal revolving credit facility included in the Senior Credit Facility will mature on December 27, 2023 or December 3, 2020 if the 2021 Notes are not refinanced prior to such date.

The interest rate for the Term Loan B is LIBOR plus 2.25%. The Term Loan B requires principal payments of 0.25% of the original principal amount on the last day of each calendar quarter with the full amount maturing on February 2, 2022 or December 3, 2020 if the Company's 2021 Notes are not refinanced prior to such date.

The terms of the Senior Credit Facility include customary representations and warranties, customary affirmative and negative covenants and customary events of default. At any time after the occurrence of an event of default under the Senior

Credit Facility, the lenders may, among other options, declare any amounts outstanding under the Senior Credit Facility immediately due and payable and terminate any commitment to make further loans under the Senior Credit Facility. The obligations under the Senior Credit Facility are secured by a security interest on substantially all of the assets of GCI Holdings and the subsidiary guarantors, as defined in the Senior Credit Facility, and on the stock of GCI Holdings.

As of March 31, 2019, there is $239.5 million outstanding under the Term Loan B, $475.0 million outstanding under the revolving portion of the Senior Credit Facility and $10.1 million in letters of credit under the Senior Credit Facility, which leaves $64.9 million available for borrowing when GCI, LLC meets the maximum leverage threshold, as measured by the terms of its Senior Notes.

***Wells Fargo Note Payable***

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

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

***Debt Covenants***

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

***Fair Value of Debt***

The fair value of the Senior Notes was $798.6 million at March 31, 2019.

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

**(9) Leases**

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

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

The Company recognized $107 million of ROU assets, $27 million of short-term operating lease liabilities and $80 million of long-term operating lease liabilities in the accompanying condensed consolidated balance sheet upon the adoption of the new standard.

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

The Company has entered into finance lease agreements with satellite providers for transponder capacity to transmit voice and data traffic in rural Alaska. The Company is also party to finance lease agreements for an office building and certain retail store locations. The Company also leases office space, land for towers and communication facilities, satellite transponders, fiber capacity, and equipment. These leases are classified as operating leases. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future lease payments using our incremental borrowing rate at the commencement date of the lease.

Our leases have remaining lease terms of 0 years to 31 years, some of which may include the option to extend for up to 40 years, and some of which include options to terminate the leases within 4 years.

The components of lease cost during the three months ended March 31, 2019 were as follows:

| | Three months ended March 31, 2019 | |
|---|---|---|
| | amounts in thousands | |
| Operating lease cost (1) | $ | 9,780 |
| | | |
| Finance lease cost | | |
| Depreciation of leased assets | $ | 2,159 |
| Interest on lease liabilities | | 506 |
| Total finance lease cost | $ | 2,665 |

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

For the three months ended March 31, 2018, the Company recorded depreciation expense on finance leases (previously referred to as capital leases) and operating lease expense of $0.7 million and $3 million, respectively.

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

| | Three months ended March 31, 2019 |
|---|---|
| Weighted-average remaining lease term (years): | |
| Finance leases | 3.5 |
| Operating leases | 5.8 |
| Weighted-average discount rate: | |
| Finance leases | 4.9 |
| Operating leases | 5.8 |

Supplemental balance sheet information related to leases was as follows:

| | March 31, 2019 |
|---|---|
| | amounts in thousands |
| Operating leases: | |
| Operating lease right-of-use assets, net (1) | $ 101,551 |
| | |
| Current operating lease liabilities (2) | $ 28,235 |
| Operating lease liabilities (3) | 71,254 |
| Total operating lease liabilities | $ 99,489 |
| | |
| Finance Leases: | |
| Property and equipment, at cost | $ 41,084 |
| Accumulated depreciation | (9,354 ) |
| Property and equipment, net | $ 31,730 |
| | |
| Current obligations under finance leases (4) | $ 11,778 |
| Obligations under finance leases and tower obligations | 26,921 |
| Total finance lease liabilities | $ 38,699 |

(1) Operating lease right-of-use assets, net are included within the other assets, net line item in the accompanying condensed consolidated balance sheets.
(2) Current operating lease liabilities are included within the other current liabilities line item in the accompanying condensed consolidated balance sheets.
(3) Operating lease liabilities are included within the other liabilities line item in the accompanying condensed consolidated balance sheets.
(4) Current obligations under finance leases are included within the other current liabilities line item in the accompanying condensed consolidated balance sheets.

Supplemental cash flow information related to leases was as follows:

| | Three months ended March 31, 2019 |
|---|---|
| | amounts in thousands |
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows from operating leases | $ 9,888 |
| Operating cash flows from finance leases | $ 506 |
| Financing cash flows from finance leases | $ 2,856 |
| Right-of-use assets obtained in exchange for lease obligations | |
| Operating leases | $ 2,398 |
| Finance leases | $ — |

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

| | Finance Leases | Operating Leases | Tower Obligation |
|---|---|---|---|
| | | amounts in thousands | |
| Remainder of 2019 | $ 10,088 | 26,966 | 5,739 |
| 2020 | 13,459 | 31,437 | 7,797 |
| 2021 | 12,044 | 22,530 | 7,953 |
| 2022 | 5,293 | 13,737 | 8,112 |
| 2023 | 678 | 9,720 | 8,274 |
| Thereafter | 1,734 | 21,952 | 142,825 |
| Total lease payments | 43,296 | 126,342 | 180,700 |
| Less: imputed interest | (4,597) | (26,853) | (88,593) |
| Total lease liabilities | $ 38,699 | 99,489 | 92,107 |

**(10) Preferred Stock**

GCI Liberty Series A Cumulative Redeemable Preferred Stock (the "Preferred Stock") was issued as a result of the auto conversion that occurred on March 8, 2018. The Company is required to redeem all outstanding shares of Preferred Stock out of funds legally available, at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date through the redemption date, on the first business day following the twenty-first anniversary of the March 8, 2018 auto conversion. There were 7,500,000 shares of Preferred Stock authorized and 7,215,797 shares issued and outstanding at March 31, 2019. An additional 42,500,000 shares of preferred stock of the Company are authorized and are undesignated as to series. The Preferred Stock is accounted for as a liability in the accompanying condensed consolidated balance sheets because it is mandatorily redeemable. As a result, all dividends paid on the Preferred Stock are recorded as interest expense in the accompanying condensed consolidated statements of operations.

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

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

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

Accrued dividends are payable quarterly on each dividend payment date, which is January 15, April 15, July 15, and October 15 of each year, commencing on the first such date following the auto conversion, which occurred immediately after the market closed on March 8, 2018. If GCI Liberty fails to pay cash dividends on the Preferred Stock in full for any four consecutive or non-consecutive dividend periods then the dividend rate shall increase by 2.00% per annum of the liquidation price until cured. On March 8, 2019, the Company announced that it declared a quarterly cash dividend of approximately $0.44 per share of Preferred Stock which was paid on April 15, 2019 to shareholders of record of the Preferred Stock at the close of business on April 1, 2019.

