

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

(Amounts in thousands)

ASSETS	June 30, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 11,329	26,528
Receivables	221,787	208,384
Less allowance for doubtful receivables	2,392	3,630
Net receivables	219,395	204,754
Prepaid expenses	17,406	12,862
Inventories	10,577	11,322
Other current assets	180	3,129
Total current assets	258,887	258,595
Property and equipment	2,453,655	2,384,530
Less accumulated depreciation	1,369,634	1,290,149
Net property and equipment	1,084,021	1,094,381
Goodwill	239,263	239,263
Cable certificates	191,635	191,635
Wireless licenses	92,347	86,347
Other intangible assets, net of amortization	70,091	69,290
Other assets	30,980	27,429
Total other assets	624,316	613,964
Total assets	\$ 1,967,224	1,966,940

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

(Amounts in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2016	December 31, 2015
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 12,356	12,050
Accounts payable	47,542	63,014
Deferred revenue	34,340	34,128
Accrued payroll and payroll related obligations	29,764	31,337
Accrued liabilities	24,354	22,822
Accrued interest (including \$2,304 and \$5,132 to a related party at June 30, 2016 and December 31, 2015, respectively)	10,834	13,655
Subscriber deposits	1,035	1,242
Total current liabilities	160,225	178,248
Long-term debt, net (including \$55,689 and \$54,810 to a related party at June 30, 2016 and December 31, 2015, respectively)	1,344,913	1,329,396
Obligations under capital leases, excluding current maturities (including \$1,797 and \$1,824 due to a related party at June 30, 2016 and December 31, 2015, respectively)	55,065	59,651
Deferred income taxes	111,301	106,145
Long-term deferred revenue	114,705	93,427
Other liabilities (including \$21,780 and \$32,820 for derivative stock appreciation rights with a related party at June 30, 2016 and December 31, 2015, respectively)	72,695	80,812
Total liabilities	1,858,904	1,847,679
Commitments and contingencies		
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 34,991 and 35,593 shares at June 30, 2016 and December 31, 2015, respectively; outstanding 34,965 and 35,567 shares at June 30, 2016 and December 31, 2015, respectively	—	—
Class B. Authorized 10,000 shares; issued and outstanding 3,154 at June 30, 2016 and December 31, 2015; convertible on a share-per-share basis into Class A common stock	2,664	2,664
Less cost of 26 Class A common shares held in treasury at June 30, 2016 and December 31, 2015	(249)	(249)
Paid-in capital	11,746	6,631
Retained earnings	63,395	79,217
Total General Communication, Inc. stockholders' equity	77,556	88,263
Non-controlling interests	30,764	30,998
Total stockholders' equity	108,320	119,261
Total liabilities and stockholders' equity	\$ 1,967,224	1,966,940

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

(Amounts in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Non-related party	\$ 233,766	247,528	464,864	473,334
Related party	—	—	—	5,283
Total revenues	<u>233,766</u>	<u>247,528</u>	<u>464,864</u>	<u>478,617</u>
Cost of goods sold (exclusive of depreciation and amortization shown separately below):				
Non-related party	78,141	79,256	154,432	153,143
Related party	—	—	—	881
Total cost of goods sold	<u>78,141</u>	<u>79,256</u>	<u>154,432</u>	<u>154,024</u>
Selling, general and administrative expenses:				
Non-related party	88,022	83,047	175,668	166,435
Related party	—	—	—	540
Total selling, general and administrative expenses	<u>88,022</u>	<u>83,047</u>	<u>175,668</u>	<u>166,975</u>
Depreciation and amortization expense	48,072	45,171	95,214	90,406
Software impairment charge	—	851	—	27,268
Operating income	<u>19,531</u>	<u>39,203</u>	<u>39,550</u>	<u>39,944</u>
Other income (expense):				
Interest expense (including amortization of deferred loan fees)	(19,362)	(20,605)	(38,533)	(40,453)
Related party interest expense	(1,846)	(1,795)	(3,677)	(2,932)
Derivative instrument unrealized income (loss) with related party	6,510	(2,950)	11,040	(5,070)
Loss on extinguishment of debt	—	(27,700)	—	(27,700)
Impairment of equity method investment	—	(12,593)	—	(12,593)
Other	587	4,390	1,089	1,243
Other expense, net	<u>(14,111)</u>	<u>(61,253)</u>	<u>(30,081)</u>	<u>(87,505)</u>
Income (loss) before income taxes	5,420	(22,050)	9,469	(47,561)
Income tax (expense) benefit	(2,122)	6,293	(5,189)	13,079
Net income (loss)	<u>3,298</u>	<u>(15,757)</u>	<u>4,280</u>	<u>(34,482)</u>
Net income (loss) attributable to non-controlling interests	(117)	(130)	(234)	414
Net income (loss) attributable to General Communication, Inc.	<u>\$ 3,415</u>	<u>(15,627)</u>	<u>4,514</u>	<u>(34,896)</u>
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ 0.09</u>	<u>(0.41)</u>	<u>0.12</u>	<u>(0.90)</u>
Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ 0.09</u>	<u>(0.41)</u>	<u>0.12</u>	<u>(0.90)</u>
Diluted net loss attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ (0.01)</u>	<u>(0.41)</u>	<u>(0.05)</u>	<u>(0.90)</u>
Diluted net loss attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ (0.01)</u>	<u>(0.41)</u>	<u>(0.05)</u>	<u>(0.90)</u>
Common shares used to calculate Class A basic EPS	<u>33,308</u>	<u>34,887</u>	<u>33,502</u>	<u>35,548</u>
Common shares used to calculate Class A diluted EPS	<u>37,100</u>	<u>38,046</u>	<u>37,427</u>	<u>38,707</u>

