

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

(Amounts in thousands)	ASSETS	December 31,	
		2016	2015
Current assets:			
Cash and cash equivalents		\$ 19,297	26,528
Receivables		219,794	208,384
Less allowance for doubtful receivables		4,407	3,630
Net receivables		<u>215,387</u>	<u>204,754</u>
Prepaid expenses		18,599	12,862
Inventories		11,945	11,322
Other current assets		167	3,129
Total current assets		<u>265,395</u>	<u>258,595</u>
Property and equipment		2,614,875	2,384,530
Less accumulated depreciation		1,452,957	1,290,149
Net property and equipment		<u>1,161,918</u>	<u>1,094,381</u>
Goodwill		239,263	239,263
Cable certificates		191,635	191,635
Wireless licenses		92,347	86,347
Other intangible assets, net of amortization		74,444	69,290
Other assets		40,937	27,429
Total other assets		<u>638,626</u>	<u>613,964</u>
Total assets		<u>\$ 2,065,939</u>	<u>1,966,940</u>

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

(Amounts in thousands)	December 31,	
LIABILITIES AND STOCKHOLDERS' EQUITY	2016	2015
Current liabilities:		
Current maturities of obligations under long-term debt, capital leases, and tower obligations	\$ 13,229	12,050
Accounts payable	72,937	63,014
Deferred revenue	37,618	34,128
Accrued payroll and payroll related obligations	30,305	31,337
Accrued liabilities	14,729	22,822
Accrued interest (including \$5,132 to a related party at December 31, 2016 and 2015)	13,926	13,655
Subscriber deposits	917	1,242
Total current liabilities	183,661	178,248
Long-term debt, net (including \$56,640 and \$54,810 due to a related party at December 31, 2016 and 2015, respectively)	1,333,446	1,329,396
Obligations under capital leases, excluding current maturities (including \$1,769 and \$1,824 due to a related party at December 31, 2016 and 2015, respectively)	50,316	59,651
Deferred income taxes	137,982	106,145
Long-term deferred revenue	135,877	93,427
Tower obligation	87,653	—
Other liabilities (including \$29,700 and \$32,820 for derivative stock appreciation rights with a related party at December 31, 2016 and 2015, respectively)	83,756	80,812
Total liabilities	2,012,691	1,847,679
Commitments and contingencies		
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 32,668 and 35,593 shares at December 31, 2016 and 2015, respectively; outstanding 32,642 and 35,567 shares at December 31, 2016 and 2015, respectively	—	—
Class B. Authorized 10,000 shares; issued and outstanding 3,153 and 3,154 shares at December 31, 2016 and 2015, respectively; convertible on a share-per-share basis into Class A common stock	2,663	2,664
Less cost of 26 Class A common shares held in treasury at December 31, 2016 and 2015	(249)	(249)
Paid-in capital	3,237	6,631
Retained earnings	17,068	79,217
Total General Communication, Inc. stockholders' equity	22,719	88,263
Non-controlling interests	30,529	30,998
Total stockholders' equity	53,248	119,261
Total liabilities and stockholders' equity	\$ 2,065,939	1,966,940

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014
(Unaudited)