## (11) Variable Interest Entities

***New Markets Tax Credit Entities***

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

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

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

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

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

The assets and liabilities of the consolidated VIEs were $89 million and $63 million, respectively, as of March 31, 2019.

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

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

| Financing Arrangement | Investment Funds | Transaction Date | Loan Amount | Interest Rate on Loan to Investment Fund | Maturity Date | US Bancorp Investment | Loan to Unicom | Interest Rate on Loan(s) to Unicom | Expected Put Option Exercise |
|---|---|---|---|---|---|---|---|---|---|
| NMTC #2 | TIF 2 & TIF 2-USB | October 3, 2012 | $37.7 million | 1% | October 2, 2042 | $17.5 million | $52.0 million | 0.71% to 0.77% | October 2019 |
| NMTC #3 | TIF 3 | December 11, 2012 | $8.2 million | 1% | December 10, 2042 | $3.8 million | $12.0 million | 1.35% | December 2019 |
| NMTC #4 | TIF 4 | March 21, 2017 | $6.7 million | 1% | March 21, 2040 | $3.3 million | $9.8 million | 0.73% | March 2024 |
| NMTC #5 | TIF 5-1 and TIF 5-2 | December 22, 2017 | $10.4 million | 1% | December 22, 2047 | $5.1 million | $14.7 million | 0.67% to 1.24% | December 2024 |

## (12) Stock-Based Compensation

GCI Liberty has granted to certain directors, employees and employees of its subsidiaries, restricted shares (“RSAs”), restricted stock units (“RSUs”) and options to purchase shares of GCI Liberty’s common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options, RSAs and RSUs) based on the grant-date fair value (“GDFV”) of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are$5.6 million and $5.2 million of stock-based compensation during the three months ended March 31, 2019 and 2018, respectively.

During the three months ended March 31, 2019, and in connection with our CEO's employment agreement, GCI Liberty granted51 thousand performance-based RSUs of GCI Liberty Series B common stock to our CEO. The RSUs had a GDFV of $53.78 per share at the time they were granted and cliff vest inone year, subject to the satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. When the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

The Company has calculated the GDFV for all of its equity classified Awards and any subsequent remeasurement of its liability classified Awards using the Black-Scholes-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of GCI Liberty's stock and the implied volatility of publicly traded GCI Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

***GCI Liberty-Outstanding Awards***

The following tables present the number and weighted average exercise price ("WAEP") of Awards to purchase GCI Liberty common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

| | Series A | | | |
|---|---|---|---|---|
| | Awards (000's) | WAEP | Weighted average remaining life | Aggregate intrinsic value (millions) |
| Outstanding at January 1, 2019 | 1,650 | $ 47.61 | | |
| Granted | — | $ — | | |
| Exercised | (40) | $ 22.59 | | |
| Forfeited/Cancelled | — | $ — | | |
| Outstanding at March 31, 2019 | 1,610 | $ 48.22 | 1.5 years | $ 12 |
| Exercisable at March 31, 2019 | 1,276 | $ 48.78 | 1.1 years | $ 9 |

| | Series B | | | |
|---|---|---|---|---|
| | Awards (000's) | WAEP | Weighted average remaining life | Aggregate intrinsic value (millions) |
| Outstanding at January 1, 2019 | 1,223 | $ 56.10 | | |
| Granted | — | $ — | | |
| Exercised | — | $ — | | |
| Forfeited/Cancelled | — | $ — | | |
| Outstanding at March 31, 2019 | 1,223 | $ 56.10 | 3.8 years | $ — |
| Exercisable at March 31, 2019 | 905 | $ 56.01 | 4.1 years | $ — |

As of March 31, 2019, the total unrecognized compensation cost related to unvested options and RSA/RSUs was approximately $7 million and $27 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.2 years and 2.0 years, respectively.

As of March 31, 2019, GCI Liberty reserved for issuance upon exercise of outstanding stock options approximately 1.6 million shares of GCI Liberty Series A common stock and 1.2 million shares of GCI Liberty Series B common stock.

**(13) Commitments and Contingencies**

*Rural Health Care (“RHC”) Program*

On November 30, 2018, a subsidiary of GCI Holdings received multiple funding denial notices from USAC, denying requested funding from the RHC Program operated by a rural health customer (the "Customer") for the funding year that ended on June 30, 2018. In November 2017, USAC requested information from the Customer related to bidding process documentation for two separate service contracts a subsidiary of GCI Holdings has with the Customer. Although the Customer timely responded, USAC found that bids previously received were not submitted with the original funding request and/or that bidding information submitted was related to the wrong bidding year. The Customer filed an appeal with USAC on January 29, 2019 and made a supplemental filing on March 12, 2019.

On May 6, 2019, the Customer received a letter from USAC that denied the Customer’s appeal for all requested funding on the basis that the Customer failed to indicate that it had received, and failed to submit copies of, the responses or bids received, when it originally sought funding from the RHC Program under the two service contracts that a subsidiary of GCI Holdings has with the Customer. It is our understanding that the Customer intends to appeal USAC’s decision to the Wireline Competition Bureau of the FCC but resolution and the timing of the appeal is unknown at this time. As of March 31, 2019, GCI Holdings has accounts receivable of approximately $21.3 million outstanding associated with these two service contracts, which is dependent upon receipt of funding from USAC. Given that USAC has denied the Customer’s appeal as specifically outlined in the May 6, 2019 letter received by the Customer, it is probable that GCI Holdings has incurred a loss and an accounts receivable reserve has been recorded in the amount of $21.3 million as of March 31, 2019 and an associated bad debt expense has been recorded and included within selling, general, and administrative expense in the condensed consolidated statements of operations.

**(14) Information About the Company's Operating Segments**

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

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

For the three months ended March 31, 2019 the Company has identified the following subsidiary as a reportable segment:

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

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

- Liberty Broadband-an equity method affiliate of the Company, accounted for at fair value, has a non-controlling interest in Charter, and a wholly-owned subsidiary, Skyhook Wireless, Inc. ("Skyhook"). Charter is the second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services. Skyhook provides a Wi-Fi based location platform focused on providing positioning technology and contextual location intelligence solutions.

The Company’s operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the consolidated subsidiaries included in the segments are the same as those described in the Company’s Summary of Significant Accounting Policies in note 2 to the accompanying consolidated financial statements to the Annual Report on Form 10-K for the year ended December 31, 2018.

