



# CONTENTS

**Proxy Statement**

---

**Forward-Looking Statements**

---

**Stock Performance**

---

**Investment Summary**

---

**Financial Information**

---

**Corporate Data**

---

**Environmental Statement**

---



## LIBERTY BROADBAND CORPORATION

12300 Liberty Boulevard  
Englewood, Colorado 80112  
(720) 875-5700

April 14, 2021

Dear Stockholder:

You are cordially invited to attend the 2021 annual meeting of stockholders of Liberty Broadband Corporation (**Liberty Broadband**) to be held at 9:00 a.m., Mountain time, on May 26, 2021. Due to concerns about the coronavirus, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 26, 2021.

At the annual meeting, you will be asked to consider and vote on the proposals described in the accompanying notice of annual meeting and proxy statement, as well as on such other business as may properly come before the meeting.

**Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please read the enclosed proxy materials and then promptly vote via the Internet or telephone or by completing, signing and returning the proxy card if you received a paper copy of the proxy materials by mail.** Doing so will not prevent you from later revoking your proxy or changing your vote at the meeting.

Thank you for your cooperation and continued support and interest in Liberty Broadband.

Very truly yours,

A handwritten signature in black ink, appearing to read "Greg Maffei".

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

*The Notice of Internet Availability of Proxy Materials is first being mailed on or about April 15, 2021, and the proxy materials relating to the annual meeting will first be made available on or about the same date.*

# LIBERTY BROADBAND CORPORATION

12300 Liberty Boulevard  
Englewood, Colorado 80112  
(720) 875-5700

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 26, 2021

**NOTICE IS HEREBY GIVEN** of the annual meeting of stockholders of Liberty Broadband Corporation (**Liberty Broadband**) to be held at 9:00 a.m., Mountain time, on May 26, 2021. Due to concerns about the coronavirus (**COVID-19**), this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice of Internet Availability of Proxy Materials or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 26, 2021. At the annual meeting, you will be asked to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Julie D. Frist and J. David Wargo to continue serving as Class I members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal;
2. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021;
3. A proposal (which we refer to as the **say-on-pay proposal**) to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading "Executive Compensation";
4. A proposal (which we refer to as the **say-on-frequency proposal**) to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held; and
5. A proposal (which we refer to as the **stockholder proposal**) requesting that our board of directors provides for a majority vote standard in uncontested director elections, if properly presented at the meeting.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting.

Holders of record of our Series A common stock, par value \$0.01 per share, Series B common stock, par value \$0.01 per share, and Series A Cumulative Redeemable Preferred Stock, par value \$0.01, in each case, outstanding as of 5:00 p.m., New York City time, on March 31, 2021, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting. If you have any questions with respect to accessing this list, please contact Liberty Broadband Investor Relations at (844) 826-8735. The holders of record of our Series C common stock, par value \$0.01 per share, are not entitled to any voting powers, except as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting.

We describe the proposals in more detail in the accompanying proxy statement. We encourage you to read the proxy statement in its entirety before voting.

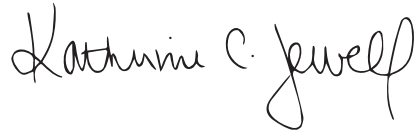
Our board of directors has unanimously approved each proposal for inclusion in the proxy materials and recommends that you vote "**FOR**" the election of each director nominee and "**FOR**" each of the auditors ratification proposal and the say-on-pay proposal. Our board of directors also recommends that you vote in favor of the "**3 YEARS**" frequency option with respect to the say-on-frequency proposal. Additionally, our board of directors recommends that you vote "**AGAINST**" the stockholder proposal, if properly presented at the meeting.

Votes may be cast electronically during the annual meeting via the Internet or by proxy prior to the meeting by telephone, via the Internet, or by mail.

**Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 26, 2021: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2020 Annual Report to Stockholders are available at [www.proxyvote.com](http://www.proxyvote.com).**

**YOUR VOTE IS IMPORTANT.** Voting promptly, regardless of the number of shares you own, will aid us in reducing the expense of any further proxy solicitation in connection with the annual meeting.

By order of the board of directors,

A handwritten signature in black ink that reads "Katherine C. Jewell". The signature is written in a cursive, flowing style.

Katherine C. Jewell  
*Assistant Vice President and Secretary*

Englewood, Colorado  
April 14, 2021

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, PLEASE COMPLETE, SIGN AND RETURN THE PROXY CARD IF YOU RECEIVED A PAPER COPY OF THE PROXY MATERIALS BY MAIL.**

# TABLE OF CONTENTS

## PROXY STATEMENT SUMMARY

<b>THE ANNUAL MEETING</b> .....	1
Notice and Access of Proxy Materials .....	1
Electronic Delivery .....	1
Time, Place and Date .....	1
Purpose .....	2
Quorum .....	2
Who May Vote .....	2
Votes Required .....	2
Votes You Have .....	3
Recommendation of Our Board of Directors .....	3
Shares Outstanding .....	3
Number of Holders .....	3
Voting Procedures for Record Holders .....	3
Voting Procedures for Shares Held in Street Name .....	4
Voting Procedures for Shares Held in the GCI 401(k) Plan .....	4
Revoking a Proxy .....	4
Solicitation of Proxies .....	4
Other Matters to Be Voted on at the Annual Meeting .....	4

<b>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</b> .....	5
Security Ownership of Certain Beneficial Owners .....	5
Security Ownership of Management .....	7
Changes in Control .....	9

<b>PROPOSALS OF OUR BOARD</b> .....	10
-------------------------------------	----

<b>PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL</b> .....	10
Board of Directors .....	10
Vote and Recommendation .....	14

<b>PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL</b> .....	15
Audit Fees and All Other Fees .....	15
Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor .....	15
Vote and Recommendation .....	16

<b>PROPOSAL 3—THE SAY-ON-PAY PROPOSAL</b> ..	17
Advisory Vote .....	17
Vote and Recommendation .....	17

<b>PROPOSAL 4—THE SAY-ON-FREQUENCY PROPOSAL</b> .....	18
Vote and Recommendation .....	18

<b>PROPOSAL 5—THE STOCKHOLDER PROPOSAL</b> .....	19
Vote and Recommendation .....	21

<b>MANAGEMENT AND GOVERNANCE MATTERS</b> .....	22
Executive Officers .....	22
Code of Ethics .....	23
Director Independence .....	23
Board Composition .....	23
Board Classification .....	23
Board Diversity .....	24
Board Leadership Structure .....	24
Board Role in Risk Oversight .....	24
Committees of the Board of Directors .....	24
Board Meetings .....	28
Director Attendance at Annual Meetings .....	28
Stockholder Communication with Directors .....	28
Executive Sessions .....	29
Hedging Disclosure .....	29

<b>EXECUTIVE COMPENSATION</b> .....	30
Compensation Discussion and Analysis .....	30
Summary Compensation Table .....	38
Executive Compensation Arrangements .....	39
Grants of Plan-Based Awards .....	43
Outstanding Equity Awards at Fiscal Year-End ..	44
Option Exercises and Stock Vested .....	45
Potential Payments Upon Termination or Change in Control .....	46

<b>DIRECTOR COMPENSATION</b> .....	51
Nonemployee Directors .....	51
Director Compensation Table .....	52

<b>EQUITY COMPENSATION PLAN INFORMATION</b> .....	53
---	----

<b>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</b> .....	54
---	----

<b>STOCKHOLDER PROPOSALS</b> .....	54
------------------------------------	----

<b>ADDITIONAL INFORMATION</b> .....	54
-------------------------------------	----

# PROXY STATEMENT SUMMARY

## 2021 ANNUAL MEETING OF STOCKHOLDERS

### WHEN

9:00 a.m., Mountain time, on  
May 26, 2021

### WHERE

The annual meeting can be  
accessed virtually via the Internet  
by visiting  
[www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021)

### ITEMS OF BUSINESS

1. Election of directors proposal—To elect Julie D. Frist and J. David Wargo to continue serving as Class I members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal.
2. Auditors ratification proposal—To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.
3. Say-on-pay proposal—To approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation.”
4. Say-on-frequency proposal—To approve, on an advisory basis, the frequency at which future say-on-pay votes will be held.
5. Stockholder proposal—Requesting that our board of directors provides for a majority vote standard in uncontested director elections, if properly presented at the meeting.

Such other business as may properly come before the annual meeting.

### RECORD DATE

5:00 p.m., New York City time, on  
March 31, 2021

### WHO MAY VOTE

Holders of shares of LBRDA, LBRDB and LBRDP

Holders of shares of LBRDK are NOT eligible to vote at the annual meeting

### PROXY VOTING

Stockholders of record on the record date are entitled to vote by proxy in the following ways:



By calling 1-800-690-6903  
(toll free) in the United States  
or Canada



Online at  
[www.proxyvote.com](http://www.proxyvote.com)



By returning a properly completed,  
signed and dated proxy card

## ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ FOR THE NOMINEES	10
Auditors ratification proposal	✓ FOR	15
Say-on-pay proposal	✓ FOR	17
Say-on-frequency proposal	✓ 3 YEARS	18
Stockholder proposal	✗ AGAINST	19

# LIBERTY BROADBAND CORPORATION

a Delaware corporation

12300 Liberty Boulevard  
Englewood, Colorado 80112  
(720) 875-5700

## PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2021 Annual Meeting of Stockholders to be held at 9:00 a.m., Mountain time, on May 26, 2021 or at any adjournment or postponement of the annual meeting. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021). At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**LBRDA**), Series B common stock, par value \$0.01 per share (**LBRDB**), and our Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (**LBRDP**). The holders of our Series C common stock, par value \$0.01 per share (**LBRDK**), are not entitled to any voting powers, except as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting. We refer to LBRDA, LBRDB, and LBRDP together as our **voting stock**. We refer to our voting stock together with LBRDK as our **capital stock**.

## THE ANNUAL MEETING

### NOTICE AND ACCESS OF PROXY MATERIALS

We have elected, in accordance with the Securities and Exchange Commission's "Notice and Access" rule, to deliver a Notice of Internet Availability of Proxy Materials (the **Notice**) to our stockholders and to post our proxy statement and our annual report to our stockholders (collectively, the **proxy materials**) electronically. The Notice is first being mailed to our stockholders on or about April 15, 2021. The proxy materials will first be made available to our stockholders on or about the same date.

The Notice instructs you how to access and review the proxy materials and how to submit your proxy via the Internet. The Notice also instructs you how to request and receive a paper copy of the proxy materials, including a proxy card or voting instruction form, at no charge. We will not mail a paper copy of the proxy materials to you unless specifically requested to do so.

### ELECTRONIC DELIVERY

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to [www.proxyvote.com](http://www.proxyvote.com). Stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery when voting by Internet at [www.proxyvote.com](http://www.proxyvote.com) by following the prompts. Also, stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery by contacting their nominee. Once you sign up, you will not receive a printed copy of the notices and proxy materials, unless you request them. If you are a registered stockholder, you may suspend electronic delivery of the notices and proxy materials at any time by contacting our transfer agent, Broadridge, at (888) 789-8745 (outside the United States (303) 562-9277). Stockholders who hold shares through a bank, brokerage firm or other nominee should contact their nominee to suspend electronic delivery.

### TIME, PLACE AND DATE

The annual meeting of stockholders is to be held at 9:00 a.m., Mountain time, on May 26, 2021. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021). To enter the annual meeting, you will need the 16-digit control number that is printed on your Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 26, 2021.



## PURPOSE

At the annual meeting, you will be asked to consider and vote on each of the following:

- the election of directors proposal, to elect Julie D. Frist and J. David Wargo to continue serving as Class I members of our board until the 2024 annual meeting of stockholders or their earlier resignation or removal;
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021;
- the say-on-pay proposal, to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation”;
- the say-on-frequency proposal, to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held; and
- the stockholder proposal, requesting that our board of directors provides for a majority vote standard in uncontested director elections, if properly presented at the meeting.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting, although we are not aware at this time of any other business that might come before the annual meeting.

## QUORUM

In order to conduct the business of the annual meeting, a quorum must be present. This means that the holders of at least a majority of the aggregate voting power represented by the shares of our voting stock outstanding on the record date (as defined below) and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. Virtual attendance at the annual meeting also constitutes presence in person for purposes of quorum at the meeting. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. If a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on a particular proposal or proposals, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld, those shares (**broker non-votes**) will nevertheless be treated as present for purposes of determining the presence of a quorum. See “—Voting Procedures for Shares Held in Street Name—Effect of Broker Non-Votes” below.

## WHO MAY VOTE

Holders of shares of LBRDA, LBRDB and LBRDP, as recorded in our stock register as of 5:00 p.m., New York City time, on March 31, 2021 (such date and time, the **record date** for the annual meeting), will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

## VOTES REQUIRED

Each director nominee who receives a plurality of the combined voting power of the outstanding shares of our voting stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, will be elected to office.

Approval of each of the auditors ratification proposal, the say-on-pay proposal and, if properly presented at the meeting, the stockholder proposal requires the affirmative vote of a majority of the combined voting power of the outstanding shares of our voting stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class. The stockholder proposal is required to be voted upon at the annual meeting only if properly presented at the annual meeting, and such proposal shall not be acted upon at the annual meeting if it is not properly presented.

The say-on-frequency proposal provides for stockholders to vote for one of three potential frequencies (every one year, two years or three years) for future say-on-pay votes. Stockholders also have the option to abstain from such vote if they do not wish to express a preference. If one of such frequencies receives the affirmative vote of a majority of the combined voting power cast on the say-on-frequency proposal by holders of shares of our voting stock that are present, in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, the frequency receiving such majority vote will be the frequency selected by our board of directors for future say-on-pay votes.

Virtual attendance at the annual meeting also constitutes presence in person for purposes of each required vote.

## VOTES YOU HAVE

At the annual meeting, holders of shares of LBRDA will have one vote per share, holders of shares of LBRDB will have ten votes per share, and holders of shares of LBRDP will have one-third of one vote per share, in each case, that our records show are owned as of the record date.

## RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors has unanimously approved each of the proposals for inclusion in the proxy materials and recommends that you vote **“FOR”** the election of each director nominee, **“FOR”** the auditors ratification proposal and **“FOR”** the say-on-pay proposal. Our board of directors also recommends that you vote in favor of the **“3 YEARS”** frequency option with respect to the say-on-frequency proposal. Our board of directors also recommends that you vote **“AGAINST”** the stockholder proposal, if properly presented at the meeting.

## SHARES OUTSTANDING

As of the record date, 26,495,557 shares of LBRDA, 2,549,162 shares of LBRDB and 7,192,369 shares of LBRDP were issued and outstanding and entitled to vote at the annual meeting.

## NUMBER OF HOLDERS

There were, as of the record date, 675, 83 and 620 record holders of LBRDA, LBRDB and LBRDP, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

## VOTING PROCEDURES FOR RECORD HOLDERS

Holders of record of LBRDA, LBRDB and LBRDP as of the record date may vote via the Internet at the annual meeting or prior to the annual meeting by telephone or through the Internet. Alternatively, if they received a paper copy of the proxy materials by mail, they may give a proxy by completing, signing, dating and returning the proxy card by mail.

Holders of record may vote their shares electronically during the meeting via the Internet by visiting [www.virtualshareholdermeeting.com/LBRD2021](http://www.virtualshareholdermeeting.com/LBRD2021). To enter the annual meeting, holders will need the 16-digit control number that is printed on their Notice or proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that they are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 26, 2021.

Instructions for voting prior to the annual meeting by using the Internet are printed on the Notice or the proxy card. In order to vote prior to the annual meeting through the Internet, holders should have their Notices or proxy cards available so they can input the required information from the Notice or proxy card, and log onto the Internet website address shown on the Notice or proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our voting stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

**YOUR VOTE IS IMPORTANT.** It is recommended that you vote by proxy even if you plan to attend the annual meeting. You may change your vote at the annual meeting.

If you submit a properly executed proxy without indicating any voting instructions as to a proposal enumerated in the Notice of Annual Meeting of Stockholders, the shares represented by the proxy will be voted **“FOR”** the election of each director nominee, **“FOR”** the auditors ratification proposal, **“FOR”** the say-on-pay proposal, in the case of the say-on-frequency proposal, in favor of the **“3 YEARS”** frequency option, and **“AGAINST”** the stockholder proposal, if properly presented at the meeting.

If you submit a proxy indicating that you abstain from voting as to a proposal, it will have no effect on the election of directors proposal or the say-on-frequency proposal, and it will have the same effect as a vote **“AGAINST”** each of the other proposals.

If you do not submit a proxy or you do not vote at the annual meeting, your shares will not be counted as present and entitled to vote for purposes of determining a quorum, and your failure to vote will have no effect on determining whether any of the proposals are approved (if a quorum is present).

## VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

### General

If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market LLC (**Nasdaq**) prohibit brokers, banks and other nominees from voting shares on behalf of their clients without specific instructions from their clients with respect to numerous matters, including, in our case, all of the proposals described in this proxy statement other than the auditors ratification proposal. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

### Effect of Broker Non-Votes

Broker non-votes are counted as shares of our voting stock present and entitled to vote for purposes of determining a quorum but will have no effect on any of the proposals. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares of LBRDA, LBRDB and LBRDP or how to change your vote or revoke your proxy.