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

(Amounts in thousands)

	Second Quarter 2016			Second Quarter 2015		
	<u>Wireless Segment</u>	<u>Wireline Segment</u>	<u>Total</u>	<u>Wireless Segment</u>	<u>Wireline Segment</u>	<u>Total</u>
Revenues						
Wireless	\$ 53,875	17,973	71,848	67,940	22,952	90,892
Data	—	108,007	108,007	—	98,895	98,895
Video	—	31,645	31,645	—	33,542	33,542
Voice	—	22,266	22,266	—	24,199	24,199
Total	53,875	179,891	233,766	67,940	179,588	247,528
Cost of goods sold	17,081	61,060	78,141	18,335	60,921	79,256
Contribution	36,794	118,831	155,625	49,605	118,667	168,272
Less SG&A	(4,171)	(83,851)	(88,022)	(4,032)	(79,015)	(83,047)
Plus cash received in excess of revenue recognized for long-term roaming arrangements	7,500	—	7,500	—	—	—
Plus share-based compensation	—	2,683	2,683	—	2,613	2,613
Plus accretion	211	231	442	154	197	351
Other	—	812	812	—	(188)	(188)
Adjusted EBITDA	\$ 40,334	38,706	79,040	45,727	42,274	88,001

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

(Amounts in thousands)

	Second Quarter 2016			First 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	\$ 53,875	17,973	71,848	51,462	16,798	68,260
Data	—	108,007	108,007	—	106,971	106,971
Video	—	31,645	31,645	—	33,409	33,409
Voice	—	22,266	22,266	—	22,458	22,458
Total	53,875	179,891	233,766	51,462	179,636	231,098
Cost of goods sold	17,081	61,060	78,141	15,032	61,259	76,291
Contribution	36,794	118,831	155,625	36,430	118,377	154,807
Less SG&A	(4,171)	(83,851)	(88,022)	(4,011)	(83,635)	(87,646)
Plus cash received in excess of revenue recognized for long-term roaming arrangements	7,500	—	7,500	7,500	—	7,500
Plus share-based compensation	—	2,683	2,683	—	2,327	2,327
Plus accretion	211	231	442	145	247	392
Other	—	812	812	—	726	726
Adjusted EBITDA	\$ 40,334	38,706	\$ 79,040	40,064	38,042	78,106

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

(Amounts in thousands)

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 105,337	34,771	140,108	127,144	41,156	168,300
Data	—	214,978	214,978	—	195,341	195,341
Video	—	65,054	65,054	—	67,181	67,181
Voice	—	44,724	44,724	—	47,795	47,795
Total	105,337	359,527	464,864	127,144	351,473	478,617
Cost of goods sold	32,113	122,319	154,432	35,866	118,158	154,024
Contribution	73,224	237,208	310,432	91,278	233,315	324,593
Less SG&A	(8,182)	(167,486)	(175,668)	(8,534)	(158,441)	(166,975)
Plus cash received in excess of revenue recognized for long-term roaming arrangements	15,000	—	15,000	—	—	—
Plus share-based compensation	—	5,010	5,010	—	5,414	5,414
Plus accretion	356	478	834	370	431	801
Other	—	1,538	1,538	—	(529)	(529)
Adjusted EBITDA	\$ 80,398	76,748	157,146	83,114	80,190	163,304

General Communication, Inc.
Non-GAAP Financial Reconciliation Schedule

(Unaudited, Amounts in Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2016	June 30, 2015	March 31, 2016	June 30, 2016	June 30, 2015
Net income (loss)	\$ 3,298	(15,757)	982	4,280	(34,482)
Income tax expense (benefit)	2,122	(6,293)	3,067	5,189	(13,079)
Income (loss) before income taxes	5,420	(22,050)	4,049	9,469	(47,561)
Other (income) expense:					
Interest expense (including amortization of deferred loan fees)	19,362	20,605	19,171	38,533	40,453
Related party interest expense	1,846	1,795	1,831	3,677	2,932
Derivative instrument unrealized (income) loss with related party	(6,510)	2,950	(4,530)	(11,040)	5,070
Loss on extinguishment of debt	—	27,700	—	—	27,700
Investments, net	—	12,593	—	—	12,593
Other	(587)	(4,390)	(502)	(1,089)	(1,243)
Other expense, net	14,111	61,253	15,970	30,081	87,505
Operating income	19,531	39,203	20,019	39,550	39,944
Plus depreciation and amortization expense	48,072	45,171	47,142	95,214	90,406
Plus software impairment charge	—	851	—	—	27,268
Plus cash received in excess of revenue recognized for long-term roaming arrangements	7,500	—	7,500	15,000	—
Plus share-based compensation expense	2,683	2,613	2,327	5,010	5,414
Plus accretion expense	442	351	392	834	801
Other	812	(188)	726	1,538	(529)
Adjusted EBITDA (Note 1)	\$ 79,040	88,001	78,106	157,146	163,304