***Performance Measures***

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

| | Three Months Ended | |
|---|---|---|
| | **2019** | **2018** |
| | **amounts in thousands** | |
| GCI Holdings | | |
| Consumer Revenue | | |
| Wireless | $ 27,492 | 7,762 |
| Data | 41,178 | 10,026 |
| Video | 21,016 | 5,762 |
| Voice | 4,461 | 1,168 |
| Business Revenue | | |
| Wireless | 18,384 | 5,427 |
| Data | 68,110 | 18,431 |
| Video | 3,825 | 1,022 |
| Voice | 6,204 | 1,627 |
| Lease, grant, and revenue from subsidies | 22,541 | 5,567 |
| Total GCI Holdings | 213,211 | 56,792 |
| Corporate and other | 4,525 | 4,412 |
| Total | $ 217,736 | 61,204 |

Liberty Broadband revenue totaled $3.5 million and $11.8 million for the three months ended March 31, 2019 and 2018, respectively.

The Company had gross receivables of $206 million and deferred revenue of $36 million at March 31, 2019 from contracts with customers, which amounts exclude receivables and deferred revenue arising from leases, grants, and subsidies. Our customers generally pay for services in advance of the performance obligation and therefore these prepayments are recorded as deferred revenue. The deferred revenue is recognized as revenue in the accompanying condensed consolidated statements of operations as the services are provided. Changes in the contract liability balance for the Company during the three months ended March 31, 2019 were not materially impacted by other factors.

The Company expects to recognize revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) of approximately $158 million in the remainder of 2019, $193 million in 2020, $127 million in 2021, $86 million in 2022 and $24 million in 2023 and thereafter.

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

The Company defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). The Company believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, separately reported litigation settlements, insurance proceeds and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP.

Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP.

Adjusted OIBDA is summarized as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | amounts in thousands | |
| GCI Holdings | $ 44,471 | 19,748 |
| Liberty Broadband | (3,117) | 4,560 |
| Corporate and other | (6,306) | (5,860) |
| | 35,048 | 18,448 |
| Eliminate Liberty Broadband | 3,117 | (4,560) |
| | $ 38,165 | 13,888 |

***Other Information***

| | March 31, 2019 | | |
|---|---|---|---|
| | Total assets | Investments in affiliates | Capital expenditures |
| | | amounts in thousands | |
| GCI Holdings | $ 3,386,445 | 613 | 39,689 |
| Liberty Broadband | 12,083,378 | 11,999,494 | 17 |
| Corporate and other | 6,431,815 | 172,362 | 425 |
| Eliminate Liberty Broadband | (12,083,378) | (11,999,494) | (17) |
| Consolidated | $ 9,818,260 | 172,975 | 40,114 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | amounts in thousands | |
| Consolidated segment Adjusted OIBDA | $ 38,165 | 13,888 |
| Stock-based compensation | (5,631) | (5,236) |
| Depreciation and amortization | (67,678) | (16,021) |
| Insurance proceeds | 2,500 | — |
| Operating income (loss) | (32,644) | (7,369) |
| Interest expense | (37,618) | (8,248) |
| Share of earnings (loss) of affiliates, net | (3,296) | (2,492) |
| Realized and unrealized gains (losses) on financial instruments, net | 1,009,600 | (71,481) |
| Tax Sharing Agreement | 9,081 | (6,883) |
| Other, net | 2,768 | 1,697 |
| Earnings (loss) from continuing operations before income taxes | $ 947,891 | (94,776) |

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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the recoverability of the Company's goodwill and other long-lived assets; the Company's projected sources and uses of cash; the Rural Healthcare Program; the impact of the Alaskan recession and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors (as they relate to our consolidated subsidiaries and equity affiliates) that could cause actual results or events to differ materially from those anticipated:

- The ability of GCI Liberty, Inc. (the "Company") to successfully integrate and recognize anticipated efficiencies and benefits from the Transactions (as defined below);
- customer demand for the Company's products and services and the Company's ability to adapt to changes in demand;
- competitor responses to the Company's and its businesses' products and services;
- the levels of online traffic to the Company's businesses' websites and its ability to convert visitors into consumers or contributors;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- future financial performance, including availability, terms and deployment of capital;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission (the "FCC"), and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends, specifically the state of the Alaska economy;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- failure to protect the security of personal information about the Company's and its businesses' customers, subjecting the Company and its businesses to potentially costly government enforcement actions or private litigation and reputational damage; and
- the regulatory and competitive environment of the industries in which the Company operates.

For additional risk factors, please see Part I, Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2018. Any forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto.

**Overview**

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

Evite, Inc. ("Evite") operating business and other assets and liabilities (collectively, "HoldCo"), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A common stock and a number of shares of GCI Liberty Class B common stock equal to the number of outstanding shares of Qurate Retail's Series A Liberty Ventures common stock and Qurate Retail's Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

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

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

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

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

*Update on Economic Conditions*

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

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

The Alaska economy is in a recession that started in late 2015. While it is difficult for GCI Holdings to predict the future impact of the continuing recession on its business, these conditions have had an adverse impact on its business and could continue to adversely affect the affordability of and demand for some of its products and services and cause customers to shift to lower priced products and services or to delay or forgo purchases of its products and services. Additionally, GCI Holdings' customers may not be able to obtain adequate access to credit, which could affect their ability to make timely payments to GCI Holdings. If that were to occur, GCI Holdings could be required to increase its allowance for doubtful accounts, and the number of days outstanding for its accounts receivable could increase. If the recession continues, it could continue to negatively affect GCI Holdings' business including its financial position, results of operations, or liquidity, as well as its ability to service debt, pay other obligations and enhance shareholder returns.

*Rural Health Care ("RHC") Program*

Subsidiaries of GCI Holdings receive support from various Universal Service Fund ("USF") programs including the RHC Program. The USF programs are subject to change by regulatory actions taken by the FCC, interpretations of or compliance with USF program rules, or legislative actions. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned by the Company.

The Company disclosed the following items related to its involvement in the RHC Program in its Annual Report on Form 10-K for the year ended December 31, 2018:

- The FCC reduced the rates charged to RHC customers by approximately 26%.
- The Company's participating subsidiary received a letter of inquiry and request from the Enforcement Bureau of the FCC in March 2018.
- The Company's participating subsidiary received multiple funding denial notices from Universal Service Administrative Company ("USAC"), denying the RHC funding requests that had been submitted by a rural health customer.

The Company has no new information regarding the items noted above except with respect to the multiple funding denial notices that were received in which USAC denied funding requests that had been submitted by a rural health customer (the "Customer").

On November 30, 2018, a subsidiary of GCI Holdings received multiple funding denial notices from USAC, denying requested funding from the RHC Program operated by the Customer for the funding year that ended on June 30, 2018. In November 2017, USAC requested information from the Customer related to bidding process documentation for two separate service contracts a subsidiary of GCI Holdings has with the Customer. Although the Customer timely responded, USAC found that bids previously received were not submitted with the original funding request and/or that bidding information submitted was related to the wrong bidding year. The Customer filed an appeal with USAC on January 29, 2019 and made a supplemental filing on March 12, 2019.