## VOTING PROCEDURES FOR SHARES HELD IN THE GCI 401(K) PLAN

If you hold LBRDP shares through your account in the GCI 401(k) Plan, the trustee for such plan is required to vote your shares as you specify. To allow sufficient time for the trustee to vote your shares, your voting instructions must be received by 11:59 p.m., New York City time, on May 21, 2021. To vote such shares, please follow the instructions provided by the trustee for such plan.

## REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by attending the annual meeting online and voting via the Internet at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Any signed proxy revocation or new signed proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 11:59 p.m., New York City time, on May 25, 2021 if your shares are held directly or 11:59 p.m., New York City time, on May 21, 2021 if you hold LBRDP shares through your account in the GCI 401(k) Plan.

Your attendance at the annual meeting will not, by itself, revoke a prior vote or proxy from you.

If your shares are held in an account by a broker, bank or other nominee, you should contact your nominee to change your vote or revoke your proxy.

## SOLICITATION OF PROXIES

We are soliciting proxies by means of our proxy materials on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the Notice and, if requested, the proxy materials to you and getting your voting instructions.

If you have any further questions about voting or attending the annual meeting, please contact Liberty Broadband Investor Relations at (844) 826-8735 or Broadridge at (888) 789-8745 (outside the United States (303) 562-9277).

## OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING

Our board of directors is not currently aware of any business to be acted on at the annual meeting other than that which is described in the Notice of Annual Meeting of Stockholders and this proxy statement. If, however, other matters are properly brought to a vote at the annual meeting, the persons designated as proxies will have discretion to vote or to act on these matters according to their best judgment. In the event there is a proposal to adjourn or postpone the annual meeting, the persons designated as proxies will have discretion to vote on that proposal.

# SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning shares of our capital stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of LBRDA, LBRDB and LBRDP, which are our company's voting securities. Beneficial ownership of our capital stock is set forth below only to the extent known by us or ascertainable from public filings.

The security ownership information is given as of February 28, 2021 and, in the case of percentage ownership information, is based upon (1) 26,495,445 shares of LBRDA, (2) 2,549,274 shares of LBRDB, (3) 165,071,907 shares of LBRDK and (4) 7,192,569 shares of LBRDP, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all series of capital stock. LBRDK shares are, however, non-voting and, therefore, in the case of percentage voting power, are not included.

Name and Address of Beneficial Owner	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
<b>John C. Malone</b> c/o Liberty Broadband Corporation 12300 Liberty Boulevard Englewood, CO 80112	LBRDA	1,258,581 <sup>(1)</sup>	4.8	45.8
	LBRDB	2,363,834 <sup>(1)</sup>	92.7	
	LBRDK	5,257,857 <sup>(1)</sup>	3.2	
	LBRDP	** <sup>(1)</sup>	*	
<b>Gregory B. Maffei</b> c/o Liberty Broadband Corporation 12300 Liberty Boulevard Englewood, CO 80112	LBRDA	459,368 <sup>(2)</sup>	1.7	12.6 <sup>(2)</sup>
	LBRDB	731,306 <sup>(2)</sup>	22.4 <sup>(2)</sup>	
	LBRDK	3,737,719 <sup>(2)</sup>	2.2 <sup>(2)</sup>	
	LBRDP	—	—	
<b>The Vanguard Group</b> 100 Vanguard Blvd. Malvern, PA 19355	LBRDA	1,837,007 <sup>(3)</sup>	6.9	*
	LBRDB	—	—	
	LBRDK	15,482,978 <sup>(4)</sup>	9.4	
	LBRDP	—	—	
<b>Clearbridge Investments, LLC</b> 620 8th Avenue New York, NY 10018	LBRDA	1,342,919 <sup>(5)</sup>	5.1	2.5
	LBRDB	—	—	
	LBRDK	2,070,559 <sup>(6)</sup>	1.3	
	LBRDP	—	—	
<b>BlackRock, Inc.</b> 55 East 52 <sup>nd</sup> Street New York, NY 10055	LBRDA	8,191 <sup>(7)</sup>	4.4	2.2
	LBRDB	—	—	
	LBRDK	10,133,462 <sup>(7)</sup>	6.1	
	LBRDP	587,777 <sup>(7)</sup>	8.2	
<b>RBC Capital Markets, LLC</b> 200 Vesey Street New York, NY 10281	LBRDA	8,191 <sup>(8)</sup>	*	*
	LBRDB	—	—	
	LBRDK	318,508 <sup>(8)</sup>	*	
	LBRDP	657,389 <sup>(9)</sup>	9.1	
<b>Ronald A. Duncan</b> c/o Liberty Broadband Corporation 12300 Liberty Boulevard Englewood, CO 80112	LBRDA	—	—	*
	LBRDB	—	—	
	LBRDK	557,595 <sup>(10)</sup>	*	
	LBRDP	473,101 <sup>(10)</sup>	6.6	

\* Less than 1%

- (1) Information with respect to shares of our capital stock beneficially owned by Mr. Malone, our Chairman of the Board, is also set forth in "—Security Ownership of Management."
- (2) Information with respect to shares of our capital stock beneficially owned by Mr. Maffei, our President and Chief Executive Officer, as well as information with respect to Mr. Maffei's percentage ownership and voting power is also set forth in "—Security Ownership of Management."
- (3) Based on Amendment No. 6 to Schedule 13G, filed February 10, 2021 by The Vanguard Group (**Vanguard**), which states that, with respect to shares of LBRDA, Vanguard has shared dispositive power over 45,835 shares, sole dispositive power over 1,791,172 shares and shared voting power over 13,913 shares.
- (4) Based on Amendment No. 6 to Schedule 13G, filed February 10, 2021 by Vanguard, which states that, with respect to shares of LBRDK, Vanguard has shared dispositive power over 420,679 shares, sole dispositive power over 15,062,299 shares and shared voting power over 179,974 shares.
- (5) Based on Amendment No. 6 to Schedule 13G, filed February 11, 2021 by Clearbridge Investments, LLC (**Clearbridge**), which states that, with respect to LBRDA shares, Clearbridge has sole voting power over 1,332,709 shares and sole dispositive power over 1,342,919 shares.
- (6) Based on Form 13F, filed February 10, 2021 by Clearbridge, which states that Clearbridge has sole investment discretion over 2,070,559 LBRDK shares and sole voting power over 2,045,689 LBRDK shares.
- (7) Based on (i) Amendment No. 1 to Schedule 13G, filed February 10, 2021, by BlackRock, Inc. (**BlackRock**), a parent holding company, with respect to its ownership of shares of LBRDK, (ii) Schedule 13G, filed January 29, 2021, by BlackRock, with respect to its ownership of shares of LBRDP, and (iii) Form 13F, filed February 5, 2021, by BlackRock reporting its ownership of shares of LBRDA, which state that BlackRock has sole voting power, shared voting power, sole dispositive power/investment discretion, and shared dispositive power/investment discretion over these shares as provided in the following table. All shares covered by such filings are held by BlackRock and/or its subsidiaries.

Title of Series	Sole Voting Power	Shared Voting Power	Sole Dispositive Power/ Investment Discretion	Shared Dispositive Power/ Investment Discretion
LBRDA	1,017,797	—	1,153,829	—
LBRDK	9,052,890	—	10,133,462	—
LBRDP	587,777	—	587,777	—

- (8) Based on Form 13F, filed February 16, 2021 by the Royal Bank of Canada with respect to itself and certain related institutional investment managers, including RBC Capital Markets, LLC (**RBC Capital**) and RBC Trust Company (Delaware) Limited (**RBC Trust**), which states that RBC Capital has shared investment discretion over 8,073 LBRDA shares and sole voting power over 6,649 LBRDA shares and shared investment discretion over 316,235 LBRDK shares and sole voting power over 301,596 LBRDK shares and RBC Trust has shared investment discretion over 118 LBRDA shares and sole voting power over 118 LBRDA shares and shared investment discretion over 2,273 LBRDK shares and sole voting power over 2,273 LBRDK shares.
- (9) Based on Schedule 13G, filed February 16, 2021 by RBC Capital and RBC Trust with respect to LBRDP shares, which states that each of RBC Capital and RBC Trust has shared voting power over 657,839 shares and shared dispositive power over 657,839 shares.
- (10) Based on the information available to us and the Schedule 13D filed December 23, 2020 by Mr. Duncan with respect to LBRDP shares, the ownership figures include the following: (a) 358,717 shares of LBRDK and 351,738 shares of LBRDP to which Mr. Duncan has a direct pecuniary interest; (b) 152 shares of LBRDK allocated to Mr. Duncan under the GCI 401(k) Plan; (c) 7,308 shares of LBRDK and 4,000 shares of LBRDP held by Missy, LLC, which is 25% owned by a limited liability company for which Mr. Duncan serves as the managing member; (d) 27,159 shares of LBRDK and 18,041 shares of LBRDP held by Dani Bowman, Mr. Duncan's wife, of which Mr. Duncan disclaims beneficial ownership; (e) 58,000 shares of LBRDK held by a grantor retained annuity trust; (f) 87,699 shares of LBRDK and 99,322 shares of LBRDP held by 560 Company, Inc., which is 55% owned by Mr. Duncan and for which Mr. Duncan has voting and dispositive power and (g) 18,560 shares of LBRDK held by a foundation over which Mr. Duncan has voting control. Includes 221,330 shares of LBRDK and 228,318 shares of LBRDP pledged as security for certain margin loan facilities extended by Goldman Sachs & Co., LLC, UBS Securities, LLC and Wells Fargo & Company as of February 28, 2021.



## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers (as defined herein) and by all of our directors and executive officers as a group of shares of LBRDA, LBRDB, LBRDK and LBRDP. The security ownership information with respect to our capital stock is given as of February 28, 2021 and, in the case of percentage ownership information, is based upon (1) 26,495,445 shares of LBRDA, (2) 2,549,274 shares of LBRDB, (3) 165,071,907 shares of LBRDK and (4) 7,192,569 shares of LBRDP, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all LBRDA, LBRDB and LBRDP shares. LBRDK shares are, however, non-voting and therefore, in the case of percentage voting power, are not included.

Shares of capital stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2021 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of LBRDB, though convertible on a one-for-one basis into shares of LBRDA, are reported as beneficial ownership of LBRDB only, and not as beneficial ownership of LBRDA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
<b>John C. Malone</b> Chairman of the Board	LBRDA	1,259 <sup>(1)(2)(3)</sup>	4.8	45.8
	LBRDB	2,364 <sup>(1)(4)(5)</sup>	92.7	
	LBRDK	5,258 <sup>(1)(2)(4)(5)</sup>	3.2	
	LBRDP	**	*	
<b>Gregory B. Maffei</b> President, Chief Executive Officer and Director	LBRDA	459 <sup>(6)(7)(8)</sup>	1.7	12.6 <sup>(10)</sup>
	LBRDB	731 <sup>(9)(10)</sup>	22.4 <sup>(10)</sup>	
	LBRDK	3,738 <sup>(6)(7)(8)(9)(10)(11)</sup>	2.2 <sup>(10)</sup>	
	LBRDP	—	—	
<b>Gregg L. Engles<sup>(12)</sup></b> Director	LBRDA	—	—	—
	LBRDB	—	—	
	LBRDK	3	*	
	LBRDP	—	—	
<b>Julie D. Frist</b> Director	LBRDA	—	—	—
	LBRDB	—	—	
	LBRDK	1,151 <sup>(9)(13)</sup>	*	
	LBRDP	—	—	
<b>Richard R. Green</b> Director	LBRDA	** <sup>(14)</sup>	*	*
	LBRDB	—	—	
	LBRDK	26 <sup>(9)(14)</sup>	*	
	LBRDP	—	—	
<b>Sue Ann R. Hamilton<sup>(15)</sup></b> Director	LBRDA	**	*	*
	LBRDB	—	—	
	LBRDK	3	*	
	LBRDP	—	—	
<b>J. David Wargo</b> Director	LBRDA	37 <sup>(16)(17)</sup>	*	*
	LBRDB	—	—	
	LBRDK	158 <sup>(9)(16)(17)</sup>	*	
	LBRDP	—	—	

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
<b>John E. Welsh III</b> Director	LBRDA	5	*	*
	LBRDB	—	—	—
	LBRDK	21 <sup>(9)</sup>	*	—
	LBRDP	—	—	—
<b>Brian J. Wendling</b> Chief Accounting Officer and Principal Financial Officer	LBRDA	**	*	*
	LBRDB	—	—	—
	LBRDK	23 <sup>(9)</sup>	*	—
	LBRDP	—	—	—
<b>Albert E. Rosenthaler</b> Chief Corporate Development Officer	LBRDA	17	*	*
	LBRDB	—	—	—
	LBRDK	99 <sup>(9)(11)</sup>	*	—
	LBRDP	—	—	—
<b>Renee L. Wilm</b> Chief Legal Officer and Chief Administrative Officer	LBRDA	—	—	—
	LBRDB	—	—	—
	LBRDK	**	*	—
	LBRDP	—	—	—
<b>All directors and executive officers as a group (11 persons)</b>	LBRDA	1,777 <sup>(1)(2)(3)(6)(7)(8)(14)(16)(17)</sup>	6.7	—
	LBRDB	3,095 <sup>(1)(4)(5)(9)(10)</sup>	94.6 <sup>(10)</sup>	—
	LBRDK	10,480 <sup>(1)(2)(4)(5)(6)(7)(8)(9)(10)(11)(13)(14)(16)(17)</sup>	6.3 <sup>(10)</sup>	53.1 <sup>(10)</sup>
	LBRDP	**	*	—

\* Less than one percent

\*\* Less than 1,000 shares

- (1) Includes 25,444 LBRDA shares, 57,641 LBRDB shares and 357,106 LBRDK shares held in a revocable trust with respect to which Mr. Malone and Mr. Malone's wife, Mrs. Leslie Malone, are trustees. Mrs. Malone has the right to revoke such trust at any time. Mr. Malone disclaims beneficial ownership of the shares held by such trust.
- (2) Includes 153,226 shares of LBRDA and 509,762 shares of LBRDK pledged to Fidelity Brokerage Services, LLC (**Fidelity**), 500,000 shares of LBRDA and 500,000 shares of LBRDK pledged to Bank of America (**BoA**), 525,445 shares of LBRDA and 2,996,088 shares of LBRDK pledged to Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) in connection with loan facilities extended by Fidelity, BoA and Merrill Lynch; and 1,000,000 shares of LBRDK pledged to BoA in connection with loan facilities and a "zero-cost collar" extended by BoA.
- (3) Includes 62,500 shares of LBRDA held by The Malone Family Land Preservation Foundation and 17,410 shares of LBRDA held by The Malone Family Foundation, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (4) Includes 27,171 shares of LBRDB and 38,675 shares of LBRDK held by two trusts which are managed by an independent trustee, of which the beneficiaries are Mr. Malone's adult children and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.
- (5) Includes 122,649 shares of LBRDB and 213,332 shares of LBRDK held by two trusts with respect to which Mr. Malone is the sole trustee and, with his wife, retains a unitrust interest in the trusts.
- (6) Includes 86,248 shares of LBRDA and 176,097 shares of LBRDK held by the Maffei Foundation, as to which shares Mr. Maffei has disclaimed beneficial ownership.
- (7) Includes 154,490 shares of LBRDA and 884,609 shares of LBRDK held by two grantor retained annuity trusts.
- (8) Includes 11,097 LBRDA shares and 396,834 LBRDK shares, which are available in support of a line of credit with Morgan Stanley Private Bank, National Association.
- (9) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2021.

	LBRDB	LBRDK
Gregory B. Maffei	722,134	1,789,948
Julie D. Frist	—	4,187
Richard R. Green	—	21,707
Albert E. Rosenthaler	—	31,743
J. David Wargo	—	36,896
John E. Welsh, III	—	20,655
Brian J. Wendling	—	13,673
Total	<u>722,134</u>	<u>1,918,809</u>

- (10) Mr. Maffei's beneficial ownership of LBRDB shares includes 722,134 LBRDB shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2021. Such options to purchase shares of LBRDB are subject to a stipulation and order, pursuant to which Mr. Maffei has agreed that immediately following the exercise of any such options, he will exchange each LBRDB share issued upon such exercise for one share of LBRDK. After giving effect to the stipulation and order, Mr. Maffei may be deemed to beneficially own 9,172 shares of LBRDB and 4,459,853 shares of LBRDK, which shares represent approximately 0.4% of the outstanding shares of LBRDB and 2.7% of the outstanding shares of LBRDK, respectively, and Mr. Maffei may be deemed to beneficially own voting equity securities representing approximately 1.0% of the voting power. Additionally, after giving effect to the stipulation and order, the directors and executive officers as a group may be deemed to beneficially own 2,373,006 shares of LBRDB and 11,202,193 shares of LBRDK, which shares represent approximately 93.1% of the outstanding shares of LBRDB and 6.8% of the outstanding shares of LBRDK, and the directors and executive officers as a group may be deemed to beneficially own voting equity securities representing approximately 46.9% of the voting power.
- (11) Includes shares held in the Liberty Media 401(k) Savings Plan as follows:

	LBRDK
Gregory B. Maffei	498
Albert E. Rosenthaler	1,061
Total	<u>1,559</u>

- (12) Mr. Engles was appointed as a director of our company effective as of December 18, 2020.
- (13) Ms. Frist was appointed as a director of our company effective as of March 2, 2020. Ms. Frist beneficially owns 1,147,256 shares of LBRDK, which includes (i) 601,507 shares held directly or indirectly by Thomas F. Frist III, Ms. Frist's husband, (ii) 471,396 shares held by trusts for which Ms. Frist's direct family are the beneficiaries and Ms. Frist is the trustee, (iii) 62,540 shares held by trusts for which Ms. Frist's children are the beneficiaries and Ms. Frist is the trustee, (iv) 10,107 shares held by trusts for which Ms. Frist's children are the beneficiaries, and (v) 1,706 shares held by trusts for which Ms. Frist's relatives are beneficiaries and Ms. Frist is the trustee. Ms. Frist disclaims beneficial ownership of these securities except to the extent of her pecuniary interest therein.
- (14) Includes 165 shares of LBRDA and 634 shares of LBRDK held by Dr. Green's wife, as to which Dr. Green disclaims beneficial ownership.
- (15) Ms. Hamilton was appointed as a director of our company effective as of December 18, 2020.
- (16) Includes 901 shares of LBRDA and 3,154 shares of LBRDK held by Mr. Wargo's spouse and 4,265 shares of LBRDA and 11,168 shares of LBRDK held by Mr. Wargo's brother as to which, in each case, Mr. Wargo has disclaimed beneficial ownership. After February 28, 2021, Mr. Wargo ceased to control his brother's shares.
- (17) Includes (i) 31,614 shares of LBRDA and 91,318 shares of LBRDK pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo; (ii) 4,265 shares of LBRDA and 11,168 shares of LBRDK held by Mr. Wargo's brother that are pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo's brother; and (iii) 620 shares of LBRDA and 1,760 shares of LBRDK held by Mr. Wargo's wife that are pledged in connection with a margin loan extended by Fidelity to Mr. Wargo's wife. After February 28, 2021, Mr. Wargo ceased to control his brother's shares.