Note:

(1) Earnings plus cash received in excess of revenue recognized for long-term fixed roaming arrangements and imputed interest on financed devices before:

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

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)

	Second Quarter 2016			Second Quarter 2015		
	<u>Consumer</u>	<u>Business</u>	<u>Total</u>	<u>Consumer</u>	<u>Business</u>	<u>Total</u>
Revenues						
Wireless	\$ 15,651	2,322	17,973	20,705	2,247	22,952
Data	34,818	73,189	108,007	32,034	66,861	98,895
Video	26,813	4,832	31,645	28,921	4,621	33,542
Voice	6,764	15,502	22,266	7,729	16,470	24,199
Total	\$ 84,046	95,845	179,891	89,389	90,199	179,588

(Amounts in thousands)

	Second Quarter 2016			First Quarter 2016		
	<u>Consumer</u>	<u>Business</u>	<u>Total</u>	<u>Consumer</u>	<u>Business</u>	<u>Total</u>
Revenues						
Wireless	\$ 15,651	2,322	17,973	14,538	2,260	16,798
Data	34,818	73,189	108,007	34,960	72,011	106,971
Video	26,813	4,832	31,645	28,347	5,062	33,409
Voice	6,764	15,502	22,266	7,042	15,416	22,458
Total	\$ 84,046	95,845	179,891	84,887	94,749	179,636

(Amounts in thousands)

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	<u>Consumer</u>	<u>Business</u>	<u>Total</u>	<u>Consumer</u>	<u>Business</u>	<u>Total</u>
Revenues						
Wireless	\$ 30,189	4,582	34,771	37,115	4,041	41,156
Data	69,778	145,200	214,978	63,306	132,035	195,341
Video	55,160	9,894	65,054	58,146	9,035	67,181
Voice	13,806	30,918	44,724	15,530	32,265	47,795
Total	\$ 168,933	190,594	359,527	174,097	177,376	351,473

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

	June 30, 2016	June 30, 2015	March 31, 2016	June 30, 2016 as compared to		June 30, 2016 as compared to	
				June 30, 2015	March 31, 2016	June 30, 2015	March 31, 2016
<u>Wireline Segment</u>							
Consumer							
Data							
Cable modem subscribers	127,000	122,300	127,800	4,700	(800)	3.8 %	(0.6)%
Video							
Basic subscribers	110,000	112,900	112,200	(2,900)	(2,200)	(2.6)%	(2.0)%
Digital programming tier subscribers	55,600	60,000	57,700	(4,400)	(2,100)	(7.3)%	(3.6)%
HD/DVR converter boxes	117,800	108,300	117,700	9,500	100	8.8 %	0.1 %
Homes passed	249,500	249,600	253,100	(100)	(3,600)	— %	(1.4)%
Voice							
Local access lines in service	49,500	52,000	50,100	(2,500)	(600)	(4.8)%	(1.2)%
Business							
Data							
Cable modem subscribers	13,000	14,400	12,800	(1,400)	200	(9.7)%	1.6 %
Voice							
Local access lines in service	46,200	47,200	46,400	(1,000)	(200)	(2.1)%	(0.4)%
Consumer and Business Combined							
Wireless							
Consumer Lifeline lines in service	28,400	28,400	28,000	—	400	— %	1.4 %
Consumer prepaid lines in service	27,900	26,700	23,900	1,200	4,000	4.5 %	16.7 %
Consumer postpaid lines in service	143,900	151,800	145,400	(7,900)	(1,500)	(5.2)%	(1.0)%
Business postpaid lines in service	27,900	29,200	28,700	(1,300)	(800)	(4.5)%	(2.8)%
Total wireless lines in service	228,100	236,100	226,000	(8,000)	2,100	(3.4)%	0.9 %

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

	Three Months Ended			June 30, 2016 as compared to		June 30, 2016 as compared to	
	June 30, 2016	June 30, 2015	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015	March 31, 2016
<u>Wireline segment</u>							
Consumer							
Video							
Average monthly revenue per subscriber	\$ 80.38	\$ 84.60	\$ 83.53	\$ (4.22)	\$ (3.15)	(5.0)%	(3.8)%
Combined Consumer and Business							
Data							
Average monthly revenue per cable modem subscriber	\$ 88.32	\$ 83.93	\$ 87.81	\$ 4.39	\$ 0.51	5.2 %	0.6 %
Wireless							
Average monthly revenue per subscriber	\$ 39.22	\$ 47.26	\$ 40.06	\$ (8.04)	\$ (0.84)	(17.0)%	(2.1)%