On May 6, 2019, the Customer received a letter from USAC that denied the Customer's appeal for all requested funding on the basis that the Customer failed to indicate that it had received, and failed to submit copies of, the responses or bids received, when it originally sought funding from the RHC Program under the two service contracts that a subsidiary of GCI Holdings has with the Customer. It is our understanding that the Customer intends to appeal USAC's decision to the Wireline Competition Bureau of the FCC but resolution and the timing of the appeal is unknown at this time. As of March 31, 2019, GCI Holdings has accounts receivable of approximately $21.3 million outstanding associated with these two service contracts, which is dependent upon receipt of funding from USAC. Given that USAC has denied the Customer's appeal as specifically outlined in the May 6, 2019 letter received by the Customer, it is probable that GCI Holdings has incurred a loss and an accounts receivable reserve has been recorded in the amount of $21.3 million as of March 31, 2019 and an associated bad debt expense has been recorded and included within selling, general, and administrative expense in the condensed consolidated statements of operations. Additionally, because of the uncertainty of the Customer's future appeals process and uncertainty relating to our ability to recover payment directly from the Customer, we no longer believe revenue associated with the two service contracts should be recognized due to the unpredictability surrounding the collection of consideration under these two service contracts currently being denied by USAC. Historical annual revenue associated with the two service contracts was approximately $12 million in total and was expected to be the same in future periods. Revenue will not be recognized until an adequate level of clarity is reached on the matter and the applicable revenue recognition criteria are met.

**Results of Operations - Consolidated**

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

| | | Three Months Ended March 31, | |
|---|---|---|---|
| | | 2019 | 2018 |
| | | amounts in thousands | |
| ***Revenue*** | | | |
| GCI Holdings | $ | 213,211 | 56,792 |
| Corporate and other | | 4,525 | 4,412 |
| Consolidated | $ | 217,736 | 61,204 |
| | | | |
| ***Operating Income (Loss)*** | | | |
| GCI Holdings | $ | (23,978) | 3,096 |
| Corporate and other | | (8,666) | (10,465) |
| Consolidated | $ | (32,644) | (7,369) |
| | | | |
| ***Adjusted OIBDA*** | | | |
| GCI Holdings | $ | 44,471 | 19,748 |
| Corporate and other | | (6,306) | (5,860) |
| Consolidated | $ | 38,165 | 13,888 |

***Revenue.*** Our consolidated revenue increased $156.5 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase for the three months ended March 31, 2019 is primarily due to an increase of $156.4 million at GCI Holdings for the same period as a result of the acquisition of GCI Holdings on March 9, 2018. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings.

***Operating Income (Loss).*** Our consolidated operating loss increased $25.3 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase is primarily due to a $27.1 million increase in the operating loss at GCI Holdings as a result of the acquisition of GCI Holdings on March 9, 2018, which resulted in a partial quarter of activity for 2018 and a full quarter of activity for 2019 and associated depreciation and amortization as a result of acquisition accounting. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings.

Operating losses for corporate and other decreased $1.8 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year due to a decrease in stock-based compensation.

***Stock-based compensation.*** Stock based compensation includes compensation related to restricted shares of GCI Liberty's common stock and preferred stock, restricted stock units with respect to GCI Liberty's common stock, and options to purchase shares of GCI Liberty's common stock granted to certain of the Company's directors, employees, and employees of its subsidiaries. We recorded $5.6 million and $5.2 million of stock compensation expense for the three months ended March 31, 2019 and 2018, respectively. The increase is primarily due to the acquisition of GCI Holdings on March 9, 2018. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings. As of March 31, 2019, the total unrecognized compensation cost related to unvested options and RSAs was approximately $7 million and $27 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.2 years and 2.0 years, respectively.

***Adjusted OIBDA.*** The Company defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock based compensation). The Company believes this measure is an important indicator of the operational strength and performance of its businesses, including each business’s ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock based compensation, separately reported litigation settlements, insurance proceeds and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 14 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income (loss) and earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased $24.3 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year primarily due to the acquisition of GCI Holdings on March 9, 2018. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings.

**Other Income and Expense**

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | amounts in thousands | |
| *Interest expense* | | |
| GCI Holdings | $ (21,176) | (5,205) |
| Corporate and other | (16,442) | (3,043) |
| Consolidated | $ (37,618) | (8,248) |
| *Share of earnings (losses) of affiliates, net* | | |
| GCI Holdings | $ (106) | — |
| Corporate and other | (3,190) | (2,492) |
| Consolidated | $ (3,296) | (2,492) |
| *Realized and unrealized gains (losses) on financial instruments, net* | | |
| GCI Holdings | $ 1,858 | — |
| Corporate and other | 1,007,742 | (71,481) |
| Consolidated | $ 1,009,600 | (71,481) |
| *Tax sharing agreement* | | |
| GCI Holdings | $ — | — |
| Corporate and other | 9,081 | (6,883) |
| Consolidated | $ 9,081 | (6,883) |
| *Other, net* | | |
| GCI Holdings | $ 1,209 | 130 |
| Corporate and other | 1,559 | 1,567 |
| Consolidated | $ 2,768 | 1,697 |

***Interest Expense.*** Consolidated interest expense increased $29.4 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year primarily due to the acquisition of GCI Holdings on March 9, 2018, the $1.0 billion margin loan and the exchangeable senior debentures that were issued on June 18, 2018.

***Share of earnings (losses) of affiliates, net.*** Share of earnings (losses) of affiliates, net decreased $0.8 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year due to increased losses by our affiliates.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| | amounts in thousands | |
| Equity securities | $ 334,320 | (131,562) |
| Investment in Liberty Broadband | 841,259 | 22,621 |
| Variable forward | (71,144) | 8,743 |
| Indemnification obligation | (31,795) | 28,717 |
| Exchangeables senior debentures | (63,040) | — |
| | $ 1,009,600 | (71,481) |

The changes in these accounts are primarily due to market factors and changes in the fair value of the underlying stocks or financial instruments to which these related. The increase for the three months months ended March 31, 2019 as compared to the corresponding prior period was primarily driven by an unrealized gain in our investments in Liberty Broadband and Charter.

***Tax sharing agreement.*** The change in the tax sharing receivable due from Qurate Retail resulted in a gain of $9.1 million and a loss of $6.9 million for the three months ended March 31, 2019 and 2018, respectively. The change in the tax sharing receivable for both periods was primarily the result of the tax effect of the movement in the fair value of Qurate Retail's 1.75% exchangeable senior debentures due 2046.

***Income taxes.*** The Company had earnings before income taxes of $947.9 million and income tax expense of $269.4 million during the three months ended March 31, 2019 and losses before income taxes of $94.8 million and income tax expense of $76.0 million during the three months ended March 31, 2018.

The Company recognized income tax expense in excess of expected federal tax expense for the three months ended March 31, 2019, primarily due to state tax expense. The income tax expense recognized for the three months ended March 31, 2018 was the result of an increase in the Company's state effective tax rate used to measure deferred taxes as a result of the acquisition.