## CHANGES IN CONTROL

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of our company.



## PROPOSALS OF OUR BOARD

The following proposals will be presented at the annual meeting by our board of directors.

### PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL

#### BOARD OF DIRECTORS

Our board of directors currently consists of eight directors, divided among three classes. Our Class I directors, whose term will expire at the annual meeting, are Julie D. Frist and J. David Wargo. These directors are nominated for election to our board to continue to serve as Class I directors, and we have been informed that each of Ms. Frist and Mr. Wargo is willing to continue to serve as a director of our company. The term of the Class I directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2024. Our Class II directors, whose term will expire at the annual meeting of our stockholders in the year 2022, are Sue Ann R. Hamilton, Richard R. Green and Gregory B. Maffei. Our Class III directors, whose term will expire at the annual meeting of our stockholders in the year 2023, are Gregg L. Engles, John C. Malone and John E. Welsh III.

If any nominee should decline election or should become unable to serve as a director of our company for any reason before election at the annual meeting, votes will be cast by the persons appointed as proxies for a substitute nominee, if any, designated by the board of directors.

The following lists the two nominees for election as directors at the annual meeting and the six directors of our company whose term of office will continue after the annual meeting, and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. For additional information on our board's evaluation of director candidates or incumbent directors seeking re-election, see "Management and Governance Matters—Committees of the Board of Directors—Nominating and Corporate Governance Committee—Director Candidate Identification Process." The number of shares of our capital stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

#### Nominees for Election as Director

##### Julie D. Frist

- *Age:* 50
- *A director of our company.*
- *Professional Background:* Ms. Frist has served as a director of our company since March 2020. She has served as Vice-Chair of CapStar Financial Holdings, Inc. since December 2015 and a director of CapStar Bank since its founding in 2008. Ms. Frist held various positions with the Investment Banking Division (Corporate Finance) and the Private Client Group of Goldman Sachs between 1993 and 1998. In 1998, she joined Bruckmann, Rosser, Sherrill & Co., a New York-based private equity firm, where she worked as a Vice President until 2000. Ms. Frist currently serves on several non-profit boards including The Frist Foundation and the Community Foundation of Middle Tennessee. She is also a member of the Board of Dean's Advisors at the Harvard Business School. Ms. Frist is a former board member of Teach for America—Nashville and the American Red Cross (Nashville Chapter), and former trustee of St. Paul's School in Concord, New Hampshire and the Ensworth School in Nashville, Tennessee.
- *Other Public Company Directorships:* Ms. Frist has served as a director of CapStar Bank since its founding in 2008.
- *Board Membership Qualifications:* Ms. Frist's educational background, experience in the financial services industry and significant involvement in the non-profit community give her beneficial insight and enable her to make valuable contributions as a member of our board.

**J. David Wargo**

- Age: 67
- A director of our company.
- *Professional Background:* Mr. Wargo has served as a director of our company since March 2015. Mr. Wargo is the founder of Wargo & Company, Inc., a private company specializing in investing in the communications industry (**Wargo & Company**), and has served as its president since 1993. Mr. Wargo is a co-founder and was a member of New Mountain Capital, LLC from 2000 to 2008. Prior to starting Wargo & Company, he was a managing director and senior analyst of The Putnam Companies from 1989 to 1992, senior vice president and a partner in Marble Arch Partners from 1985 to 1989 and senior analyst, assistant director of research and a partner in State Street Research and Management Company from 1978 to 1985.
- *Other Public Company Directorships:* Mr. Wargo has served as a director of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) since August 2014. Mr. Wargo has also served as a director of Liberty Global plc (**LGP**) since June 2013, having previously served as a director of Liberty Global, Inc. (**LGI**), LGP's predecessor, from June 2005 to June 2013 and as a director of LGI's predecessor, Liberty Media International, Inc. (**LMI**), from May 2004 to June 2005. He has served as a director of Vobile Group Limited since January 2018, as a director of Discovery, Inc. (**Discovery**) since September 2008, having previously served as a director of Discovery Communications, Inc.'s (**Discovery Communications**) predecessor, Discovery Holding Company (**DHC**), from May 2005 to September 2008, and as a director of Strategic Education, Inc. (formerly Strayer Education, Inc.) from March 2001 to April 2019.
- *Board Membership Qualifications:* Mr. Wargo's extensive background in investment analysis and management, experience as a public company board member and his particular expertise in finance and capital markets contribute to our board's consideration of our capital structure and evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.

**Directors Whose Term Expires in 2022****Sue Ann R. Hamilton**

- Age: 60
- A director of our company.
- *Professional Background:* Ms. Hamilton has served as a director of our company since December 2020. As Principal of the consultancy Hamilton Media LLC (**Hamilton Media**), Ms. Hamilton advises and represents major media and technology companies. In this role, from September 2007 through September 2019, she served as Executive Vice President—Distribution and Business Development for AXS TV LLC, a partnership between founder Mark Cuban, AEG, Ryan Seacrest Media, Creative Artists Agency and CBS, and since July 2013, she has represented The Mark Cuban Companies/Radical Ventures as board observer for Philo, Inc., a privately held technology company. Prior to launching Hamilton Media, from 2003 until 2007, she served as Executive Vice President—Programming and Senior Vice President—Programming for Charter Communications, Inc. (**Charter**), the cable and internet service provider. Before her work at Charter, she held numerous management positions at AT&T Broadband LLC and its predecessor, Tele-Communications, Inc. (**TCI**), dating back to 1993. Prior to her career in technology, media, and telecommunications, she was a partner at Chicago-based law firm Kirkland & Ellis, specializing in complex commercial transactions. She received her J.D. degree from Stanford Law School, where she was Associate Managing Editor of the Stanford Law Review and Editor of the Stanford Journal of International Law. She is a magna cum laude graduate of Carleton College in Northfield, Minnesota.
- *Other Public Company Directorships:* Ms. Hamilton has served as a director of Universal Electronics, Inc. since November 2019. Ms. Hamilton previously served as a director of GCI Liberty, Inc. (**GCI Liberty**) from March 2018 to December 2020, and as a director of FTD Companies, Inc. from December 2014 to August 2019.
- *Board Membership Qualifications:* As a result of her extensive board service and management experience, Ms. Hamilton brings to our board significant leadership, oversight and consulting skills, as well as experience in the media, technology and legal fields.

## Gregory B. Maffei

- Age: 60
- Chief Executive Officer, President and a director of our company.
- *Professional Background:* Mr. Maffei has served as a director and the President and Chief Executive Officer of our company since June 2014. He has served as President and Chief Executive Officer and a director of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since May 2007, Liberty TripAdvisor since July 2013 and Liberty Media Acquisition Corporation (**LMAC**) since November 2020. He has served as the Chairman of the Board of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **Qurate Retail**) (including its predecessor), since March 2018, and as a director of Qurate Retail (including its predecessor) since November 2005. Mr. Maffei also served as the President and Chief Executive Officer of Qurate Retail (including its predecessor) from February 2006 to March 2018, having served as its CEO-Elect from November 2005 through February 2006. Additionally, Mr. Maffei served as the President and Chief Executive Officer and a director of GCI Liberty from March 2018 until its combination with our company in December 2020. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation (**Oracle**), Chairman of the Board, President and Chief Executive Officer of 360networks Corporation (**360networks**), and Chief Financial Officer of Microsoft Corporation (**Microsoft**).
- *Other Public Company Directorships:* Mr. Maffei has served as (i) a director of LMAC since November 2020, (ii) a director of Liberty Media (including its predecessor) since May 2007, (iii) Chairman of the Board of Qurate Retail since March 2018 and a director of Qurate Retail (including its predecessor) since November 2005, (iv) Chairman of the Board of Liberty TripAdvisor since June 2015 and a director since July 2013, (v) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (vi) the Chairman of the Board of Live Nation Entertainment, Inc. (**Live Nation**) since March 2013 and as a director since February 2011, (vii) the Chairman of the Board of Sirius XM Holdings Inc. (**Sirius XM**) since April 2013 and as a director since March 2009, (viii) a director of Zillow Group, Inc. since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015 and (ix) a director of Charter since May 2013. Mr. Maffei served as (i) a director of GCI Liberty from March 2018 to December 2020, (ii) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (iii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iv) a director of Electronic Arts, Inc. from June 2003 to July 2013, (v) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (vi) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his senior policy making positions at our company, Qurate Retail (including its predecessor), LMAC, Liberty Media and Liberty TripAdvisor, and his previous positions at GCI Liberty, Oracle, 360networks and Microsoft, as well as his public company board experience. He provides our board with executive leadership perspective on the operations and management of large public companies and risk management principles.

## Richard R. Green

- Age: 83
- A director of our company.
- *Professional Background:* Dr. Green has served as a director of our company since November 2014. For over 20 years, Dr. Green served as President and Chief Executive Officer of CableLabs® before retiring in December 2009. Prior to joining CableLabs®, he was a senior vice president at PBS from 1984 through 1988 and served as a director of CBS's Advanced Television Technology Laboratory from 1980 through 1983. He also serves as a director of Jones/NCTI, a Jones Knowledge Company, which is a workforce performance solutions company for individuals and broadband companies.
- *Other Public Company Directorships:* Dr. Green has served as a director of LGP and its predecessors since December 2008. He has also served as a director of Shaw Communications, Inc., a telecommunications company based in Canada, since 2010. He previously served as a director of GCI Liberty from March 2018 to December 2020.
- *Board Membership Qualifications:* Dr. Green brings to the board his extensive professional and executive background and his particular knowledge and experience in the complex and rapidly changing field of technology

for broadband communications services, which contributes to our company's evaluation of technological initiatives and challenges and strengthens the board's collective qualifications, skills and attributes.

## Directors Whose Term Expires in 2023

### Gregg L. Engles

- *Age:* 63
- A director of our company.
- *Professional Background:* Mr. Engles has served as a director of our company since December 2020. He has served as a partner of Capitol Peak Partners since he founded it in August 2017. He previously served as Chairman of the Board and Chief Executive Officer of The WhiteWave Foods Company (**WhiteWave**) from October 2012 until its acquisition by Danone in April 2017 and Chief Executive Officer of Dean Foods Company, WhiteWave's former parent company, from April 1996 until WhiteWave's initial public offering in October 2012.
- *Other Public Company Directorships:* Mr. Engles has served as a director of Chipotle Mexican Grill, Inc. since July 2020. Mr. Engles previously served as (i) a director of GCI Liberty from March 2018 to December 2020, (ii) a director of Danone from April 2017 until December 2020, (iii) a director of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) from November 2016 to July 2019, (iv) a director and Chairman of the Board of Dean Foods Company from April 1996 to July 2013, except when he served as its Vice-Chairman from January 2002 to May 2002, and (v) a director of Treehouse Foods, Inc. from June 2005 to May 2008.
- *Board Membership Qualifications:* Mr. Engles offers our board significant operational experience gained through his senior leadership positions at WhiteWave and other large public companies. He provides our board with executive leadership perspective on the operations and management of public companies, which will assist our board in evaluating strategic opportunities.

### John C. Malone

- *Age:* 80
- Chairman of the Board of our company.
- *Professional Background:* Mr. Malone has served as the Chairman of the Board of our company since November 2014. He served as Chairman of the Board of Qurate Retail, including its predecessor, from its inception in 1994 until March 2018 and served as Qurate Retail's Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of TCI from November 1996 until March 1999, when it was acquired by AT&T Corp., and as Chief Executive Officer of TCI from January 1994 to March 1997.
- *Other Public Company Directorships:* Mr. Malone has served as (i) a director of Qurate Retail (including its predecessor) since 1994 and served as Chairman of the Board of Qurate Retail (including its predecessor) from 1994 to March 2018, (ii) Chairman of the Board of Liberty Media (including its predecessor) since August 2011 and as a director since December 2010, (iii) Chairman of the Board of LGP since June 2013, having previously served as Chairman of the Board of LGI, LGP's predecessor, from June 2005 to June 2013, Chairman of the Board of LGI's predecessor, LMI, from March 2004 to June 2005, and a director of UnitedGlobalCom, Inc., now a subsidiary of LGP, from January 2002 to June 2005 and (iv) a director of Discovery, which was formerly known as Discovery Communications since September 2008 and a director of Discovery Communications' predecessor, DHC, from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008. Previously, he served as (i) Chairman of the Board of GCI Liberty from March 2018 to December 2020, (ii) a director of Liberty Latin America Ltd. from December 2017 to December 2019, (iii) Chairman of the Board of Liberty Expedia from November 2016 to July 2019, (iv) a director of Lions Gate Entertainment Corp. from March 2015 to September 2018, (v) a director of Charter from May 2013 to July 2018, (vi) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (vii) the Chairman of the Board of Liberty TripAdvisor from August 2014 to June 2015, (viii) a director of Sirius XM from April 2009 to May 2013, (ix) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (x) a director of Live Nation from January 2010 to February 2011, (xi) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010 and (xii) a director of IAC/InterActive Corp from May 2006 to June 2010.

- *Board Membership Qualifications:* Mr. Malone, as President of TCI, co-founded Qurate Retail's former parent company and is considered one of the preeminent figures in the media and telecommunications industry. He is well known for his sophisticated problem solving and risk assessment skills.

### John E. Welsh III

- *Age:* 70
- A director of our company.
- *Professional Background:* Mr. Welsh has served as a director of our company since November 2014. Mr. Welsh has served as the President of Avalon Capital Partners LLC, an investment firm, since 2002. He served as a director of CIP Management LLC from October 2000 to December 2002 and as Managing Director and Vice-Chairman of the Board of SkyTel Communications, Inc. from 1992 to 1999. Prior to 1992, Mr. Welsh was Managing Director of Investment Banking of Prudential Securities, Inc. and Co-Head of the Mergers and Acquisitions Department.
- *Other Public Company Directorships:* Mr. Welsh has served as a director of LMAC since November 2020. He served as a director of General Cable Corp. from 1997 to June 2018 and Chairman of the Board from August 2001 to June 2018. He also served as a director of Spreckels Industries, Inc. and York International, Inc. from 1996 to 2000, and Integrated Electrical Services Corp. from 2006 to 2013.
- *Board Membership Qualifications:* Mr. Welsh brings to the board a strong financial background in investment banking and investment management and his experience as an audit committee member of Integrated Electrical Services Corp. In addition to possessing strong leadership and collaboration skills, Mr. Welsh has substantial experience involving the management and operation of technology companies. He is also an important resource with respect to the financial services firms that our company may engage from time to time.

## VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our voting stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, is required to elect Ms. Frist and Mr. Wargo as Class I members of our board of directors.



**Our board of directors unanimously recommends a vote “FOR” the election of each nominee to our board of directors.**



## PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2021.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2021.

A representative of KPMG LLP is expected to be available to answer appropriate questions at the annual meeting and will have the opportunity to make a statement if he or she so desires.

### AUDIT FEES AND ALL OTHER FEES

The following table presents fees incurred for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2020 and 2019 and fees billed for other services rendered by KPMG LLP.

	2020	2019
Audit fees	\$3,415,100	\$471,200
Audit related fees	—	—
Audit and audit related fees	3,415,100	471,200
Tax fees <sup>(1)</sup>	21,500	7,900
Total fees	<u>\$3,436,600</u>	<u>\$479,100</u>

(1) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

Our audit committee has considered whether the provision of services by KPMG LLP to our company other than auditing is compatible with KPMG LLP maintaining its independence and believes that the provision of such other services is compatible with KPMG LLP maintaining its independence.