(Amounts in thousands, except per share amounts)	2016	2015	2014
Revenues:			
Non-related party	\$ 933,812	973,251	850,656
Related party	—	5,283	59,542
Total revenues	<u>933,812</u>	<u>978,534</u>	<u>910,198</u>
Cost of goods sold (exclusive of depreciation and amortization shown separately below):			
Non-related party	302,578	321,457	291,770
Related party	—	881	10,934
Total cost of goods sold	<u>302,578</u>	<u>322,338</u>	<u>302,704</u>
Selling, general and administrative expenses			
Non-related party	358,356	337,839	289,674
Related party	—	540	3,973
Total selling, general and administrative expenses	<u>358,356</u>	<u>338,379</u>	<u>293,647</u>
Depreciation and amortization expense	193,775	181,767	170,285
Software impairment charge	—	29,839	—
Operating income	<u>79,103</u>	<u>106,211</u>	<u>143,562</u>
Other income (expense):			
Interest expense (including amortization of deferred loan fees)	(78,628)	(78,786)	(72,496)
Related party interest expense	(7,455)	(6,602)	—
Derivative instrument unrealized income (loss) with related party	3,120	(11,160)	—
Loss on extinguishment of debt	(640)	(27,700)	—
Impairment of equity method investment	—	(12,593)	—
Other	5,569	2,917	(1,793)
Other expense, net	<u>(78,034)</u>	<u>(133,924)</u>	<u>(74,289)</u>
Income (loss) before income taxes	1,069	(27,713)	69,273
Income tax (expense) benefit	(5,205)	1,847	(10,029)
Net income (loss)	<u>(4,136)</u>	<u>(25,866)</u>	<u>59,244</u>
Net income attributable to non-controlling interests	(469)	159	51,687
Net income (loss) attributable to General Communication, Inc.	<u>\$ (3,667)</u>	<u>(26,025)</u>	<u>7,557</u>
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ (0.10)</u>	<u>(0.69)</u>	<u>0.18</u>
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ (0.10)</u>	<u>(0.69)</u>	<u>0.18</u>
Diluted net income (loss) attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ (0.15)</u>	<u>(0.69)</u>	<u>0.18</u>
Diluted net income (loss) attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ (0.15)</u>	<u>(0.69)</u>	<u>0.18</u>
Common shares used to calculate Class A basic EPS	<u>32,526</u>	<u>34,764</u>	<u>36,112</u>
Common shares used to calculate Class A diluted EPS	<u>36,318</u>	<u>37,921</u>	<u>39,386</u>

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

(Amounts in thousands)

	Fourth Quarter 2016			Fourth Quarter 2015		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 50,445	18,205	68,650	60,108	21,253	81,361
Data	—	111,388	111,388	—	104,099	104,099
Video	—	31,583	31,583	—	33,753	33,753
Voice	—	20,672	20,672	—	22,131	22,131
Total	50,445	181,848	232,293	60,108	181,236	241,344
Cost of goods sold	15,061	59,591	74,652	17,002	68,595	85,597
Contribution	35,384	122,257	157,641	43,106	112,641	155,747
Less SG&A	(3,119)	(90,595)	(93,714)	(4,488)	(84,261)	(88,749)
Plus share-based compensation expense	—	3,223	3,223	—	2,828	2,828
Plus imputed interest on financed devices	—	672	672	—	313	313
Plus accretion	(246)	235	(11)	63	66	129
Other	—	(98)	(98)	—	253	253
Adjusted EBITDA	\$ 32,019	35,694	67,713	38,681	31,840	70,521

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

(Amounts in thousands)

	Fourth Quarter 2016			Third Quarter 2016		
	<u>Wireless Segment</u>	<u>Wireline Segment</u>	<u>Total</u>	<u>Wireless Segment</u>	<u>Wireline Segment</u>	<u>Total</u>
Revenues						
Wireless	\$ 50,445	18,205	68,650	52,327	22,071	74,398
Data	—	111,388	111,388	—	110,032	110,032
Video	—	31,583	31,583	—	30,770	30,770
Voice	—	20,672	20,672	—	21,455	21,455
Total	50,445	181,848	232,293	52,327	184,328	236,655
Cost of goods sold	15,061	59,591	74,652	15,313	58,181	73,494
Contribution	35,384	122,257	157,641	37,014	126,147	163,161
Less SG&A	(3,119)	(90,595)	(93,714)	(5,138)	(83,836)	(88,974)
Plus share-based compensation expense	—	3,223	3,223	—	2,810	2,810
Plus imputed interest on financed devices	—	672	672	—	651	651
Plus accretion	(246)	235	(11)	142	264	406
Other	—	(98)	(98)	—	131	131
Adjusted EBITDA	\$ 32,019	35,694	67,713	32,018	46,167	78,185

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

(Amounts in thousands)