***Net earnings (loss).*** The Company had net earnings of $678.5 million and a net loss of $170.7 million for the three months ended March 31, 2019 and 2018, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses, and other income and expenses.

## Liquidity and Capital Resources

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

The following are potential sources of liquidity: available cash balances, proceeds from asset sales, monetization of our investments, outstanding or anticipated debt facilities, and debt and equity issuances. As of March 31, 2019, GCI, LLC exceeded the maximum leverage threshold, as measured by the terms of its Senior Notes, and therefore does not have access to any additional funding under the revolving portion of the Senior Credit Facility. We believe we have sufficient cash from operating activities and cash on hand to fund our business.

As of March 31, 2019, the Company had a cash and cash equivalents balance of $422.4 million.

| | | Three Months Ended March 31, | |
|---|---|---|---|
| | | 2019 | 2018 |
| | | amounts in thousands | |
| **Cash flow information** | | | |
| Net cash provided (used) by operating activities | $ | 21,065 | (21,643) |
| Net cash provided (used) by investing activities | | (39,311) | 141,457 |
| Net cash provided (used) by financing activities | | (50,578) | (290,320) |
| | $ | (68,824) | (170,506) |

During the three months ended March 31, 2019, the Company's primary uses of cash included repurchases of GCI Liberty Series A common stock and capital expenditures. The Company's primary sources of cash included cash from operations and cash on hand.

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

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

The projected uses of the Company's cash for the remainder of 2019 are capital expenditures of approximately$105.0 million, approximately $102.0 million for interest payments on outstanding debt, approximately $10.0 million for preferred stock dividends, repurchases of GCI Liberty Series A common stock, and potential additional investments in existing or new businesses.

**Results of Operations - GCI Holdings, LLC**

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

| | March 31, | |
|---|---|---|
| | 2019 | 2018 |
| Consumer | | |
| Wireless: | | |
| Wireless lines in service[1] | 188,700 | 196,500 |
| Data: | | |
| Cable modem subscribers[2] | 124,800 | 125,400 |
| Video: | | |
| Basic subscribers[3] | 86,700 | 93,900 |
| Homes passed | 253,400 | 252,900 |
| Voice: | | |
| Total local access lines in service[4] | 43,600 | 49,300 |
| Business | | |
| Wireless: | | |
| Wireless lines in service[1] | 20,900 | 22,100 |
| Data: | | |
| Cable modem subscribers[2] | 9,000 | 9,200 |
| Voice: | | |
| Total local access lines in service[4] | 35,700 | 37,600 |

[1] A wireless line in service is defined as a revenue generating wireless device.

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

[3] 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.

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

As described in notes 1 and 2 to the accompanying condensed consolidated financial statements, for accounting purposes, HoldCo is considered to have acquired GCI Liberty in the contribution. Although GCI Holdings' results are only included in the Company's results beginning on March 9, 2018, we believe a discussion of GCI Holdings' results for all periods presented promotes a better understanding of the overall results of its business. For comparison and discussion purposes we are presenting the pro forma results of GCI Holdings for the three months ended March 31, 2018, inclusive of acquisition accounting adjustments. The pro forma financial information was prepared based on the historical financial information of GCI Holdings and assuming the acquisition of GCI Holdings took place on January 1, 2017. We have made pro forma adjustments to the results for the three months ended March 31, 2018 to reflect the impact of the FCC's decision in regards to RHC funding as described above in the Overview section. The financial information below is presented for illustrative purposes only and does not purport to represent what the results of operations of GCI Holdings would actually have been had the business combination occurred on January 1, 2017, or to project the results of operations of GCI Holdings for any future periods. The pro forma adjustments are based on available information and certain assumptions that the Company's management believes are reasonable. The pro forma adjustments are directly attributable to the business combination including adjustments related to the amortization of acquired tangible and intangible assets, stock-based compensation, and the exclusion of transaction related costs; RHC funding as described above; and the new revenue standard and are expected to have a continuing impact on the results of operations of the Company.

GCI Holdings’ operating results for the three months ended March 31, 2019 and pro forma operating results for the three months ended March 31, 2018 were as follows:

| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Revenue | $ 213,211 | 215,058 |
| Operating expenses (excluding stock-based compensation included below): | | |
| Operating expense | (64,305) | (63,010) |
| Selling, general and administrative expenses | (104,435) | (84,259) |
| Adjusted OIBDA | 44,471 | 67,789 |
| Stock-based compensation | (3,996) | (1,676) |
| Legal settlement | — | (3,600) |
| Insurance proceeds | 2,500 | — |
| Depreciation and amortization | (66,953) | (58,669) |
| Operating income (loss) | $ (23,978) | 3,844 |

**Revenue**

The components of revenue for the three months ended March 31, 2019 and 2018, respectively, are as follows:

| | Three Months Ended March 31, 2019 | Three Months Ended March 31, 2018 |
|---|---|---|
| | amounts in thousands | |
| Consumer | | |
| Wireless | $ 39,907 | 40,990 |
| Data | 41,178 | 39,062 |
| Video | 21,021 | 22,477 |
| Voice | 4,484 | 5,299 |
| Business | | |
| Wireless | 22,757 | 23,803 |
| Data | 69,035 | 68,327 |
| Video | 3,825 | 3,685 |
| Voice | 11,004 | 11,415 |
| Total | $ 213,211 | 215,058 |

C***onsumer wireless revenue*** decreased $1.1 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The decrease was primarily due to a $0.7 million decrease in USF high cost support ("High Cost Support") for the three months ended March 31, 2019 as compared to the corresponding period in the prior year due to the previously disclosed end of High Cost Support for urban areas as of December 31, 2018.

***Consumer data revenue*** increased $2.1 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase was driven by subscribers' selection of plans with higher recurring monthly charges that offer higher speeds and higher usage limits.

C***onsumer video revenue*** decreased $1.5 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The decrease was primarily due to a 8% decrease in the number of subscribers partially offset by customers choosing plans with higher recurring monthly charges that offer more channels.

***Consumer voice revenue*** decreased $0.8 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The decrease for the three months ended March 31, 2019 was primarily due to a $0.4

million decrease in High Cost Support due to a scheduled decrease in funding for urban areas and a decrease in long distance plan fee revenue driven by a reduction in the number of customers.

***Business wireless revenue*** decreased $1.0 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The decrease is primarily due to wholesale customers moving backhaul circuits from our network.

***Business data revenue*** increased $0.7 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase for the three months ended March 31, 2019 is primarily due to a $1.5 million increase in professional services revenue driven by one-time product sales. The increase is partially offset by a reduction in data and transport service revenue driven by customers moving circuits off of our network.

***Business video revenue*** increased $0.1 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase for three months ended March 31, 2019 is due to an increase in retransmission revenue driven by an increase in the price charged to satellite and cable providers for carrying the signal of our local broadcast stations.