### POLICY ON PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

Our audit committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee has approved the engagement of our independent auditor to provide the following services (all of which are collectively referred to as **pre-approved services**):

- audit services as specified in the policy, including (i) financial audits of our company and our subsidiaries, (ii) services associated with registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on our internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of our consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain Securities and Exchange Commission (**SEC**) rules or listing standards; and
- tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, if, in the reasonable judgment of our Chief Accounting Officer and Principal Financial Officer, an individual project involving the provision of pre-approved services is likely to result in fees in excess of \$50,000, or if individual projects under \$50,000 are likely to total \$250,000 during the period between the regularly scheduled meetings of the audit committee, then such projects will require the specific

pre-approval of our audit committee. Our audit committee has delegated the authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. John E. Welsh III currently serves as the chairman of our audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee.

Our pre-approval policy prohibits the engagement of our independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by our independent auditor during 2020 were approved in accordance with the terms of the policy.

## VOTE AND RECOMMENDATION

The affirmative vote of a majority of the combined voting power of the outstanding shares of our voting stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the auditors ratification proposal.



**Our board of directors unanimously recommends  
a vote “FOR” the auditors ratification proposal.**

## PROPOSAL 3—THE SAY-ON-PAY PROPOSAL

We are providing our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as described below in accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). This advisory vote is often referred to as the “say-on-pay” vote and allows our stockholders to express their views on the overall compensation paid to our named executive officers. Our company values the views of its stockholders and is committed to the efficiency and effectiveness of our company’s executive compensation program.

Our most recent advisory vote on the compensation of our named executive officers was held at our 2018 annual meeting of stockholders on May 24, 2018, at which stockholders representing a majority of our aggregate voting power present and entitled to vote on the say-on-pay proposal voted in favor of, on an advisory basis, our executive compensation as disclosed in our proxy statement for our 2018 annual meeting of stockholders. At our 2015 annual meeting of stockholders on June 2, 2015, a majority of the votes cast on the say-on-frequency proposal by our stockholders that were present, in person or by proxy, and entitled to vote at the 2015 annual meeting of stockholders, voting together as a single class, voted in favor of holding future advisory votes on executive compensation at a frequency of once every three years, and our board of directors adopted this as the frequency at which future advisory votes on executive compensation would be held. As described in more detail below under “Proposal 4—The Say-on-Frequency Proposal,” we are submitting for stockholder consideration at the 2021 annual meeting of stockholders a resolution for a new advisory vote regarding the frequency at which future advisory votes on executive compensation should be held. Assuming the frequency of every three years is maintained, we currently expect that our next advisory vote on executive compensation will be held in 2024.

We are seeking stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with applicable SEC rules, which include the disclosures under “Executive Compensation—Compensation Discussion and Analysis,” the compensation tables (including all related footnotes) and any additional narrative discussion of compensation included herein. Stockholders are encouraged to read the “Executive Compensation—Compensation Discussion and Analysis” section of this proxy statement, which provides an overview of our company’s executive compensation policies and procedures.

In accordance with Section 14A of the Exchange Act, and Rule 14a-21(a) promulgated thereunder, and as a matter of good corporate governance, our board of directors is asking stockholders to approve the following advisory resolution at the 2021 annual meeting of stockholders:

**RESOLVED**, that the stockholders of Liberty Broadband Corporation hereby approve, on an advisory basis, the compensation paid to our company’s named executive officers, as disclosed in this proxy statement pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and any related narrative discussion.

### ADVISORY VOTE

Although this vote is advisory and non-binding on our board and our company, our board and the compensation committee, which is responsible for designing and administering our company’s executive compensation program, value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation policies and decisions for named executive officers.

### VOTE AND RECOMMENDATION

This advisory resolution, which we refer to as the say-on-pay proposal, will be considered approved if it receives the affirmative vote of a majority of the combined voting power of the outstanding shares of our voting stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.



**Our board of directors unanimously recommends a vote “FOR” the say-on-pay proposal.**



## PROPOSAL 4—THE SAY-ON-FREQUENCY PROPOSAL

In accordance with the requirements of Section 14A of the Exchange Act and Rule 14a-21(b) promulgated thereunder, and as a matter of good corporate governance, we are submitting for stockholder consideration a separate resolution for an advisory vote as to whether a stockholder vote to approve the compensation paid to our named executive officers should occur every one, two or three years.

At our 2015 annual meeting of stockholders on June 2, 2015, a majority of the votes cast on the say-on-frequency proposal by our stockholders that were present, in person or by proxy, and entitled to vote at the 2015 annual meeting of stockholders, voting together as a single class, voted in favor of holding future advisory votes on executive compensation at a frequency of once every three years, and our board of directors adopted this as the frequency at which future advisory votes on executive compensation would be held.

After consideration, our board of directors has determined that an advisory vote on executive compensation that occurs every three years continues to be the most appropriate policy for us.

Our board of directors believes an advisory vote every three years would allow stockholders to focus on the overall compensation objectives rather than the details of individual compensation decisions. Doing so would be compatible with our compensation philosophy which focuses on compensating our executives in a way that ensures that they have a continuing stake in our long-term success. An advisory vote every three years would allow stockholders to consider the achievement of performance objectives by our executives that focus on mid-to long-term strategies as opposed to immediate results and would allow stockholders to engage in more thoughtful analysis of our company's executive compensation program by providing more time between votes. As a result, our board of directors recommends a vote for the holding of advisory votes on named executive officer compensation every three years.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstaining from voting when you vote in response to the following resolution:

**RESOLVED**, that the option of once every one year, two years or three years that receives the affirmative vote of a majority of the combined voting power cast for this resolution will be determined to be the frequency for the advisory vote on the compensation of the named executive officers as disclosed pursuant to the SEC's compensation disclosure rules that has been selected by Liberty Broadband Corporation's stockholders.

### VOTE AND RECOMMENDATION

Stockholders will be able to cast their vote for one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Stockholders are not being asked to vote to approve or disapprove our board of directors' recommendation.

If one of the frequencies receives the affirmative vote of a majority of the combined voting power cast on the say-on-frequency proposal by the holders of shares of our voting stock that are present, in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, the frequency receiving such majority vote will be the frequency selected by our board of directors for future executive compensation votes. If no frequency receives the requisite majority, our board of directors will carefully consider the outcome of the vote and decide the frequency at which future advisory votes on executive compensation will be held.



**Our board of directors unanimously recommends that stockholders vote in favor of “3 YEARS” with respect to the frequency with which stockholders are provided an advisory vote on the compensation paid to our named executive officers.**

## PROPOSAL 5—THE STOCKHOLDER PROPOSAL

In accordance with SEC rules, we have set forth below a stockholder proposal, along with the supporting statement of the stockholder proponent, for which we and our board of directors accept no responsibility. The stockholder proposal is required to be voted upon at the annual meeting only if properly presented at the annual meeting, and such proposal shall not be acted upon at the annual meeting if it is not properly presented. As explained below, our board of directors unanimously recommends that you vote **“AGAINST”** the stockholder proposal, if properly presented at the meeting.

Information regarding the stockholder proponent will be provided to any stockholder upon oral or written request as required by Rule 14a-8(l) of the Exchange Act.

### STOCKHOLDER PROPOSAL

**RESOLVED**, that the shareowners of Liberty Broadband Corp. (**Company**) hereby request that the Board of Directors initiate the appropriate process to amend the Company's articles of incorporation and/or bylaws to provide that directors shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareowners in uncontested elections. A plurality vote standard, however, will apply to contested director elections; that is, when the number of director nominees exceeds the number of board seats.

### STOCKHOLDER SUPPORTING STATEMENT

“Is accountability by the Board of Directors important to you? As a long-term shareowner of the Company, CalPERS thinks accountability is of paramount importance. This is why we are sponsoring this proposal. This proposal would remove a plurality vote standard for uncontested elections that effectively disenfranchises shareowners and eliminates a meaningful shareowner role in uncontested director elections.

Under the Company's current voting system, a director may be elected with as little as one affirmative vote because ‘withheld’ votes have no legal effect. This scheme deprives shareowners of a powerful tool to hold directors accountable because it makes it impossible to defeat directors who run unopposed. Conversely, a majority voting standard allows shareowners to actually vote ‘against’ candidates and to defeat reelection of a management nominee who is unsatisfactory to the majority of shareowners who cast votes.

A substantial number of companies have already adopted this form of majority voting. More than 90% of the companies in the S&P 500 have adopted a form of majority voting for uncontested director elections. We believe the Company should join the growing number of companies that have adopted a majority voting standard requiring incumbent directors who do not receive a favorable majority vote to submit a letter of resignation, and not continue to serve, unless the Board declines the resignation and publicly discloses its reasons for doing so.

Majority voting in director elections empowers shareowners to clearly say ‘no’ to unopposed directors who are viewed as unsatisfactory by a majority of shareowners casting a vote. Incumbent board members serving in a majority vote system are aware that shareowners have the ability to determine whether the director remains in office. The power of majority voting, therefore, is not just the power to effectively remove poor directors, but also the power to heighten director accountability through the threat of a loss of majority support. That is what accountability is all about.

CalPERS believes that corporate governance procedures and practices, and the level of accountability they impose, are closely related to financial performance. It is intuitive that, when directors are accountable for their actions, they perform better. We therefore ask you to join us in requesting that the Board of Directors promptly adopt the majority voting standard for uncontested director elections. We believe the Company's shareowners will substantially benefit from the increased accountability of incumbent directors and the power to reject directors shareowners believe are not acting in their best interests. Please vote FOR this proposal.”

### BOARD OF DIRECTORS STATEMENT AND RECOMMENDATION OF THE BOARD OF DIRECTORS REGARDING THE STOCKHOLDER PROPOSAL

**Our board of directors has considered the proposal above relating to the adoption of a majority vote standard in uncontested director elections and does not believe that this proposal is in the best interests of our company or our stockholders at this time. Accordingly, our board of directors unanimously recommends that our stockholders vote “AGAINST” the proposal.**

Our board of directors does not believe that electing directors under a majority vote standard would result in a more effective board of directors. Importantly, the proponent has not asserted that our board of directors has not acted in the best interests of our stockholders. Our stockholders have elected independent directors, not only by a plurality, but by a sizeable majority of votes cast ever since our spin-off from Liberty Media in 2014. As a result, majority voting would not have changed the outcome of any previous elections of directors by our stockholders. In addition, we are not aware of any instance in which plurality voting prevented our stockholders from either electing the directors they wanted to elect or demonstrating their dissatisfaction with any director or our board of directors as a whole. Given that our director nominees are consistently elected by high margins, concerns asserted in the proposal that directors may be elected with one vote are unfounded and purely theoretical.

Plurality voting is the default standard under Delaware law for the election of directors. Delaware law also provides that a director serves until his or her successor is elected. A plurality vote standard guarantees a full board of directors as long as there are at least as many nominees as open seats. A plurality vote standard also avoids problems created by a majority vote standard, such as failed elections in which a director does not receive a majority of the votes cast, resulting either in (i) the incumbent director continuing to serve on the board as a holdover director in spite of such director not receiving a majority of the votes cast or (ii) a vacancy for our board to fill. A failed election as to one or more director nominees could also have other undesirable and disruptive consequences for our company. For example, as a company listed on Nasdaq, we must comply with listing standards that include requirements for maintaining independent directors and directors with particular qualifications or expertise. The failure to elect a particular nominee, depending on the independence and qualifications of the remaining directors, could impair our ability to comply with those listing standards, and might jeopardize our continued listing on Nasdaq.

Further, the proposal does not address how or when our board of directors would fill any vacancy resulting from a resignation of a director, who did not receive the requisite majority vote, or take into account that such vacancies could be disruptive and could interfere with the functioning of our board of directors. Our current voting standard and corporate governance structure allow us to maintain a stable board of directors while evaluating an appropriate response to any stockholder dissatisfaction. Consideration of all relevant factors on a case-by-case basis, rather than the uncertainty and potential disruption and noncompliance with Nasdaq listing standards that could result from the implementation of a majority voting standard, gives our board of directors flexibility and enables it to avoid undesirable and disruptive governance consequences or potential noncompliance with stock exchange requirements.

Our board of directors is also concerned about other additional consequences that may result from adopting this stockholder proposal, including the potential unnecessary increase in the cost of soliciting stockholder votes. Implementing this proposal could provide special interest stockholder groups with the ability to promote “vote-no” campaigns that our board of directors believes are not in our company’s best interests or the best interests of our stockholders, and would force our company to employ a proactive telephone solicitation, second mailing or other vote-getting strategy to obtain the required votes. The end result may be increased spending for routine elections. Our board of directors does not believe that the costs we could incur in such circumstances would be a wise use of our financial and other resources.

In addition, our board of directors believes that the quality of our directors has a far greater impact on our governance than the voting standard used to elect them. Our nominating and corporate governance committee thoroughly evaluates each nominee’s independence, judgment, skill, integrity, reputation and unique background, including education, professional experience, relevant skill sets and diversity of gender, ethnicity, age and other characteristics. This review process ensures that we are governed and managed by directors that that we believe possess the highest personal and professional ethics, integrity, values and judgment and who are committed to the long-term interests of our stockholders.

Under the current plurality voting standard, stockholders have the ability to express disapproval of corporate policies, strategy or director candidates through the use of withhold votes. Institutional and retail investors successfully utilize withhold vote campaigns to influence corporate policies and director elections. The use of withhold votes, as opposed to implementation of majority voting, provides our board of directors with flexibility to appropriately respond to stockholder dissatisfaction without concern for potential corporate governance complications arising from a failed election. In addition, stockholders who are truly dissatisfied with director candidates have the ability to nominate alternative candidates and also may make recommendations for nominations directly to the nominating and corporate governance committee by writing our Corporate Secretary as noted in “Management and Governance Matters—Nominating and Corporate Governance Committee—Director Candidate Identification Process.”

## VOTE AND RECOMMENDATION

The affirmative vote of a majority of the combined voting power of the outstanding shares of our voting stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the stockholder proposal, if properly presented at the meeting.



For the reasons stated above, our board of directors does not believe adopting a majority voting standard for director elections is in the best interests of the company or its stockholders at this time.

**Accordingly, our board of directors unanimously recommends a vote “AGAINST” this stockholder proposal, if properly presented at the meeting.**

# MANAGEMENT AND GOVERNANCE MATTERS

## EXECUTIVE OFFICERS

The following lists the executive officers of our company (other than Gregory B. Maffei, our President and Chief Executive Officer, who also serves as a director of our company and who is listed under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal”), their ages and a description of their business experience, including positions held with our company.

Name	Positions
<b>Albert E. Rosenthaler</b> Age: 61	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company, Liberty Media, Qurate Retail, and Liberty TripAdvisor since October 2016 and LMAC since November 2020. He previously served as Chief Corporate Development Officer of GCI Liberty from March 2018 to December 2020, Liberty Expedia from October 2016 to July 2019 and Chief Tax Officer of our company, Liberty Media, Qurate Retail and Liberty TripAdvisor from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. Prior to that, he served as a Senior Vice President of our company from June 2014 to December 2015, Liberty Media (including its predecessor) from May 2007 to December 2015, Qurate Retail (including its predecessor) from April 2002 to December 2015, and Liberty TripAdvisor from July 2013 to December 2015. Mr. Rosenthaler has served as a director of Tripadvisor, Inc. since February 2016.
<b>Brian J. Wendling</b> Age: 48	Mr. Wendling has served as Chief Accounting Officer and Principal Financial Officer of our company, Liberty Media and Qurate Retail since January 2020 and July 2019, respectively. He has also served as Chief Accounting Officer and Principal Financial Officer of LMAC since November 2020. He previously served as Chief Accounting Officer and Principal Financial Officer of GCI Liberty from January 2020 and July 2019, respectively, to December 2020. He previously served as Senior Vice President and Controller of each of our company, Liberty Media and Qurate Retail from January 2016 to December 2019 and GCI Liberty from March 2018 to December 2019. In addition, Mr. Wendling has served as a Senior Vice President and Chief Financial Officer of Liberty TripAdvisor since January 2016, and he previously served as Vice President and Controller of Liberty TripAdvisor from August 2014 to December 2015. He previously served as Senior Vice President of Liberty Expedia from March 2016 to July 2019, and Vice President and Controller of Liberty Media (including its predecessor) from November 2011 to December 2015, Qurate Retail from November 2011 to December 2015 and Liberty Broadband from October 2014 to December 2015. Prior thereto, Mr. Wendling held various positions with Liberty Media and Qurate Retail and their predecessors since 1999. Mr. Wendling has served as a director of comScore, Inc. since March 2021.
<b>Renee L. Wilm</b> Age: 47	Ms. Wilm has served as Chief Legal Officer and Chief Administrative Officer since September 2019 and January 2021, respectively, of our company, Liberty Media, Qurate Retail and Liberty TripAdvisor, and Chief Legal Officer and Chief Administrative Officer of LMAC since November 2020 and January 2021, respectively. Ms. Wilm previously served as Chief Legal Officer of GCI Liberty from September 2019 to December 2020. Ms. Wilm has served as a director of LMAC since January 2021. Prior to September 2019, Ms. Wilm was a Senior Partner with the law firm Baker Botts L.L.P., where she represented our company, Liberty Media, Qurate Retail, Liberty TripAdvisor and GCI Liberty and their predecessors for over twenty years, specializing in mergers and acquisitions, complex capital structures and shareholder arrangements, as well as securities offerings and matters of corporate governance and securities law compliance. At Baker Botts, Ms. Wilm was a member of the Executive Committee, the East Coast Corporate Department Chair and Partner-in-Charge of the New York office.



Our executive officers will serve in such capacities until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family relationship between any of our executive officers or directors, by blood, marriage or adoption.