	Twelve Months Ended December 31, 2016			Twelve Months Ended December 31, 2015		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 208,109	75,047	283,156	267,676	83,896	351,572
Data	—	436,398	436,398	—	399,685	399,685
Video	—	127,407	127,407	—	133,893	133,893
Voice	—	86,851	86,851	—	93,384	93,384
Total	208,109	725,703	933,812	267,676	710,858	978,534
Cost of goods sold	62,487	240,091	302,578	70,899	251,439	322,338
Contribution	145,622	485,612	631,234	196,777	459,419	656,196
Less SG&A	(16,439)	(341,917)	(358,356)	(18,137)	(320,242)	(338,379)
Plus share-based compensation expense	—	11,043	11,043	—	10,902	10,902
Plus imputed interest on financed devices	—	2,557	2,557	—	751	751
Plus accretion	252	977	1,229	559	562	1,121
Other	—	337	337	—	(240)	(240)
Adjusted EBITDA	\$ 129,435	158,609	288,044	179,199	151,152	330,351

General Communication, Inc.
Non-GAAP Financial Reconciliation Schedule
(Unaudited)

(Amounts in Thousands)

	Three Months Ended			Twelve Months Ended	
	December 31, 2016	December 31, 2015	September 30, 2016	December 31, 2016	December 31, 2015
Net income (loss)	\$ (16,243)	(8,879)	7,827	(4,136)	(25,866)
Income tax expense (benefit)	(2,391)	3,110	2,407	5,205	(1,847)
Income (loss) before income taxes	(18,634)	(5,769)	10,234	1,069	(27,713)
Other (income) expense:					
Interest expense (including amortization of deferred loan fees)	20,429	19,073	19,666	78,628	78,786
Related party interest expense	1,897	1,842	1,881	7,455	6,602
Derivative instrument unrealized income (loss) with related party	12,720	6,120	(4,800)	(3,120)	11,160
Loss on extinguishment of debt	640	—	—	640	27,700
Impairment of equity method investment	—	—	—	—	12,593
Other	(3,867)	(472)	(613)	(5,569)	(2,917)
Other expense, net	31,819	26,563	16,134	78,034	133,924
Operating income	13,185	20,794	26,368	79,103	106,211
Plus depreciation and amortization expense	50,742	46,204	47,819	193,775	181,767
Plus software impairment charge	—	—	—	—	29,839
Plus share-based compensation expense	3,223	2,828	2,810	11,043	10,902
Plus imputed interest on financed devices	672	313	651	2,557	751
Plus (less) accretion expense	(11)	129	406	1,229	1,121
Other	(98)	253	131	337	(240)
Adjusted EBITDA (Note 1)	<u>\$ 67,713</u>	<u>70,521</u>	<u>78,185</u>	<u>288,044</u>	<u>330,351</u>

Note:

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

- Net interest expense,
- Income taxes,
- Depreciation and amortization expense,
- Loss on extinguishment of debt,
- Software impairment charge,
- Derivative instrument unrealized income (loss),
- Share-based compensation expense,
- Accretion expense,
- Loss attributable to non-controlling interest resulting from NMTC transactions,
- Gains and impairment losses on equity and cost method investments,
- Gain recorded for adjusting to fair value assets that were included as consideration paid to acquire a fiber system, and
- Other non-cash adjustments.

Adjusted EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses Adjusted EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes Adjusted EBITDA is useful to investors and other users of our financial information in understanding and evaluating operating performance as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Adjusted EBITDA are used to estimate current or prospective enterprise value. Adjusted EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. Adjusted EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

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

(Amounts in thousands)

	Fourth Quarter 2016			Fourth Quarter 2015		
		Business			Business	
	<u>Consumer</u>	<u>Services</u>	<u>Total</u>	<u>Consumer</u>	<u>Services</u>	<u>Total</u>
Revenues						
Wireless	\$ 16,170	2,035	18,205	19,233	2,020	21,253
Data	35,163	76,225	111,388	34,442	69,657	104,099
Video	26,011	5,572	31,583	28,445	5,308	33,753
Voice	6,377	14,295	20,672	7,160	14,971	22,131
Total	<u>\$ 83,721</u>	<u>98,127</u>	<u>181,848</u>	<u>89,280</u>	<u>91,956</u>	<u>181,236</u>