***Business voice revenue*** decreased $0.4 million for the three months ended March 30, 2019 as compared to the corresponding period in the prior year. The decrease is primarily due to a $0.2 million decrease in local service revenue driven by a decrease in local access lines in service.

***Operating expenses*** increased $1.3 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase was driven by a $1.2 million increase in time and material costs for special project work driven by the increased revenue as discussed above in business data revenue.

***Selling, general and administrative expenses*** increased $20.2 million for the three months ended March 31, 2019, as compared to the corresponding period in the prior year. The increase for the three months ended March 31, 2019 was driven by a $21.3 million increase in the allowance for receivables as a result of USAC denying an appeal from one of our customers. See Rural Health Care Program in the Overview section above for more information.

***Stock based compensation*** increased $2.3 million for the three months ended March 31, 2019 as compared to the corresponding period in the prior year due to awards for which, based on acquisition accounting, the expense was completely recognized during 2017 resulting in lower expense for the three months ended March 31, 2018.

***Depreciation and amortization*** increased $8.3 million or 14% for the three months ended March 31, 2019 as compared to the corresponding period in the prior year. The increase for the three months ended March 31, 2019 was primarily due to new assets placed in service since March 9, 2018 partially offset by assets which became fully depreciated since March 9, 2018 and due to lower amortization expense because of an accelerated recognition pattern for amortizing intangibles.

### *Item 3. Quantitative and Qualitative Disclosures about Market Risk*

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

The Company is exposed to changes in interest rates primarily as a result of its borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of its long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. The Company manages its exposure to interest rates by maintaining what it believes is an appropriate mix of fixed and variable rate debt. The Company believes this best protects it from interest rate risk. The Company has achieved this mix by (i) issuing fixed rate debt that it believes has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when it deems appropriate. As of March 31, 2019, the Company's debt is comprised of the following amounts:

| | Variable rate debt | | Fixed rate debt | |
|---|---|---|---|---|
| | Principal amount | Weighted average interest rate | Principal amount | Weighted average interest rate |
| | dollar amounts in thousands | | | |
| GCI Holdings | $ 721,946 | 4.7% | $ 775,000 | 6.8% |
| Corporate and other | $ 900,000 | 4.5% | $ 477,250 | 1.8% |

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

At March 31, 2019, the fair value of the Company's equity securities was$1.9 billion. Had the market price of such securities been 10% lower atMarch 31, 2019, the aggregate value of such securities would have been $186 million lower. At March 31, 2019, the fair value of our investment in Liberty Broadband was$3.9 billion. Had the market price of such security been 10% lower at March 31, 2019, the fair value of such security would have been$392 million lower.

### *Item 4. Controls and Procedures*

#### Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2019 because of the material weaknesses in our internal control over financial reporting as discussed in more detail in our Annual Report on Form 10-K for the year ended December 31, 2018 (the “2018 Form 10-K”). Management has continued to monitor the implementation of the remediation plan described in the 2018 Form 10-K, as described below.

#### Changes in Internal Control Over Financial Reporting

During the first quarter of 2019, we continued to review the design of our controls, made adjustments and continued implementing controls to alleviate the noted control deficiencies. Other than these items, there has been no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

#### Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

In response to the material weaknesses identified in Management’s Report on Internal Control Over Financial Reporting as set forth in Part II, Item 9A in the 2018 Form 10-K, the Company, with oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weaknesses at GCI Holdings. The remediation actions included the following:

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

The Company believes the foregoing efforts remediated the technical components of the two material weaknesses disclosed in the 2018 Form 10-K after the assessment date and prior to the filing of the 2018 Form 10-K. However, because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of these material weaknesses will require on-going training, continued monitoring, additional control enhancements and evidence of effectiveness prior to concluding that the controls are effective.

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

## PART II. OTHER INFORMATION

### *Item 1. Legal Proceedings*

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

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

*Share Repurchase Programs*

On March 9, 2018, the board of directors authorized a share repurchase program for $650 million of GCI Liberty Class A and Class B common stock. On June 25, 2018, the board of directors of GCI Liberty reapproved such repurchase program with respect to GCI Liberty's Series A and Series B common stock. A summary of the repurchase activity for the three months ended March 31, 2019 is as follows:

| | GCI Liberty Series A Common Stock | | | |
|---|---|---|---|---|
| **Period** | **(a) Total Number of Shares Purchased** | **(b) Average Price Paid per Share** | **(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs** | **(d) Maximum Number (or approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs** |
| January 1 - 31, 2019 | 922,273 | $ 43.26 | 3,319,983 | $498.5 million |
| February 1 - 28, 2019 | 83,970 | $ 47.76 | 3,403,953 | $494.4 million |
| March 1 - 31, 2019 | — | $ — | 3,403,953 | $494.4 million |
| Total | 1,006,243 | | | |

There were no repurchases of GCI Liberty Series B common stock during the three months ended March 31, 2019.

16,326 shares of GCI Liberty Series A common stock and 6,193 shares of GCI Liberty Preferred Stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock and restricted stock units during the three months ended March 31, 2019.

### *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 | Form of Amended and Restated Indemnification Agreement between the Registrant and its executive officers/directors.* |
| 10.2 | Letter Agreement Regarding Personal Use of Aircraft, effective as of January 1, 2019, between General Communication Corp. and Ronald A. Duncan.* |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification* |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification* |
| 32 | Section 1350 Certification** |
| 101 | The following materials from GCI Liberty, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Earnings; (iv) Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Equity; and (vi) Notes to Condensed Consolidated Financial Statements * |

| | |
|---|---|
| * | Filed herewith. |
| ** | Furnished 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.

**GCI Liberty, Inc.**

| Signature | Title | Date |
|---|---|---|
| /s/ Gregory B. Maffei<br>Gregory B. Maffei | President and Chief Executive Officer<br>(Principal Executive Officer) | May 9, 2019 |
| /s/ Mark D. Carleton<br>Mark D. Carleton | Chief Financial Officer<br>(Principal Financial Officer and Principal Accounting Officer) | May 9, 2019 |

# FORM OF AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

THIS AMENDED AND RESTATED INDEMNIFICATION AGREEMENT (this " **Agreement**"), dated ___________, ____, is effective as of the Effective Date (as defined below), by and between GCI Liberty, Inc., a Delaware corporation (the "**Company**"), and ____________ ("**Indemnitee**"). Indemnitee and the Company previously entered into that certain Indemnification Agreement, dated as of _________ (the "**Prior Agreement**"). This Agreement supersedes and replaces the Prior Agreement in its entirety.