During the past ten years, none of our directors or executive officers has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

## CODE OF ETHICS

We have adopted a code of business conduct and ethics that applies to all of our employees, directors and officers, which constitutes our “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act. Our code of business conduct and ethics is available on our website at [www.libertybroadband.com](http://www.libertybroadband.com).

## DIRECTOR INDEPENDENCE

It is our policy that a majority of the members of our board of directors be independent of our management. For a director to be deemed independent, our board of directors must affirmatively determine that the director has no direct or indirect material relationship with us. To assist our board of directors in determining which of our directors qualify as independent for purposes of Nasdaq rules as well as applicable rules and regulations adopted by the SEC, the nominating and corporate governance committee of our board of directors follows Nasdaq’s corporate governance rules on the criteria for director independence.

Our board of directors has determined that each of Gregg L. Engles, Julie D. Frist, Richard R. Green, Sue Ann R. Hamilton, J. David Wargo and John E. Welsh III qualifies as an independent director of our company.

## BOARD COMPOSITION

As described above under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal,” our board is comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, science and technology, venture capital, investment banking, auditing and financial engineering. For more information on our policies with respect to board candidates, see “—Committees of the Board of Directors—Nominating and Corporate Governance Committee” below.

## BOARD CLASSIFICATION

As described above under “Proposals of our Board—Proposal 1—The Election of Directors Proposal,” our board of directors currently consists of eight directors, divided among three classes. Our board believes that its current classified structure, with directors serving for three-year terms, is the appropriate board structure for our company at this time and is in the best interests of our stockholders for the following reasons.

### Long-Term Focus & Accountability

Our board believes that a classified board encourages our directors to look to the long-term best interest of our company and our stockholders, rather than being unduly influenced by the short-term focus of certain investors and special interests. In addition, our board believes that three-year terms focus director accountability on the board’s long-term strategic vision and performance, rather than short-term pressures and circumstances.

### Continuity of Board Leadership

A classified board allows for a greater amount of stability and continuity providing institutional perspective and knowledge to both management and less-tenured directors. By its very nature, a classified board ensures that at any given time there will be experienced directors serving on our board who are fully immersed in and knowledgeable about our businesses, including our relationships with current and potential strategic partners, as well as the competition, opportunities, risks and challenges that exist in the industries in which our businesses operate. We also believe the benefit of a classified board to our company and our stockholders comes not from continuity alone but rather from the continuity of highly qualified, engaged and knowledgeable directors focused on long-term stockholder interests. Each year, our nominating and corporate governance committee works actively to ensure our board continues to be comprised of such individuals.

## BOARD DIVERSITY

Our board understands and appreciates the value and enrichment provided by a diverse board. As such, we actively seek diverse director candidates (see “—Committees of the Board of Directors—Nominating and Corporate Governance Committee—Board Criteria”). Our board membership currently includes two directors who identify as female.

## BOARD LEADERSHIP STRUCTURE

Our board has separated the positions of Chairman of the Board and Chief Executive Officer (principal executive officer). John C. Malone, one of our largest stockholders, holds the position of Chairman of the Board, leads our board and board meetings and provides strategic guidance to our Chief Executive Officer. Gregory B. Maffei, our President, holds the position of Chief Executive Officer, leads our management team and is responsible for driving the performance of our company. We believe this division of responsibility effectively assists our board in fulfilling its duties.

## BOARD ROLE IN RISK OVERSIGHT

The board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. Our audit committee oversees management of financial risks and risks relating to potential conflicts of interest. Our compensation committee oversees the management of risks relating to our compensation arrangements with senior officers. Our nominating and corporate governance committee oversees the nomination of individuals with the judgment, skills, integrity, and independence necessary to oversee the key risks associated with our company, as well as risks inherent in our corporate structure. These committees then provide reports periodically to the full board. In addition, the oversight and review of other strategic risks are conducted directly by the full board.

The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, cybersecurity and other risks, including those related to material environmental and social matters such as climate change, human capital management, diversity, equity and inclusion, and community relations (together with governance concerns, **ESG**). Our management reporting processes include regular reports from Mr. Maffei, which are prepared with input from our senior management team, and also include input from our Internal Audit group and our Chief Portfolio Officer, who manages our company's ESG efforts and remains in regular contact with senior ESG leaders across our portfolio of companies who provide feedback and disclosure on material issues. With our board's oversight, we seek to collaborate across our portfolio of companies to drive best practices through regular ESG-focused internal meetings and discussions, including on topics such as ESG disclosure, diversity and inclusion, cybersecurity, and sustainability.

## COMMITTEES OF THE BOARD OF DIRECTORS

### Executive Committee

Our board of directors has established an executive committee, whose members are John C. Malone and Gregory B. Maffei. Except as specifically prohibited by the General Corporation Law of the State of Delaware, the executive committee may exercise all the powers and authority of our board of directors in the management of our business and affairs, including the power and authority to authorize the issuance of shares of our capital stock.

### Compensation Committee

Our board of directors has established a compensation committee, whose co-chairs are Julie D. Frist and J. David Wargo and whose other members are Richard R. Green and Sue Ann R. Hamilton. John E. Welsh III also served as a member of the compensation committee during 2020 and from January 2021 to March 2021. See “—Director Independence” above.

In November 2014, the spin-off of our company (formerly a wholly-owned subsidiary of Liberty Media) from Liberty Media was completed (the **Broadband Spin-Off**). In connection with the Broadband Spin-Off, we entered into a Services Agreement, dated November 4, 2014, with Liberty Media (the **services agreement**), pursuant to which Liberty Media provides us with administrative, executive and management services. The compensation committee

evaluates the services fee under the services agreement on at least an annual basis, subject to certain exceptions (such as in 2019 during the then-ongoing negotiations relating to Mr. Maffei's compensation arrangement). In addition, the compensation committee may approve incentive awards or other forms of compensation to employees of Liberty Media who are providing services to our company, which employees include our executive officers. The compensation committee determined to grant equity award compensation for 2020 (see "Executive Compensation—Compensation Discussion and Analysis").

If we engage a chief executive officer, chief accounting officer, principal financial officer, chief legal officer, chief administrative officer, chief portfolio officer or chief corporate development officer to perform services for our company outside the services agreement, the compensation committee will review and approve corporate goals and objectives relevant to the compensation of any such person. The compensation committee also oversees the compensation of the chief executive officers of any non-public operating subsidiaries of our company. For a description of our current processes and policies for consideration and determination of executive compensation, including the role of our Chief Executive Officer and an outside consultant in determining or recommending amounts and/or forms of compensation, see "Executive Compensation—Compensation Discussion and Analysis."

Our board of directors has adopted a written charter for the compensation committee, which is available on our website at [www.libertybroadband.com](http://www.libertybroadband.com).

### Compensation Committee Report

The compensation committee has reviewed and discussed with our management the "Compensation Discussion and Analysis" included under "Executive Compensation" below. Based on such review and discussions, the compensation committee recommended to our board of directors that the "Compensation Discussion and Analysis" be included in this proxy statement.

*Submitted by the Members of the Compensation Committee*

**Julie D. Frist**  
**J. David Wargo**  
**Richard R. Green**  
**Sue Ann R. Hamilton**

### Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2020 is or has been an officer or employee of our company, or has engaged in any related party transaction during 2020 in which our company was a participant.

### Nominating and Corporate Governance Committee

Our board of directors has established a nominating and corporate governance committee, whose co-chairs are Richard R. Green and Sue Ann R. Hamilton and whose other members are Gregg L. Engles, Julie D. Frist, and John E. Welsh III. J. David Wargo also served as a member of the nominating and corporate governance committee during 2020 and from January 2021 to March 2021. See "—Director Independence" above.

The nominating and corporate governance committee identifies individuals qualified to become board members consistent with criteria established or approved by our board of directors from time to time, identifies director nominees for upcoming annual meetings, develops corporate governance guidelines applicable to our company and oversees the evaluation of our board and management.

**Board Criteria.** The nominating and corporate governance committee believes that nominees for director should possess the highest personal and professional ethics, integrity, values and judgment and should be committed to the long-term interests of our stockholders. To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. As described in our corporate governance guidelines, director candidates are identified and nominated based on broad criteria, with the objective of identifying and retaining directors that can effectively develop the company's strategy and oversee management's execution of that strategy. In the director candidate identification and nomination process, our board seeks a breadth of experience from a variety of industries and from professional disciplines, along with a diversity of gender, ethnicity, age and other characteristics. When evaluating a potential director nominee, including one recommended by a stockholder, the nominating and corporate governance committee will take into account a number of factors, including, but not limited to, the following:



- independence from management;
- his or her unique background, including education, professional experience, relevant skill sets and diversity of gender, ethnicity, age and other characteristics;
- judgment, skill, integrity and reputation;
- existing commitments to other businesses as a director, executive or owner;
- personal conflicts of interest, if any; and
- the size and composition of the existing board of directors, including whether the potential director nominee would positively impact the composition of the board by bringing a new perspective or viewpoint to the board of directors.

The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

*Director Candidate Identification Process.* The nominating and corporate governance committee will consider candidates for director recommended by any stockholder provided that such recommendations are properly submitted. Eligible stockholders wishing to recommend a candidate for nomination as a director should send the recommendation in writing to the Corporate Secretary, Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. Stockholder recommendations must be made in accordance with our bylaws, as discussed under “Stockholder Proposals” below, and contain the following information:

- the name and address of the proposing stockholder and the beneficial owner, if any, on whose behalf the nomination is being made, and documentation indicating the number of shares of our capital stock owned beneficially and of record by such person and the holder or holders of record of those shares, together with a statement that the proposing stockholder is recommending a candidate for nomination as a director;
- the candidate’s name, age, business and residence addresses, principal occupation or employment, business experience, educational background and any other information relevant in light of the factors considered by the nominating and corporate governance committee in making a determination of a candidate’s qualifications, as described below;
- a statement detailing any relationship, arrangement or understanding between the proposing stockholder and/or beneficial owner(s), if different, and any other person(s) (including their names) under which the proposing stockholder is making the nomination and any affiliates or associates (as defined in Rule 12b-2 of the Exchange Act) of such proposing stockholder(s) or beneficial owner (each a **Proposing Person**);
- a statement detailing any relationship, arrangement or understanding that might affect the independence of the candidate as a member of our board of directors;
- any other information that would be required under SEC rules in a proxy statement soliciting proxies for the election of such candidate as a director;
- a representation as to whether the Proposing Person intends (or is part of a group that intends) to deliver any proxy materials or otherwise solicit proxies in support of the director nominee;
- a representation by each Proposing Person who is a holder of record of our capital stock as to whether the notice is being given on behalf of the holder of record and/or one or more beneficial owners, the number of shares held by any beneficial owner along with evidence of such beneficial ownership and that such holder of record is entitled to vote at the annual stockholders meeting and intends to appear in person or by proxy at the annual stockholders meeting at which the person named in such notice is to stand for election;
- a written consent of the candidate to be named in the proxy statement and to serve as a director, if nominated and elected;
- a representation as to whether the Proposing Person has received any financial assistance, funding or other consideration from any other person regarding the nomination (a **Stockholder Associated Person**) (including the details of such assistance, funding or consideration); and
- a representation as to whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to our company within the last six months by, or is in effect with respect to, the Proposing Person, any person to be nominated by the proposing stockholder or any Stockholder Associated Person, the

effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Person, its nominee, or any such Stockholder Associated Person.

In connection with its evaluation, the nominating and corporate governance committee may request additional information from the proposing stockholder and the candidate. The nominating and corporate governance committee has sole discretion to decide which individuals to recommend for nomination as directors.

When seeking candidates for director, the nominating and corporate governance committee may solicit suggestions from incumbent directors, management, stockholders and others. After conducting an initial evaluation of a prospective nominee, the nominating and corporate governance committee will interview that candidate if it believes the candidate might be suitable to be a director. The nominating and corporate governance committee may also ask the candidate to meet with management. If the nominating and corporate governance committee believes a candidate would be a valuable addition to our board of directors, it may recommend to the full board that candidate's nomination and election.

Prior to nominating an incumbent director for re-election at an annual meeting of stockholders, the nominating and corporate governance committee will consider the director's past attendance at, and participation in, meetings of the board of directors and its committees and the director's formal and informal contributions to the various activities conducted by the board and the board committees of which such individual is a member. In addition, the nominating and corporate governance committee will consider any outside directorships held by such individual. Given our company's ownership interest in Charter, our company and our board values the positions our directors and members of management hold on Charter's board, as they provide our company with unique insight and input into Charter's business and operations. The nominating and corporate governance committee also recognizes and values the benefits derived by our directors from their service on other public company boards, as such service provides our directors with diverse perspectives, in-depth industry knowledge and cross-industry insights, all of which enhance the knowledge base and skill set of our board as a whole.

The members of our nominating and corporate governance committee have determined that Ms. Frist and Mr. Wargo, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nominations were approved by the entire board of directors.

Our board of directors has adopted a written charter for the nominating and corporate governance committee. Our board of directors has also adopted corporate governance guidelines, which were developed by the nominating and corporate governance committee. The charter and the corporate governance guidelines are available on our website at [www.libertybroadband.com](http://www.libertybroadband.com).

## Audit Committee

Our board of directors has established an audit committee, whose chairman is John E. Welsh III and whose other members are Gregg L. Engles and J. David Wargo. Richard R. Green also served as a member of the audit committee during 2020 and from January 2021 to March 2021. See “—Director Independence” above.

Our board of directors has determined that Mr. Welsh is our company's “audit committee financial expert” under applicable SEC rules and regulations. The audit committee reviews and monitors the corporate financial reporting and the internal and external audits of our company. The committee's functions include, among other things:

- appointing or replacing our independent auditors;
- reviewing and approving in advance the scope and the fees of our annual audit and reviewing the results of our audits with our independent auditors;
- reviewing and approving in advance the scope and the fees of non-audit services of our independent auditors;
- reviewing compliance with and the adequacy of our existing major accounting and financial reporting policies;
- reviewing our management's procedures and policies relating to the adequacy of our internal accounting controls and compliance with applicable laws relating to accounting practices;
- confirming compliance with applicable SEC and stock exchange rules; and
- preparing a report for our annual proxy statement.

Our board of directors has adopted a written charter for the audit committee, which is available on our website at [www.libertybroadband.com](http://www.libertybroadband.com).

## Audit Committee Report

Each member of the audit committee is an independent director as determined by our board of directors, based on the listing standards of Nasdaq. Each member of the audit committee also satisfies the SEC's independence requirements for members of audit committees. Our board of directors has determined that Mr. Welsh is an "audit committee financial expert" under applicable SEC rules and regulations.

The audit committee reviews our financial reporting process on behalf of our board of directors. Management has primary responsibility for establishing and maintaining adequate internal controls, for preparing financial statements and for the public reporting process. Our independent auditor, KPMG LLP, is responsible for expressing opinions on the conformity of our audited consolidated financial statements with U.S. generally accepted accounting principles. Our independent auditor also expresses its opinion as to the effectiveness of our internal control over financial reporting.

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management's assessment of the effectiveness of our internal control over financial reporting and KPMG LLP's evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (the **PCAOB**) and the SEC, including that firm's judgment about the quality of our accounting principles, as applied in its financial reporting.

KPMG LLP has provided our audit committee with the written disclosures and the letter required by the applicable requirements of the PCAOB regarding KPMG LLP's communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP that firm's independence from the company and its subsidiaries.

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2020 (the **2020 Form 10-K**), which was filed on February 26, 2021 with the SEC.

*Submitted by the Members of the Audit Committee for the periods indicated*

**John E. Welsh III (November 2014—Present)**

**Richard R. Green (November 2014—March 2021)**

**Gregg L. Engles (April 2021—Present)**

**J. David Wargo (March 2015—Present)**

## Other

Our board of directors, by resolution, may from time to time establish other committees of our board of directors, consisting of one or more of our directors. Any committee so established will have the powers delegated to it by resolution of our board of directors, subject to applicable law.

## BOARD MEETINGS

During 2020, there were seven meetings of our full board of directors, two meetings of our executive committee, five meetings of our compensation committee, three meetings of our nominating and corporate governance committee and five meetings of our audit committee. Each incumbent director attended in person or by telephone 100% of the meetings of both the board of directors and the committees on which he or she served.

## DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our board of directors encourages all members of the board to attend the 2021 annual meeting of our stockholders and to attend future annual meetings of our stockholders. All of our six directors then in office attended our 2020 annual meeting of stockholders.

## STOCKHOLDER COMMUNICATION WITH DIRECTORS

Our stockholders may send communications to our board of directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely

basis. Stockholders are also encouraged to send communications to Liberty Broadband Investor Relations, which conducts robust stockholder engagement efforts for our company and provides our board with insight on stockholder concerns.

### EXECUTIVE SESSIONS

In 2020, the independent directors of our company, then serving, met at four executive sessions without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to Independent Directors of Liberty Broadband Corporation, c/o Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Gregg L. Engles, Julie D. Frist, Richard R. Green, Sue Ann R. Hamilton, J. David Wargo and John E. Welsh III.

### HEDGING DISCLOSURE

We do not have any practices or policies regarding the ability of our employees (including officers) or directors, or any of their designees, to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our equity securities.