(Amounts in thousands)

	Fourth Quarter 2016			Third Quarter 2016		
		Business			Business	
	<u>Consumer</u>	<u>Services</u>	<u>Total</u>	<u>Consumer</u>	<u>Services</u>	<u>Total</u>
Revenues						
Wireless	\$ 16,170	2,035	18,205	19,866	2,205	22,071
Data	35,163	76,225	111,388	35,255	74,777	110,032
Video	26,011	5,572	31,583	26,134	4,636	30,770
Voice	6,377	14,295	20,672	6,551	14,904	21,455
Total	<u>\$ 83,721</u>	<u>98,127</u>	<u>181,848</u>	<u>87,806</u>	<u>96,522</u>	<u>184,328</u>

(Amounts in thousands)

	Twelve Months Ended December 31, 2016			Twelve Months Ended December 31, 2015		
		Business			Business	
	<u>Consumer</u>	<u>Services</u>	<u>Total</u>	<u>Consumer</u>	<u>Services</u>	<u>Total</u>
Revenues						
Wireless	\$ 66,225	8,822	75,047	75,799	8,097	83,896
Data	140,196	296,202	436,398	130,213	269,472	399,685
Video	107,305	20,102	127,407	115,074	18,819	133,893
Voice	26,734	60,117	86,851	30,110	63,274	93,384
Total	<u>\$ 340,460</u>	<u>385,243</u>	<u>725,703</u>	<u>351,196</u>	<u>359,662</u>	<u>710,858</u>

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

				December 31, 2016 as compared to		December 31, 2016 as compared to	
	December 31, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016
<i>Wireline Segment</i>							
<i>Consumer</i>							
Data							
Cable modem subscribers	127,600	127,300	127,000	300	600	0.2 %	0.5 %
Video							
Basic subscribers	107,700	114,000	108,900	(6,300)	(1,200)	(5.5)%	(1.1)%
Digital programming tier subscribers	52,000	59,500	54,400	(7,500)	(2,400)	(12.6)%	(4.4)%
HD/DVR converter boxes	115,900	114,000	117,300	1,900	(1,400)	1.7 %	(1.2)%
Homes passed	250,800	251,900	250,200	(1,100)	600	(0.4)%	0.2 %
Voice							
Local access lines in service	48,600	50,400	49,000	(1,800)	(400)	(3.6)%	(0.8)%
<i>Business Services</i>							
Data							
Cable modem subscribers	13,200	12,700	13,200	500	—	3.9 %	— %
Voice							
Local access lines in service	45,900	46,600	46,100	(700)	(200)	(1.5)%	(0.4)%
<i>Consumer and Business Services Combined</i>							
Wireless							
Consumer Lifeline lines in service	27,200	28,100	28,700	(900)	(1,500)	(3.2)%	(5.2)%
Consumer prepaid lines in service	28,500	23,800	29,600	4,700	(1,100)	19.7 %	(3.7)%
Consumer postpaid lines in service	139,200	146,300	141,000	(7,100)	(1,800)	(4.9)%	(1.3)%
Business Services postpaid lines in service	27,600	29,600	27,100	(2,000)	500	(6.8)%	1.8 %
Total wireless lines in service	<u>222,500</u>	<u>227,800</u>	<u>226,400</u>	<u>(5,300)</u>	<u>(3,900)</u>	<u>-2.3 %</u>	<u>-1.7 %</u>

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

Three Months Ended			December 31, 2016 as compared to		December 31, 2016 as compared to	
December 31, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016

Wireline segment

Consumer

Video

Average monthly revenue per subscriber	\$	79.94	\$	83.10	\$	79.63	\$	(3.16)	\$	0.31	(3.8)%	0.4 %
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Combined Consumer and Business Services

Data

Average monthly revenue per cable modem subscriber	\$	88.85	\$	87.31	\$	88.54	\$	1.54	\$	0.31	1.8 %	0.4 %
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Wireless

Average monthly revenue per subscriber	\$	37.10	\$	43.37	\$	37.21	\$	(6.27)	\$	(0.11)	(14.5)%	(0.3)%
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