**WHEREAS**, it is essential to the Company and its mission to retain and attract as officers and directors the most capable persons available;

**WHEREAS**, both the Company and Indemnitee recognize the omnipresent risk of litigation and other claims that are routinely asserted against officers and directors of companies operating in the public arena in the current environment, and the attendant costs of defending even wholly frivolous claims;

**WHEREAS**, the certificate of incorporation and Bylaws of the Company provide certain indemnification rights to the officers and directors of the Company, as provided by Delaware law; and

**WHEREAS**, to induce Indemnitee to continue to serve as [a director/an officer] of the Company [or as a director/officer of another entity at the Company's request], and in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent permitted by law (whether partial or complete) and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

**NOW, THEREFORE**, in consideration of the premises, the mutual covenants and agreements contained herein and Indemnitee's continuing to serve as [a director/an officer] of the Company, the parties hereto agree as follows:

**1. Certain Definitions.**

(a) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under such Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities (a " **Significant Stockholder**"), other than (x) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, (y) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (z) any Significant Stockholder as of the date hereof, or (ii) during any period of two consecutive years, in the case of clause (x) and clause (y), individuals who at the beginning of such period constituted the Board of Directors of the Company (the "**Board of Directors**") and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (66-2/3%) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the Voting Securities of the Company held by the stockholders of the Company and outstanding immediately prior thereto continuing to represent or being converted into or exchanged for Voting Securities that represent, immediately following such merger or consolidation, at least 80% of the total voting power of the Voting Securities of (1) the surviving or resulting entity; or (2) if the surviving or resulting entity is a wholly owned subsidiary of another entity immediately following such merger or consolidation, the parent entity of such surviving or resulting entity, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all the Company's assets.

(b) Claim: any threatened, pending or completed action, suit, arbitration, alternative dispute resolution mechanism, inquiry or investigation (including any internal investigation, and whether instituted by the Company or any other party or otherwise), administrative hearing, or any other threatened, pending or completed proceeding, whether brought by or in the right of the Company or any other party or otherwise, whether civil (including intentional and unintentional tort claims), criminal, administrative, investigative or other.

(c) Corporate Status: describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise.

(d) Expenses: include attorneys' fees and all other costs, expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, subject or target of, or participating in (including on appeal), or preparing to defend, be a witness in, subject or target of, or participate in, any Claim.

(e) Independent Legal Counsel: an attorney or firm of attorneys, selected in accordance with the provisions of **Section 3**, who shall not have otherwise performed services for the Company, the Company's parent entity (if any), or Indemnitee within the last five years and who are not currently performing services for the Company, the Company's parent entity (if any), or Indemnitee, in each case, other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements.

(f) Reviewing Party: any appropriate person or body consisting of a member or members of the Board of Directors or any other person or body appointed by the Board of Directors who is not a party to, or witness or other participant in, nor threatened to be made a party to, or witness or participant in, the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

(g) Voting Securities: shares of any series or class of common stock or preferred stock of the Company, in each case, entitled to vote generally upon all matters that may be submitted to a vote of stockholders of the Company at any annual or special meeting thereof.

**2. Basic Indemnification and Advancement Arrangement.**

(a) In the event Indemnitee was, is or becomes a party to, subject or target of, or witness or other participant in, or is threatened to be made a party to, subject or target of, or witness or other participant in, a Claim by reason of (or arising in part out of) Indemnitee's Corporate Status, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty days after written demand is presented to the Company (which demand may only be presented to the Company following the final judicial disposition of the Claim, as to which all rights of appeal therefrom have been exhausted or lapsed (a "**Final Disposition**")), against any and all Expenses, judgments, fines, penalties and amounts paid or payable in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid or payable in settlement) of such Claim. If so requested by Indemnitee, prior to the Final Disposition of a Claim, the Company shall advance (within two business days of such request) any and all Expenses actually and reasonably incurred by or on behalf of Indemnitee (including, without limitation, Expenses actually and reasonably billed to or on behalf of Indemnitee) in connection with any such Claim (an "**Expense Advance**").

(b) Notwithstanding the foregoing, (i) the obligations of the Company to indemnify Indemnitee under **Section 2(a)** shall be subject to the condition that the Reviewing Party shall not have determined (in a written determination, or, in any case in which the Independent Legal Counsel referred to in **Section 3** hereof is involved, in a written opinion) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to **Section 2(a)** shall be subject to the condition that, if the Reviewing Party determines in good faith that Indemnitee would not be permitted to be indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a Final Disposition is made with respect thereto. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control, the Reviewing Party shall be the Independent Legal Counsel referred to in **Section 3** hereof. If there has been no determination by the Reviewing Party as contemplated by **Section 2(b)** or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in the Court of Chancery of the State of Delaware seeking to enforce Indemnitee's rights to indemnification and advancement hereunder or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and, in all events, the Company hereby consents to service of process and agrees to appear in any such proceeding. Any determination by the Reviewing Party that Indemnitee is entitled to indemnification shall be conclusive and binding on the Company and Indemnitee. Any determination by the Reviewing Party that Indemnitee is not permitted to be indemnified (in whole or in part) under applicable law shall be in writing (or, in any case in which the Independent Legal Counsel referred to in Section 3 hereof is involved, set forth in a written opinion).

**3. Change in Control.** The Company agrees that if there is a Change in Control of the Company then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Company Bylaw or charter provision now or hereafter in effect, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

**4. Indemnification for Additional Expenses.** The Company shall (i) indemnify Indemnitee (to the extent Indemnitee is successful on the merits or otherwise in the action provided for in this **Section 4**) against any and all Expenses (including attorneys' fees) and, (ii) if requested by Indemnitee, advance (within two business days of such request) such Expenses to Indemnitee (and Indemnitee hereby agrees to reimburse the Company for any amounts so advanced if, when, and to the extent Indemnitee is not successful on the merits or otherwise in the action provided for in this **Section 4**), which are incurred by Indemnitee in connection with any action brought by Indemnitee (whether pursuant to **Section 19** of this Agreement or otherwise), in each case, for (a) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Company Bylaw or charter provision now or hereafter in effect or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, in all cases, to the fullest extent permitted by law.

**5. Proceedings Against the Company; Certain Securities Laws Claims.**

(a) Anything in this Agreement to the contrary notwithstanding, except as provided in Section 4 hereof, with respect to a Claim initiated against the Company by Indemnitee (whether initiated by Indemnitee in or by reason of such person's capacity as an officer or director of the Company or in or by reason of any other capacity), the Company shall not be required to indemnify or to advance Expenses to Indemnitee in connection with prosecuting such Claim (or any part thereof) or in defending any counterclaim, cross-claim, affirmative defense, or like claim of the Company in connection with such Claim (or part thereof) unless such Claim was authorized by the Company's Board of Directors. For purposes of this Section 5, a compulsory counterclaim by Indemnitee against the Company in connection with a Claim initiated against Indemnitee by the Company shall not be considered a Claim (or part thereof) initiated against the Company by Indemnitee, and Indemnitee shall have all rights of indemnification and advancement with respect to any such compulsory counterclaim in accordance with and subject to the terms of this Agreement.