## EXECUTIVE COMPENSATION

This section sets forth information relating to, and an analysis and discussion of, compensation paid by our company to the following persons (who we collectively refer to as our **named executive officers**):

- Gregory B. Maffei, our President and Chief Executive Officer;
- Brian J. Wendling, our Principal Financial Officer and Chief Accounting Officer;
- Albert E. Rosenthaler, our Chief Corporate Development Officer; and
- Renee L. Wilm, our Chief Legal Officer and Chief Administrative Officer.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Overview

#### *Services Agreement*

In connection with the Broadband Spin-Off, we entered into the services agreement (the **services agreement**) with Liberty Media in November 2014, pursuant to which Liberty Media provides to our company certain administrative and management services, and we pay Liberty Media a monthly management fee, the amount of which is subject to a quarterly review by our audit committee (and at least an annual review by our compensation committee). As a result, Liberty Media employees, including our named executive officers other than Mr. Maffei, who is paid certain compensation elements directly by our company pursuant to the amended services agreement as described below, are typically not separately compensated by our company other than with respect to equity awards with respect to our common stock. See “—Equity Incentive Compensation” below for information concerning equity awards that were granted to our named executive officers in 2020.

In December 2019, the services agreement was amended (the **amended services agreement**) in connection with Liberty Media entering into a new employment arrangement with Mr. Maffei (the **2019 Maffei Employment Agreement**). Under the amended services agreement, our company establishes, and pays or grants directly to Mr. Maffei, our allocable portion of his annual performance-based cash bonus, his annual equity-based awards and his upfront awards (as defined below), and we reimburse Liberty Media for our allocable portion of the other components of Mr. Maffei’s compensation, as described in more detail below in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement.” Under the 2019 Maffei Employment Agreement, Mr. Maffei’s compensation was allocated across Liberty Media, and each of our company, Qurate Retail, GCI Liberty (until its services agreement with Liberty Media was terminated in December 2020), and Liberty TripAdvisor (each a **Service Company**, or, collectively, the **Service Companies**) based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei’s percentage allocation of time across all companies, unless a different allocation method is agreed. Our allocable portion of Mr. Maffei’s annual compensation was 18% in 2020. The salary, certain perquisite information and other compensation elements of Mr. Maffei that were not paid or granted directly by our company included in the “Summary Compensation Table” below include the portion of his compensation allocable to our company and for which we reimbursed Liberty Media and do not include the portion of his compensation allocable to Liberty Media or any of the other Service Companies. For the year ended December 31, 2020, we accrued management fees payable to Liberty Media under the amended services agreement of \$4.9 million, not including the portion of Mr. Maffei’s compensation allocable to our company and for which we reimbursed Liberty Media.

#### *Combination with GCI Liberty*

In December 2020, our company completed its acquisition of GCI Liberty in a stock-for-stock merger (the **combination**). A further description of the combination can be found in the 2020 Form 10-K. Similar to our company, prior to the combination, GCI Liberty had been party to an amended services agreement with Liberty Media (the **GCI Liberty amended services agreement**). The GCI Liberty amended services agreement was terminated, and GCI Liberty paid a termination fee to Liberty Media when the combination was completed pursuant to the terms of the GCI Liberty amended services agreement. Prior to the termination of its amended services agreement with Liberty Media, GCI Liberty paid directly to Mr. Maffei its allocable portion of his annual performance-based cash bonus and granted directly to Mr. Maffei its allocable portion of his annual equity-based awards and his upfront awards, both of which were assumed by our company and converted into Liberty Broadband awards when the combination was completed. In addition, prior to its termination, the GCI Liberty amended services agreement provided



for reimbursement payments by GCI Liberty to Liberty Media for GCI Liberty's allocable portion of the other components of Mr. Maffei's 2020 compensation. All outstanding GCI Liberty equity awards, including those held by our named executive officers, were assumed by us and converted into Liberty Broadband awards when the combination was complete.

### ***Role of Chief Executive Officer in Compensation Decisions; Setting Executive Compensation***

As a result of the management fee paid to Liberty Media, the compensation committee typically does not expect to provide any cash compensation to the executive officers other than Mr. Maffei pursuant to the amended services agreement, rather it may determine to compensate the executive officers with equity incentive compensation. Mr. Maffei may make recommendations with respect to any equity compensation to be awarded to our executive officers. It is expected that Mr. Maffei, in making any related recommendations to our compensation committee, will evaluate the performance and contributions of each of our executive officers, given his or her respective area of responsibility, and, in doing so, will consider various qualitative factors such as:

- the executive officer's experience and overall effectiveness;
- the executive officer's performance during the preceding year;
- the responsibilities of the executive officer, including any changes to those responsibilities over the year; and
- the executive officer's demonstrated leadership and management ability.

When determining the extent to which the 2020 Chief RSUs (as defined below) were earned by our named executive officers, our compensation committee considered the recommendations obtained from Mr. Maffei as to the performance of Messrs. Wendling and Rosenthaler and Ms. Wilm. To make these recommendations, Mr. Maffei evaluated the performance and contributions of each such named executive officer.

In December 2019, our compensation committee approved the amended services agreement, which established the terms and conditions of our allocable portion of Mr. Maffei's compensation for the term of the 2019 Maffei Employment Agreement. See "—Services Agreement" above.

At the 2018 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Liberty Broadband present and entitled to vote on its say-on-pay proposal voted in favor of, on an advisory basis, Liberty Broadband's executive compensation, as disclosed in our proxy statement for the 2018 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. In addition, at the 2015 annual meeting of stockholders, stockholders elected to hold a say-on-pay vote every three years. At our 2021 annual stockholder meeting, we are submitting for stockholder consideration (i) a separate resolution for an advisory vote as to whether a stockholder vote to approve the compensation paid to our named executive officers should occur every one, two or three years, and (ii) a proposal to approve, on an advisory basis, our executive compensation. See "Proposals of Our Board—Proposal 3—The Say-On-Pay Proposal" and "Proposals of Our Board—Proposal 4—The Say-On-Frequency Proposal."

### ***Role of Independent Compensation Consultant***

Prior to entering into the amended services agreement with Liberty Media in connection with the 2019 Maffei Employment Agreement, our compensation committee engaged Frederic W. Cook & Co., Inc. (**FW Cook**), an independent and experienced compensation consultant, to assist in determining the reasonableness of compensation to be allocated to our company under the amended services agreement.

In order to assess the reasonableness of compensation, FW Cook evaluated the market value of Mr. Maffei's role at our company and the proposed allocation to our company under the amended services agreement. Given the unique nature of Mr. Maffei's role at our company, FW Cook evaluated the market value of the executive job at our company through three different lenses: as Chief Executive Officer, Chairman of the Board and managing partner of a private equity firm.

In assessing the reasonableness of pay as Chief Executive Officer or Chairman of the Board, FW Cook and the compensation committee reviewed pay data for companies comparable to ours, including companies in the media and diversified telecommunication services industries, and companies with which we may compete for executive talent and stockholder investment and also included companies in those industries that are similar to our company in size, geographic location or complexity of operations (the **comparable companies**).

In assessing the reasonableness of pay as Chairman of the Board, FW Cook and the compensation committee reviewed pay data for companies comparable to Charter Communications, in which our company owns a meaningful

stake, and for which Mr. Maffei's oversight represents a meaningful portion of his responsibilities for our company. These companies included companies in the media, diversified telecommunication services, communication equipment and wireless telecommunication service industries, and companies with which we believed Charter Communications may compete for executive talent and stockholder investment and also included companies in those industries that are similar to Charter Communications in size, geographic location or complexity of operations.

In assessing the reasonableness of pay as a managing partner of a private equity firm, FW Cook and the compensation committee reviewed survey data regarding the compensation of private equity professionals.

## Elements of 2020 Executive Compensation

For 2020, the principal components of compensation for Mr. Maffei were:

- base salary;
- a one-time award of time-based restricted stock units granted to Mr. Maffei in connection with his offer to restructure his 2020 compensation and reduce his base salary in response to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic;
- a performance-based bonus, payable in cash;
- time-vested stock options; and
- perquisites and other limited personal benefits.

### Base Salary

Mr. Maffei's base salary is governed by the terms of the 2019 Maffei Employment Agreement. For 2020, Mr. Maffei's base salary was \$3,000,000, as prescribed by the 2019 Maffei Employment Agreement. Pursuant to the 2019 Maffei Employment Agreement and the amended services agreement, Liberty Media pays Mr. Maffei's base salary directly, and we reimburse Liberty Media for our allocable portion. In 2020, the portion of Mr. Maffei's aggregate annual base salary allocated to our company was 18% or \$540,000. Due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic, Mr. Maffei offered to waive and restructure a portion of his 2020 calendar year base salary. For the period from April 4, 2020 through December 31, 2020, Mr. Maffei waived the right to receive his base salary (except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes) and received grants of RSUs (as defined below) on April 14, 2020 from Liberty Media and each Service Company with an aggregate grant date fair value equal to one-half of the base salary waived by Mr. Maffei. Such RSUs (as defined below) were allocated among Liberty Media and each Service Company in accordance with the 2019 Maffei Employment Agreement and vested on December 10, 2020. The other half of Mr. Maffei's base salary for the referenced period was forfeited pursuant to his waiver.

### 2020 Performance-based Bonus

**Overview.** For 2020, our compensation committee adopted an annual, performance-based bonus program for Mr. Maffei, with a bonus amount payable to Mr. Maffei based on his individual performance.

Pursuant to the 2019 Maffei Employment Agreement, Mr. Maffei was assigned a target bonus opportunity under the performance-based bonus program equal to \$17 million in the aggregate for Liberty Media, our company and each of the other Service Companies. That bonus amount was split among, and payable directly by Liberty Media and each of the Service Companies, with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee. In 2020, the portion of Mr. Maffei's aggregate target bonus amount allocated to our company was 18% or \$3,060,000. The portions of Mr. Maffei's aggregate target bonus amount allocated to each of Liberty Media, Qurate Retail, GCI Liberty and Liberty TripAdvisor pursuant to the amended services agreements were 44% (or \$7,480,000), 19% (or \$3,230,000), 14% (or \$2,380,000) and 5% (or \$850,000), respectively.

Mr. Maffei was assigned by our compensation committee a maximum bonus opportunity under the performance-based bonus program equal to \$6,120,000 (the **Liberty Broadband Maximum Performance Bonus**). The bonus maximum was established by the compensation committee in March 2020 and was determined to be up to 200% of Mr. Maffei's target annual bonus allocated to our company under the 2019 Maffei Employment Agreement. Each of Liberty Media, Qurate Retail, GCI Liberty and Liberty TripAdvisor also established maximum performance-based bonuses for Mr. Maffei of \$14,960,000, \$6,460,000, \$4,760,000 and \$1,700,000, respectively.

The Liberty Broadband Maximum Performance Bonus was subject to reduction based on a determination of Mr. Maffei's achievement of qualitative criteria established with respect to the services to be performed by Mr. Maffei on behalf of our company. Under the corollary programs of Liberty Media and Qurate Retail, Mr. Maffei was entitled to receive from each of Liberty Media and Qurate Retail a maximum individual performance bonus equal to 60% of his Liberty Media and Qurate Retail maximum performance bonuses, subject to reduction based on a determination of his achievement of qualitative criteria established with respect to the services to be performed by him on behalf of Liberty Media and Qurate Retail, respectively, and an amount equal to 40% of his Liberty Media and Qurate Retail maximum performance bonuses, subject to reduction based on a determination of the corporate performance of Liberty Media and Qurate Retail, respectively. Under the corollary programs of each of GCI Liberty and Liberty TripAdvisor, Mr. Maffei was entitled to receive from the applicable Service Company a maximum individual bonus equal to 100% of his maximum performance bonus established by the applicable Service Company, subject to reduction based on a determination of Mr. Maffei's achievement of qualitative criteria established with respect to the services to be performed by him on behalf of that Service Company. Our compensation committee believes this construct was appropriate in light of the amended service agreement and the fact that Mr. Maffei splits his professional time and duties.

In December 2020, our compensation committee and the compensation committees of Liberty Media and each other Service Company reviewed contemporaneously Mr. Maffei's personal performance and, with respect to Liberty Media and Qurate Retail, corporate performance under each company's program. Notwithstanding this joint effort, our compensation committee retained sole and exclusive discretion with respect to the approval of award terms and amounts payable under our bonus program. The reviews were conducted before the completion of the combination and, therefore, Mr. Maffei's individual performance was reviewed with respect to such performance as it related to Liberty Broadband only.

Our compensation committee reviewed Mr. Maffei's performance to determine the reduction that would apply to his Liberty Broadband Maximum Performance Bonus. Our compensation committee took into account a variety of factors, without assigning a numerical weight to any single performance measure. The determination was based on reports to our board, the observations of committee members throughout the year and Mr. Maffei's self-evaluation. In evaluating the performance of Mr. Maffei for determining the reduction that would apply to his Liberty Broadband Maximum Performance Bonus, the following performance objectives related to our company which has been assigned to him for 2020 were considered:

- Support the merger of our company and GCI Liberty
- Assist in developing a succession plan at Charter
- Assist Charter management in critical operational decisions and capital structure
- Provide leadership and development opportunities to our management team, including support of a succession plan at our company

Following a review of Mr. Maffei's performance and a review of the time allocated to matters for our company, our compensation committee determined to pay Mr. Maffei the following portion of his Liberty Broadband Maximum Performance Bonus:

Liberty Broadband Maximum Performance Bonus	Percentage Payable	Aggregate Dollar Amount Paid
\$6,120,000	84.4%	\$5,164,056

**Aggregate Results.** Our compensation committee noted that, when combined with the total 2020 performance-based bonus amounts paid by Liberty Media and the other Service Companies, including GCI Liberty, Mr. Maffei received \$27,917,713. For more information regarding this bonus award, please see the "Grants of Plan-Based Awards" table below.

### **Equity Incentive Compensation**

The Liberty Broadband Corporation 2019 Omnibus Incentive Plan, as amended (the **2019 incentive plan**), provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units (**RSUs**), stock appreciation rights (**SARs**) and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock or RSUs (as compared with other types of available awards under the 2019 incentive plan) based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee



that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date.

As discussed above, our executive officers perform management services for our company pursuant to the amended services agreement, and from the Broadband Spin-Off in 2014 until 2019, we did not separately compensate our executive officers for those services, other than to grant a stock option award to Mr. Maffei in 2014. In addition, Liberty Broadband did not incur any of the costs of the equity awards granted by Liberty Media to its executive officers who provided services to our company during that period. Following a review of this practice, our compensation committee determined to grant the equity awards granted to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm described below after considering the Liberty Media compensation committee's request that our company grant a proportionate share of the aggregate equity grant value to each named executive officer each year for their service to our company and each of Liberty Media and the other Service Companies. The proportionate share for each company was determined based 50% on the relative market capitalization and 50% on relative time spent by Liberty Media's employees working for such issuer. As a result, in March 2019, we began granting equity awards directly to our named executive officers and we granted such awards in 2020 as well. With respect to awards made to Mr. Maffei in 2020, the 2019 Maffei Employment Agreement provides that Mr. Maffei's aggregate annual equity award value will be granted across Liberty Media and the Service Companies by Liberty Media's compensation committee, our compensation committee and the compensation committees of each other Service Company based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

Consistent with our compensation philosophy, our compensation committee believes in aligning the interests of the named executive officers with those of our stockholders. This will ensure that our executives have a continuing stake in our long-term success. In furtherance of this philosophy, in 2020, our compensation committee granted the equity awards described below to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm.

**Maffei Annual Equity Awards.** The 2019 Maffei Employment Agreement provides Mr. Maffei with the opportunity to earn equity awards during the employment term. See “—Executive Compensation Arrangements—Gregory B. Maffei” for additional information about the annual awards provided under the 2019 Maffei Employment Agreement.

When structuring the 2019 Maffei Employment Agreement, to further align Mr. Maffei's interests with those of the other stockholders, the compensation committee structured his annual equity award grants as either option awards or performance-based restricted stock units with meaningful payout metrics determined annually. This structure was designed to provide for alignment of interests with the company's stockholders and flexibility to the compensation committee to incent achievement of strategic objectives that may change or evolve over the term of the agreement.

The 2019 Maffei Employment Agreement provided that Mr. Maffei was entitled to receive from our company, Liberty Media and the other Service Companies in 2020 a combined target value equity award of \$17.5 million comprised of time-vested stock options, performance-based restricted stock units or a combination of award types, at Mr. Maffei's election.

In 2020, our compensation committee granted time-vested stock options to Mr. Maffei in satisfaction of our obligations under the 2019 Maffei Employment Agreement for 18% of Mr. Maffei's aggregate annual equity award for 2020, or \$3,150,000. Our compensation committee believed that time-vested stock options are consistent with its philosophy of aligning the interests of the named executive officers with those of our stockholders, with the ultimate goal of appropriately motivating our executives to increase long-term stockholder value.

As a result, our compensation committee granted to Mr. Maffei 99,604 LBRDK time-vested options (the **2020 Maffei Annual Options**). The 2020 Maffei Annual Options had a grant date of March 13, 2020, a term of seven years, and an exercise price of \$112.29, which was the closing price of the LBRDK on the grant date. In addition, the stock options vested in full on December 31, 2020, and were subject to other applicable terms and conditions for option grants as set forth in the 2019 Maffei Employment Agreement.

For more information regarding the equity awards, see the “Grants of Plan-Based Awards” table below.

#### **Other 2020 Awards**

**Multiyear Equity Awards.** Our compensation committee decided to make a larger stock option grant (equaling approximately three to four years' value of the named executive officer's annual grants) that vest between two and

four years after grant, rather than making annual grants over the same period. These multiyear grants provide for back-end weighted vesting and generally expire seven to ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders.

In line with this philosophy, in connection with entering into, and pursuant to the terms of, the 2019 Maffei Employment Agreement, Mr. Maffei was entitled to an upfront award, to be granted in two tranches in December 2019 and December 2020 (the **Maffei Term Equity**). Eighteen percent of the 2019 tranche of the Maffei Term Equity, or \$8.1 million, was allocated to our company and 25% of the 2020 tranche of the Maffei Term Equity, or \$11.25 million, was allocated to our company following a reallocation in December 2020. In December 2019, Mr. Maffei received a grant of options representing the 2019 tranche of his Maffei Term Equity, which included options to purchase 260,419 LBRDK shares, with an exercise price of \$121.89, which vest on December 31, 2023 (the **2019 Maffei Term Options**), and in December 2020, Mr. Maffei received a grant of options representing the 2020 tranche of his Maffei Term Equity (the **2020 Maffei Term Options**), which included options to purchase 289,858 LBRDK shares, with an exercise price of \$164.99, which vest on December 31, 2024. See “—Executive Compensation Arrangements—Gregory B. Maffei” below.

In December 2020, our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm the following multiyear stock option awards that equal the value of Messrs. Wendling’s and Rosenthaler’s annual grants that are expected to be granted to each for the period from January 1, 2021 through December 31, 2023, and in the case of Ms. Wilm, a top-up in value over grants already made for the period from January 1, 2021 through December 31, 2023 to reflect the increased responsibilities associated with her new role as Chief Administrative Officer: Mr. Wendling—15,575 options to purchase LBRDK shares (the **Wendling 2020 Multiyear Options**); Mr. Rosenthaler—28,136 options to purchase LBRDK shares (the **Rosenthaler 2020 Multiyear Options**); and Ms. Wilm—7,576 options to purchase LBRDK shares (the **Wilm 2020 Multiyear Options**, and together with the Wendling 2020 Multiyear Options and the Rosenthaler 2020 Multiyear Options, the **2020 NEO Multiyear Options**). The 2020 NEO Multiyear Options vest in equal installments on each of December 7, 2022 and 2023 and expire on the seventh anniversary of the grant date. See the “Grants of Plan-Based Awards” and the “Outstanding Equity Awards at Fiscal Year-End” tables below for more information about the 2020 NEO Multiyear Options.

### **Annual Performance Awards**

**Performance-based RSU Awards.** Our compensation committee granted annual performance RSUs to Messrs. Wendling and Rosenthaler and Ms. Wilm in March 2020. Our compensation committee granted to each of Messrs. Wendling and Rosenthaler and Ms. Wilm 1,309, 2,695 and 2,166 LBRDK performance-based RSUs, respectively, (collectively, the **2020 Chief RSUs**). The 2020 Chief RSUs would vest subject to the satisfaction of the performance objectives described below.

Our compensation committee adopted an annual, performance-based program for payment of the 2020 Chief RSUs and reviewed each named executive officer’s performance against that performance program to determine which portion of the award would be paid. Our compensation committee reviewed the 2020 personal performance of Messrs. Wendling and Rosenthaler and Ms. Wilm and considered the recommendations from Mr. Maffei. Mr. Maffei recommended that our committee vest 100% of the 2020 Chief RSUs based on his assessment of their individual performance and his general observation of their leadership and executive performance. Accordingly, our compensation committee approved vesting in full of the 2020 Chief RSUs previously granted to Messrs. Wendling and Rosenthaler and Ms. Wilm.

**2020 Maffei Base Salary Restructuring Restricted Stock Unit Grant.** As described above, in April 2020, Mr. Maffei received a grant of 1,864 LBRDK restricted stock units (the **2020 Maffei Restructuring RSUs**) as a result of Mr. Maffei’s offer to waive and restructure his remaining unpaid 2020 calendar year base salary due to potential liquidity concerns at Liberty Media and the Service Companies resulting from the onset of the pandemic. The 2020 Maffei Restructuring RSUs vested on December 10, 2020.

### **Perquisites and Other Personal Benefits**

The perquisites and other personal benefits available to our executives (that are not otherwise available to all of our salaried employees) consist of:

- limited personal use of Liberty Media’s corporate aircraft (pursuant to aircraft time sharing agreements between our company and Liberty Media);
- in the case of Mr. Maffei, payment of legal expenses pertaining to his employment arrangement; and

- occasional, personal use of Liberty Media's apartment in New York City (pursuant to a sharing arrangement between our company and Liberty Media), which is primarily used for business purposes, and occasional, personal use of a company car and driver.

Taxable income may be incurred by our executives in connection with their receipt of perquisites and personal benefits. We have not provided gross-up payments to our executives in connection with any such taxable income incurred during the past three years.

**Aircraft Usage.** On occasion, and with the approval of the Chairman of Liberty Media, executives may have family members and other guests accompany them on Liberty Media's corporate aircraft when traveling on business.

Pursuant to a February 5, 2013 letter agreement between Liberty Media and Mr. Maffei, Mr. Maffei is entitled to 120 hours per year of personal flight time through the first to occur of (i) the termination of his employment with Liberty Media, subject to any continued right to use the corporate aircraft as described below or pursuant to the terms of his employment arrangement in effect at the time of the termination or (ii) the cessation of ownership or lease of corporate aircraft. During 2020, pursuant to November 11, 2015 and December 13, 2019 letter agreements between Liberty Media and Mr. Maffei, Mr. Maffei was entitled to 50 additional hours per year of personal flight time if he reimbursed Liberty Media for such usage through the first to occur of (i) the termination of his employment with Liberty Media or (ii) the cessation of ownership or lease of corporate aircraft. If Mr. Maffei's employment is terminated due to disability, for good reason or without cause, Mr. Maffei would be entitled to continued use of the corporate aircraft for 12 months after termination of his employment. Mr. Maffei incurs taxable income, calculated in accordance with the Standard Industry Fare Level (**SIFL**) rates, for all personal use of the corporate aircraft under the February 5, 2013 letter agreement. Mr. Maffei incurs taxable income at the SIFL rates minus amounts paid under time sharing agreements with Liberty Media for travel. Flights where there are no passengers on company-owned aircraft are not charged against the 120 hours of personal flight time per year allotted to Mr. Maffei if the flight department determines that the use of a NetJets, Inc. supplied aircraft for a proposed personal flight would be disadvantageous to our company due to (i) use of budgeted hours under the then current Liberty Media fractional ownership contract with NetJets, Inc. or (ii) higher flight cost as compared to the cost of using company-owned aircraft.

For disclosure purposes, Liberty Media determines the aggregate incremental cost to Liberty Media of the executives' personal flights by using a method that takes into account all operating costs related to such flights, including:

- landing and parking expenses;
- crew travel expenses;
- supplies and catering;
- aircraft fuel and oil expenses per hour of flight;
- aircraft maintenance and upkeep;
- any customs, foreign permit and similar fees; and
- passenger ground transportation.

Because Liberty Media's aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as salaries of pilots and crew, and purchase or lease costs of aircraft.

Pursuant to the amended services agreement, we pay Liberty Media for any costs, calculated in accordance with Part 91 of the Federal Aviation Regulations, associated with Mr. Maffei using Liberty Media's corporate aircraft for our company's business matters along with the approved personal use of Liberty Media's corporate aircraft that are allocable to our company under the amended services agreement. Pursuant to aircraft time sharing agreements between Liberty Media and Mr. Maffei, Mr. Maffei was responsible for reimbursing Liberty Media for costs associated with his 50 additional hours per year of personal flight time and such costs include the expenses listed above, insurance obtained for the specific flight and an additional charge equal to 100% of the aircraft fuel and oil expenses for the specific flight.

For purposes of determining an executive's taxable income, personal use of Liberty Media's aircraft is valued using a method based on SIFL rates, as published by the Treasury Department. The amount determined using the SIFL rates is typically lower than the amount determined using the incremental cost method. Under the American Jobs Creation Act of 2004, the amount that may be deducted for a purely personal flight is limited to the amount included in the taxable income of the executives who took the flight. Also, the deductibility of any non-business use will be

limited by Section 162(m) of the Code to the extent that the named executive officer's compensation that is subject to that limitation exceeds \$1 million. See “—Deductibility of Executive Compensation” below.

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each such named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the executives did not incur any taxable income in connection therewith.

### **Changes for 2021**

Our company, Liberty Media and each of the other Service Companies approved an annual cash bonus program that will apply to our named executive officers beginning in 2021. The compensation committees of each of these companies established for each named executive officer target and maximum bonus opportunities, sixty percent of which will be based on the officer's individual performance goals and forty percent on corporate performance goals that relate to our company, Liberty Media and each of the other Service Companies (including subsidiary financial metrics and corporate level achievements). Our company will pay directly to our other named executive officers (in addition to Mr. Maffei) the portion of the annual cash performance bonus that will be allocated to our company according to the same allocation schedule that applies to Mr. Maffei, pursuant to the amended services agreement. Mr. Maffei's compensation is allocated across Liberty Media, and each of our company and the other Service Companies based on two factors, each weighted 50%: (i) the relative market capitalization of each series of stock of each company and (ii) the average of (a) the percentage allocation of time for all Liberty Media employees across all companies and (b) Mr. Maffei's percentage allocation of time across all companies, unless a different allocation method is agreed.

### **Deductibility of Executive Compensation**

In developing the 2020 compensation packages for the named executive officers, the deductibility of executive compensation under Section 162(m) of the Code is considered. That provision prohibits the deduction of compensation of more than \$1 million paid to certain executives, subject to certain exceptions. Following the enactment of the Tax Cuts and Jobs Act of 2017, beginning with the 2018 calendar year, the executives potentially affected by the limitations of Section 162(m) of the Code have been expanded and there is no longer any exception for qualified performance-based compensation. Although some performance-based awards will not result in a compensation deduction after 2017, we believe the transition rules in effect for binding contracts in effect on November 2, 2017 should continue to allow certain of these awards to maintain their exemption from the \$1 million annual deduction limitation for so long as such awards are not materially modified. However, portions of the compensation we pay to the named executive officers may not be deductible due to the application of Section 162(m) of the Code. Our compensation committee believes that the lost deduction on compensation payable in excess of the \$1 million limitation for the named executive officers is not material relative to the benefit of being able to attract and retain talented management.

### **Recoupment Provisions**

In those instances where we grant equity-based incentive compensation, we expect to include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares received upon exercise of options or stock appreciation rights). That right will arise if (1) a material restatement of any of our financial statements is required and (2) in the reasonable judgment of our compensation committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the executive. In determining the amount of such repayment or return, our compensation committee may take into account, among other factors it deems relevant, the extent to which the market value of the applicable series of our common stock was affected by the errors giving rise to the restatement. The cash, stock or other compensation that we may require the executive to repay or return must have been received by the executive during the 12-month period beginning on the date of the first public issuance or the filing with the SEC, whichever occurs earlier, of the financial statement requiring restatement. The compensation required to be repaid or returned will include (1) cash or company stock received by the executive (A) upon the exercise during that 12-month period of any stock appreciation right held by the executive or (B) upon the payment during that 12-month period of any incentive compensation, the value of which is determined by reference to the value of company stock, and (2) any proceeds received by the executive from the



disposition during that 12-month period of company stock received by the executive upon the exercise, vesting or payment during that 12-month period of any award of equity-based incentive compensation. Beginning in December 2020, we also began including in new forms of equity-based award agreements a right, in favor of our company, to require the executive to repay or return to the company, upon a reasonable determination by our compensation committee that the executive breached the confidentiality obligations included in the agreement, all or any portion of the outstanding award, any shares received under awards during the 12-month period prior to any such breach or any time after such breach.

## SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/20)	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(4)</sup>	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
<b>Gregory B. Maffei</b>	2020	372,603	—	—	14,887,841	5,164,056	219,696 <sup>(5)</sup>	20,644,196
President and Chief Executive Officer	2019	—	900,000	2,259,278	9,394,706	—	—	12,553,984
	2018	—	—	—	—	—	—	—
<b>Brian J. Wendling<sup>(6)</sup></b>	2020	—	—	146,988	653,360	—	—	800,348
Principal Financial Officer and Chief Accounting Officer	2019	—	—	98,957	—	—	—	98,957
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Albert E. Rosenthaler</b>	2020	—	—	302,622	1,180,285	—	39,815 <sup>(7)</sup>	1,522,722
Chief Corporate Development Officer	2019	—	—	225,946	—	—	—	225,946
	2018	—	—	—	—	—	—	—
<b>Renee L. Wilm<sup>(8)</sup></b>	2020	—	—	243,220	317,808	—	—	561,028
Chief Legal Officer	2019	—	—	52,943	777,883	—	—	830,826
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- (1) Represents only that portion of Mr. Maffei's base salary allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement as described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement." For a description of the allocation of Mr. Maffei's compensation among Liberty Media, our company and the other Service Companies pursuant to the 2019 Maffei Employment Agreement and the amended services agreement, see "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement." Pursuant to the 2019 Maffei Employment Agreement, beginning January 1, 2020 the amount of Mr. Maffei's base salary allocable to our company was \$540,000. Due to the financial impact of the coronavirus pandemic, for the period from April 4, 2020 through December 31, 2020, Mr. Maffei offered to waive the right to receive his base salary except for amounts sufficient to cover health insurance, flexible spending contributions and certain taxes. In consideration for Mr. Maffei's offer to waive and restructure his base salary, we granted to Mr. Maffei the 2020 Maffei Restructuring RSUs, which had a grant date fair value of \$225,003. Mr. Maffei received an aggregate of \$147,600 in cash salary during 2020. The portion of the grant date fair value of the 2020 Maffei Restructuring RSUs that replaced Mr. Maffei's foregone base salary of \$392,400 is reflected in the "Salary" column of this Summary Compensation Table. The grant date fair value of all of the 2020 Maffei Restructuring RSUs is reflected in the "Grants of Plan-Based Awards" table below.
- (2) Represents only that portion of Mr. Maffei's cash commitment bonus allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement as described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement."
- (3) Reflects, as applicable, the grant date fair value of the 2020 Chief RSUs and the RSUs awarded to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm in 2019. The grant date fair value of these awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 13 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K). Does not include the grant date fair value of any legacy GCI Liberty RSUs or restricted stock awards that were granted by GCI Liberty before the combination and assumed by our company in connection with the combination, in accordance to the SEC disclosure rules.
- (4) The grant date fair values of the 2020 Maffei Annual Options, the 2020 Maffei Term Options, the 2019 Maffei Term Options, the 2020 NEO Multiyear Options and the stock options awarded to Mr. Maffei and Ms. Wilm in 2019 have been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 13 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K). Does not include the grant date fair value of any legacy GCI Liberty option awards that were granted by GCI Liberty before the combination and assumed by our company in connection with the combination, in accordance with the SEC disclosure rules.

- (5) Includes the following amounts, which were allocated to our company under the amended services agreement:

	Amounts (\$)
Payment in 2020 for legal expenses pertaining to Mr. Maffei's employment agreement entered into in December 2019	117,507
Compensation related to personal use of corporate aircraft <sup>(a)</sup>	96,136
Life insurance premiums	365
Matching contributions made to the Liberty Media 401(k) Savings Plan <sup>(b)</sup>	5,130

- (a) Calculated based on aggregate incremental cost of such usage allocated to our company.
- (b) The Liberty Media 401(k) Savings Plan provides employees with an opportunity to save for retirement. The Liberty Media 401(k) Savings Plan participants may contribute up to 75% of their eligible compensation on a pre-tax basis to the plan and an additional 10% of their eligible compensation on an after-tax basis (subject to specified maximums and IRS limits), and Liberty Media contributed a matching contribution that vests based upon the participants' years of service and is based on the participants' own contributions up to the maximum matching contribution set forth in the plan. Our company reimburses Liberty Media under the amended services agreement for our allocable portion of the matching contribution for Mr. Maffei. Mr. Maffei's matching contributions are fully vested. Participant contributions to the Liberty Media 401(k) Savings Plan are fully vested upon contribution.

Liberty Media owns an apartment in New York City which is primarily used for business purposes. Mr. Maffei occasionally used this apartment for personal reasons during the year indicated above. From time to time, we pay the cost of miscellaneous shipping and catering expenses for Mr. Maffei.

- (6) Mr. Wendling was promoted to the Principal Financial Officer role at our company effective July 1, 2019, and the Chief Accounting Officer role at our company effective January 1, 2020. His compensation for 2018 has been omitted in reliance upon the SEC's interpretive guidance.
- (7) Compensation related to personal use of corporate aircraft. Calculated based on aggregate incremental cost of such usage to our company.
- (8) Ms. Wilm assumed the role of Chief Legal Officer of our company effective September 23, 2019, and the role of Chief Administrative Officer in January 2021.

## EXECUTIVE COMPENSATION ARRANGEMENTS

### Gregory B. Maffei

#### **2019 Maffei Employment Agreement**

Liberty Media entered into the 2019 Maffei Employment Agreement with Mr. Maffei, effective December 13, 2019. The arrangement provides for a five year employment term beginning January 1, 2020 and ending December 31, 2024, with an annual base salary of \$3 million (with no contracted increase) and a one-time cash commitment bonus of \$5 million, an annual target cash performance bonus equal to \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company's compensation committee with respect to its allocable portion), upfront awards (with an aggregate grant date fair value of \$90 million to be granted in two equal tranches) and annual equity awards with an aggregate target grant date fair value of \$17.5 million.