(b) Anything in this Agreement to the contrary notwithstanding, except as provided in Section 6 hereof with respect to indemnification of Expenses in connection with whole or partial success on the merits or otherwise in defending any Claim, the Company shall not be required to indemnify Indemnitee in connection with any Claim made against Indemnitee for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934 or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934 (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

**6. Partial Indemnity and Success on the Merits.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties and amounts paid or payable in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee is successful, on the merits or otherwise, in whole or in part, in defending a Claim (including dismissal without prejudice), or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified to the fullest extent permitted by law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

**7. Burden of Proof.** In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder or otherwise, the burden shall be on the Company to prove by clear and convincing evidence that Indemnitee is not so entitled.

**8. No Presumptions.** For purposes of this Agreement, the termination of any Claim, by judgment, order, settlement (whether with or without court approval) conviction, or otherwise, or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

**9. Settlement.**

(a) Indemnitee shall be entitled to settle any Claim, in whole or in part, in such Indemnitee's sole discretion. To the fullest extent permitted by law, any settlement of a Claim by Indemnitee shall be deemed the Final Disposition of such Claim for all purposes of this Agreement. The Company acknowledges that a settlement or other disposition short of final judgment on the merits may be successful if it permits a party to avoid expense, delay, distraction, disruption, and uncertainty. In the event that any Claim is resolved other than by adverse judgment against Indemnitee (including, without limitation, settlement of such Claim with or without payment or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Claim. Any individual or entity seeking to overcome this presumption shall have the burden to prove by clear and convincing evidence that Indemnitee has not been successful on the merits or otherwise in such Claim.

(b) Indemnitee shall be entitled to participate in, and assume, the defense of any Claim. Indemnitee shall have the right to employ such Indemnitee's own legal counsel in connection with any Claim, and any attorneys' fees and costs actually and reasonably incurred by or on behalf of Indemnitee shall be payable by the Company in accordance with this Agreement.

**10. Nonexclusivity; Subsequent Change in Law.** The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Bylaws or certificate of incorporation, under Delaware law or otherwise. To the extent that a change in Delaware law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Bylaws and certificate of incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

**11. Liability Insurance.** To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

**12. Amendments; Waiver.** No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

**13. Subrogation.** In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

**14. No Duplication of Payments.** The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, the Company's Bylaws or otherwise) of the amounts otherwise indemnifiable hereunder.

**15. Binding Effect.** This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, administrators, heirs, executors and personal and legal representatives. The Company agrees that in the event the Company or any of its successors (including any successor resulting from the merger or consolidation of the Company with another corporation or entity where the company is the surviving corporation or entity) or assigns (i) consolidates with or merges into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any corporation or entity, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of the Company as a result of such transaction assume the obligations of the Company set forth in this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary of the Company or of any other enterprise at the Company's request.

**16. Severability.** The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable in any respect, and the validity and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired and shall remain enforceable to the fullest extent permitted by law.

**17. Effective Date.** To the fullest extent permitted by law, this Agreement shall (i) be effective as of the date that Indemnitee commenced serving as [a director/an officer] of the Company (the "**Effective Date**"), and (ii) apply to any claim for indemnification by Indemnitee with respect to any matters arising from such time and thereafter through and after the date hereof in accordance with this Agreement.

**18. Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

**19. Injunctive Relief.** The parties hereto agree that Indemnitee may enforce this Agreement by seeking specific performance hereof, without any necessity of showing irreparable harm or posting a bond, which requirements are hereby waived, and that by seeking specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he or she may be entitled.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

GCI LIBERTY, INC.

By:______________________________
Name:
Title:

INDEMNITEE

__________________________________
Name:

May 6, 2019

Mr. Ronald A. Duncan
GCI Liberty, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112

Re: Personal Use of Company Aircraft

Dear Ron:

This letter (this "Agreement") sets forth our agreement with respect to your personal use of aircraft (the "Aircraft") owned or leased by GCI Communication Corp. ("GCC"), on and after the Effective Date (defined below).

1. ***Use of the Aircraft.*** During the Term (as defined below), you may use up to 80 hours per year worth of flight time (the "Annual Allotment") on the Aircraft for personal use ("Personal Flight Time"). You may schedule Personal Flight Time with GCC's flight department subject to availability of the Aircraft. GCC will not have any obligation to roll over any unused Annual Allotment, and GCC will have no obligation to continue to own or lease any Aircraft other than pursuant to GCC's obligations under the Second Amended and Restated Aircraft Lease Agreement between GCI Communications Corp. and 560 Company, Inc., dated May 9, 2011, as amended by the First Amendment, dated November 30, 2018 (together, the "Aircraft Lease Agreement").

2. ***IRS Reporting.*** The fair market value of Personal Flight Time will be reflected as income on your W-2 in accordance with applicable IRS regulations based on the Standard Industry Fare Level formula (SIFL) pursuant to 26 C.F.R. §1.61-21(g) or a comparable successor provision.

3. ***Term.*** The term of this Agreement (the "Term") will be deemed to have commenced on January 1, 2019 (the "Effective Date") and will expire on the earliest of (i) the date that you cease to be employed by GCC or any of its subsidiaries and (ii) the date that GCC ceases to own or lease any Aircraft.

4. ***Governing Law.*** This Agreement will be governed by, and will be construed and enforced in accordance with, the laws of the State of Colorado without regard to the conflicts of laws principles of that jurisdiction.

5. ***Entire Agreement.*** This Agreement and the Aircraft Lease Agreement constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any and all previous written or oral representations, promises, agreements or understandings of whatever nature between the parties with respect to the subject matter. This Agreement may not be altered or amended except by an agreement in writing signed by both parties. This Agreement may be signed in counterparts.

If you are in agreement with the foregoing, please execute the enclosed copy of this letter.

Very truly yours,

**GCI Communication Corp.**

By: /s/ Peter Pounds
Peter J. Pounds
*SVP & CFO*

**Agreed:**

/s/ Ronald A. Duncan
Ronald A. Duncan

**Exhibit 31.1**

**CERTIFICATION**

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GCI Liberty, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 officers 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: May 9, 2019

/s/ Gregory B. Maffei
Gregory B. Maffei
*President and Chief Executive Officer*

**Exhibit 31.2**

**CERTIFICATION**

I, Mark D. Carleton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GCI Liberty, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 officers 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: May 9, 2019

/s/ Mark D. Carleton
Mark D. Carleton
*Chief Financial Officer and Treasurer*

**Exhibit 32**

**Certification**

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of GCI Liberty, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period endedMarch 31, 2019 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2019

/s/ Gregory B. Maffei

Gregory B. Maffei
*President and Chief Executive Officer*

Date: May 9, 2019

/s/ Mark D. Carleton

Mark D. Carleton
*Chief Financial Officer*
*(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.