Liberty Media paid Mr. Maffei his \$5 million cash commitment bonus in 2019, and we reimbursed Liberty Media for our allocable portion (which was 18.0%) in 2019.

#### **Maffei Term Equity Awards**

Also on December 13, 2019, in connection with the execution of the 2019 Maffei Employment Agreement, Mr. Maffei became entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the **upfront awards**) to be granted in two equal tranches. The first tranche of Mr. Maffei's upfront awards consisted of time-vested stock options from each of our company, Liberty Media, Qurate Retail and GCI Liberty and time-vested restricted stock units from Liberty TripAdvisor (collectively, the **2019 term awards**) that vest, in each case, on December 31, 2023 (except Liberty TripAdvisor's award of time-vested restricted stock units, which vests on December 15, 2023), subject to Mr. Maffei's continued employment, except as described below. Our portion of the first tranche of the upfront awards has an aggregate grant date fair value of \$8,100,000 and consisted of 260,419 stock options to purchase LBRDK shares, with a term of seven years.

The second tranche of the upfront awards was granted in December 2020 and consisted of time-vested stock options from each of our company, Liberty Media, Qurate Retail and GCI Liberty and time-vested RSUs from Liberty TripAdvisor (collectively, the **2020 term awards**). The 2020 term awards will vest, in each case, on December 31, 2024, subject to Mr. Maffei's continued employment (except Liberty TripAdvisor's award of time-vested restricted



stock units, which vests on the fourth anniversary of its grant date), except as described below. Our company's portion of the second tranche of the upfront awards has an aggregate grant date fair value of \$11,250,000 and consisted of 289,858 stock options to purchase LBRDK shares, with a term of seven years.

### **Annual Awards**

Pursuant to the 2019 Maffei Employment Agreement, the aggregate grant date fair value of Mr. Maffei's annual equity awards is \$17.5 million for each year during the term of the 2019 Maffei Employment Agreement and is comprised of awards of time-vested stock options (the **Annual Options**), performance-based RSUs (**Annual Performance RSUs**) or a combination of award types, at Mr. Maffei's election, allocable across Liberty Media and each of the Service Companies (collectively, the **Annual Awards**). Vesting of any Annual Performance RSUs will be subject to the achievement of one or more performance metrics to be approved by our compensation committee and the compensation committee of Liberty Media or the applicable other Service Company with respect to its allocable portion of the Annual Performance RSUs. For a description of Mr. Maffei's Annual Awards, see "— Compensation Discussion and Analysis—Elements of Executive Compensation—Equity Incentive Compensation—Maffei Annual Equity Awards."

### **Termination Payments and Benefits**

Mr. Maffei will be entitled to the following payments and benefits from Liberty Media (with Liberty Media being reimbursed by our company for its allocated portion of the severance benefits pursuant to the amended services agreement) if his employment is terminated at Liberty Media under the circumstances described below, subject to the execution of releases by Liberty Media and Mr. Maffei in a form to be mutually agreed. The following discussion also summarizes the termination payments and benefits that Mr. Maffei would be entitled to if his services are terminated at our company under the scenarios described below.

**Termination by Liberty Media without Cause or by Mr. Maffei for Good Reason.** If Mr. Maffei's employment is terminated by Liberty Media without cause (as defined in the 2019 Maffei Employment Agreement) or if Mr. Maffei terminates his employment for good reason (as defined in the 2019 Maffei Employment Agreement), he is entitled to the following: (i) his accrued base salary, any accrued but unpaid bonus for a prior completed year, any unpaid expense reimbursements and any amounts due under applicable law; (ii) a severance payment of two times his base salary during the year of his termination to be paid in equal installments over 24 months; (iii) fully vested shares with an aggregate grant date fair value of \$35 million consisting of shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty TripAdvisor and us; (iv) full vesting of his upfront awards and full vesting of the annual equity awards for the year in which the termination occurs (including the grant and full vesting of such annual equity awards if the termination occurs before they have been granted); (v) lump sum cash payment of two times the average annual cash performance bonus paid for the two calendar years ending prior to the termination, but in no event less than two times his target annual cash performance bonus of \$17 million, with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty TripAdvisor and us; (vi) a lump sum cash payment equal to the greater of (x) \$17 million and (y) the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination (including the date of termination), with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty TripAdvisor and us; and (vii) continued use for 12 months after such termination of certain services and perquisites provided by Liberty, including continued use of Liberty Media's aircraft (collectively, the **severance benefits**).

**Termination at our Company by our Company without Cause or by Mr. Maffei for Good Reason.** If Mr. Maffei's services at our company are terminated by us without cause (as defined in the 2019 Maffei Employment Agreement) or by Mr. Maffei for good reason (as defined in the 2019 Maffei Employment Agreement), he will be entitled to full vesting of the upfront awards and the Annual Awards, in each case, granted by us (or assumed by us from GCI Liberty in connection with the combination) for the year of his termination, and if Mr. Maffei remains employed by Liberty Media at or following the date of termination of his services to our company, he will also be entitled to payment of our allocated portion of the annual cash performance bonus for the year, prorated for the portion of the calendar year in which Mr. Maffei served as an officer of our company. Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to our company.

**Termination by Reason of Death or Disability.** In the event of Mr. Maffei's death or disability, he will be entitled to the same payments and benefits as if his services had been terminated without cause or for good reason as

described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination by Liberty Media without Cause or by Mr. Maffei for Good Reason.”

**For Cause Termination at our Company.** In the event Mr. Maffei’s services to our company are terminated by us for cause, he will forfeit any unvested portion of the upfront awards granted by us (or assumed by us from GCI Liberty in connection with the combination), and if the termination for cause occurs before the close of business on December 31 of the relevant grant year, Mr. Maffei will forfeit our allocated portion of the annual cash performance bonus and all of the annual equity awards granted by our company (or assumed by us from GCI Liberty in connection with the combination) for that grant year. If Mr. Maffei’s services are terminated by our company for cause after the close of business on December 31 of the relevant grant year, but prior to the date on which our compensation committee certifies achievement of the performance metric for any outstanding performance-based restricted stock units, the award will remain outstanding until such date and will vest to the extent determined by our compensation committee.

**Voluntary Termination at our Company without Good Reason.** If Mr. Maffei voluntarily terminates the services he provides to us without good reason, he will be entitled to pro rata vesting of the upfront awards granted by our company or assumed by us from GCI Liberty in connection with the combination (based on the number of days that have elapsed from the grant date and a four-year vesting period). He will also be entitled to pro rata vesting of his annual equity awards for the year of termination granted by us or assumed by us from GCI Liberty in connection with the combination (based on the elapsed number of days in the calendar year of termination) and a pro rata payment of our allocated portion of his annual cash performance bonus of \$17 million (based upon the elapsed number of days in the calendar year of termination). Any performance-based restricted stock units for the year of termination that are unvested on the date of termination will remain outstanding until the performance criteria are determined and will vest pro rata (based upon the elapsed number of days in the calendar year of termination) to the extent determined by our compensation committee (at a level not less than 100% of the target award). Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to us. If Mr. Maffei also voluntarily terminates his employment with Liberty Media, rather than being entitled to payment of our allocated portion of his annual cash bonus, Mr. Maffei would be entitled to receive a payment from Liberty Media equal to \$17 million, prorated based upon the elapsed number of days in the calendar year of termination. Our company would reimburse Liberty Media for our allocable portion of this payment.

## Equity Incentive Plans

The 2019 incentive plan is designed, and prior to its expiration, the Liberty Broadband Corporation 2014 Omnibus Incentive Plan (amended and restated March 11, 2015) as amended (the **2014 incentive plan**) was designed, to provide additional remuneration to eligible officers and employees of our company, our nonemployee directors and independent contractors and employees of Liberty Media or Qurate Retail providing services to us and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. Non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing may be granted under the 2019 incentive plan (collectively, as used in this description of the 2019 incentive plan, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted is 6,000,000 shares (plus an additional 3,678,357 shares, which were assumed into the 2019 incentive plan from the GCI Liberty, Inc. 2018 Omnibus Incentive Plan (as amended) (the **GCI Liberty 2018 incentive plan**) after being converted into shares of common stock of Liberty Broadband in connection with the combination, which may be used for awards to participants who were not employees or other service providers of Liberty Broadband or any of its subsidiaries immediately before the combination), subject to anti-dilution and other adjustment provisions of the 2019 incentive plan. No nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$3 million. Shares of our common stock issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by our company, including shares purchased on the open market. The 2019 incentive plan is administered by the compensation committee with regard to all awards granted under the 2019 incentive plan (other than awards granted to the nonemployee directors which may be administered by our full board of directors or the compensation committee), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The 2019 incentive plan is the only incentive plan under which awards will be made.

In connection with the Broadband Spin-Off, new equity incentive awards with respect to our common stock (**new Broadband awards**) were issued in connection with adjustments made to outstanding equity incentive awards with

respect to shares of Liberty Media common stock which had been granted to various directors, officers and employees and consultants of Liberty Media and certain of its subsidiaries pursuant to the various stock incentive plans administered by the Liberty Media board of directors or the compensation committee thereof. These new Broadband awards were issued pursuant to the Liberty Broadband Corporation Transitional Stock Adjustment Plan (the **transitional plan**), which governs the terms and conditions of the new Broadband awards but cannot be used to make any additional grants following the Broadband Spin-Off.

In December 2020, our company completed the combination with GCI Liberty. Prior to the combination, GCI Liberty had granted to our named executive officers under the GCI Liberty 2018 incentive plan equity-based awards, including GCI Liberty's allocable portion of Mr. Maffei's annual equity-based awards and his upfront awards under the 2019 Maffei Employment Agreement, and multi-year stock option awards and annual equity-based awards to the other named executive officers. Some of our named executive officers also held equity-based awards with respect to GCI Liberty's common stock that were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Qurate Retail's Liberty Ventures common stock, which awards were issued pursuant to the GCI Liberty, Inc. Transitional Stock Adjustment Plan (the **GCI Liberty transitional plan**). All of the equity-based awards with respect to GCI Liberty's common stock, including those held by our named executive officers, were assumed by our company and converted into Liberty Broadband awards when the combination was complete. Subject to certain changes to reflect the combination, these plans will continue to govern the terms and conditions of the assumed and converted awards, but will not be used to make any additional grants following the combination.

## Pay Ratio Information

We are providing the following information about the relationship of the median annual total compensation of our employees and the total compensation of Mr. Maffei, our chief executive officer on December 31, 2020, pursuant to the SEC's pay ratio disclosure rules set forth in Item 402(u) of Regulation S-K. We believe our pay ratio is a reasonable estimate calculated in a manner consistent with the SEC's pay ratio disclosure rules. However, because these rules provide flexibility in determining the methodology, assumptions and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, our pay ratio may not be comparable to the pay ratios reported by other companies.

To identify our median employee, we first determined our employee population as of December 31, 2020, which consisted of employees located in the U.S. representing all full-time, part-time, seasonal and temporary employees employed by our company and our consolidated subsidiaries, GCI Holdings, LLC and Skyhook Holding, Inc., on that date. Using information from our payroll records and Form W-2s, we then measured each employee's gross wages for calendar year 2020, consisting of base salary, commissions, actual bonus payments, long-term incentive cash payments, if any, realized equity award value and taxable fringe benefits. We did not annualize the compensation of employees who were new hires or took a leave of absence in 2020. Also, we did not annualize the compensation of our temporary or seasonal employees. In addition, we did not make any cost-of-living adjustments to the gross wages information.

We determined the median employee's total compensation for calendar year 2020, including any perquisites and other benefits, in the same manner that we determined the total compensation of our named executive officers for purposes of the Summary Compensation Table above. The ratio of our chief executive officer's total annual compensation to that of the median employee was as follows:

Chief Executive Officer Total Annual Compensation	\$20,644,196
Median Employee Total Annual Compensation	\$ 78,245
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	264:1

Pursuant to the terms of the 2019 Maffei Employment Agreement, Mr. Maffei received the 2020 Maffei Term Options. Our portion of the 2020 Maffei Term Options, granted in December 2020, had an aggregate grant date fair value of \$12.2 million. Given that this grant was made outside of our normal, annual compensation practices, we have also included a ratio that eliminates from the total compensation the grant date fair value of our portion of the 2020 Maffei Term Options:

Chief Executive Officer Total Annual Compensation (without the Maffei 2020 Term Options)	\$8,484,859
Median Employee Total Annual Compensation	\$ 78,245
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	108:1

## GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2020 to the named executive officers.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$) <sup>(1)</sup>	Target (\$) <sup>(1)</sup>	Maximum (\$)	Threshold (#) <sup>(2)</sup>	Target (#) <sup>(2)</sup>	Maximum (#)				
Gregory B. Maffei											
	03/13/2020 <sup>(3)</sup>	—	3,060,000	6,120,000	—	—	—	—	—	—	—
LBRDK	03/13/2020	—	—	—	—	—	—	—	99,604 <sup>(4)</sup>	112.29	2,728,504
LBRDK	04/14/2020 <sup>(5)</sup>	—	—	—	—	—	—	1,864 <sup>(6)</sup>	—	—	225,003
LBRDK	12/07/2020 <sup>(7)</sup>	—	—	—	—	—	—	—	289,858 <sup>(8)</sup>	164.99	12,159,337
Brian J. Wendling											
LBRDK	03/13/2020 <sup>(10)</sup>	—	—	—	—	1,309	—	—	—	—	146,988
LBRDK	12/07/2020 <sup>(7)</sup>	—	—	—	—	—	—	—	15,575 <sup>(9)</sup>	164.99	653,360
Albert E. Rosenthaler											
LBRDK	03/13/2020 <sup>(10)</sup>	—	—	—	—	2,695	—	—	—	—	302,622
LBRDK	12/07/2020 <sup>(7)</sup>	—	—	—	—	—	—	—	28,136 <sup>(9)</sup>	164.99	1,180,285
Renee L. Wilm											
LBRDK	03/13/2020 <sup>(10)</sup>	—	—	—	—	2,166	—	—	—	—	243,220
LBRDK	12/07/2020 <sup>(7)</sup>	—	—	—	—	—	—	—	7,576 <sup>(9)</sup>	164.99	317,808

- (1) Mr. Maffei's 2020 performance-based bonus does not provide for a threshold bonus amount. The program does provide for a target bonus amount that would be payable upon satisfaction of the performance criteria under the 2020 performance-based bonus program. For a discussion of the 2020 performance-based bonus, see "— Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus."
- (2) The terms of the 2020 Chief RSUs do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. The amounts in the Target column represent the target amount that would have been payable to the award holder assuming (x) achievement of the performance goals was attained and (y) our compensation committee determined not to reduce such payout after considering the performance of each named executive officer. For the actual 2020 Chief RSUs that vested, see "—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation."
- (3) Reflects the date on which our compensation committee established the terms of Mr. Maffei's 2020 performance-based bonus program, as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Performance-based Bonus."
- (4) Vested in full on December 31, 2020.
- (5) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Restructuring RSUs as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—2020 Maffei Base Salary Restructuring Restricted Stock Unit Grant."
- (6) The 2020 Maffei Restructuring RSUs, which vested in full on December 10, 2020.
- (7) Reflects the date on which our compensation committee established the terms of the 2020 Maffei Term Options and the 2020 NEO Multiyear Options as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Other 2020 Awards—Multiyear Equity Awards."
- (8) Vests in full on December 31, 2024.
- (9) Vests 50% on December 7, 2022 and 50% on December 7, 2023.
- (10) Reflects the date on which our compensation committee established the terms of the 2020 Chief RSUs as described under "—Compensation Discussion and Analysis—Elements of 2020 Executive Compensation—Equity Incentive Compensation—Annual Performance Awards—Performance-based RSU Awards."

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options and unvested RSUs which were outstanding as of December 31, 2020 and held by the named executive officers, including their legacy GCI Liberty options and RSUs that were granted by GCI Liberty before the combination and assumed by our company in connection with the combination.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option exercise price (\$)	Option expiration date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
<b>Gregory B. Maffei</b>									
<i>Option Awards</i>									
LBRDK	1,500,000	—	—	48.10	12/17/2024	—	—	—	—
LBRDK	62,963	—	—	96.49	12/26/2024	—	—	—	—
LBRDK	41,483	—	—	88.99	03/06/2026	—	—	—	—
LBRDK	—	260,419 <sup>(1)</sup>	—	121.89	12/15/2026	—	—	—	—
LBRDK	—	208,410 <sup>(1)</sup>	—	122.64	12/15/2026	—	—	—	—
LBRDK	99,604	—	—	112.29	03/13/2027	—	—	—	—
LBRDK	85,898	—	—	99.11	03/13/2027	—	—	—	—
LBRDK	—	289,858 <sup>(2)</sup>	—	164.99	12/07/2027	—	—	—	—
LBRDK	—	176,024 <sup>(2)</sup>	—	164.78	12/07/2027	—	—	—	—
LBRDB	369,785	—	—	97.21	12/24/2021	—	—	—	—
LBRDB	37,544	—	—	97.21	03/31/2022	—	—	—	—
LBRDB	69,336	—	—	97.21	03/29/2023	—	—	—	—
LBRDB	150,059	—	—	97.21	05/11/2024	—	—	—	—
LBRDB	82,965	—	—	93.13	03/05/2025	—	—	—	—
LBRDB	12,445	—	—	100.19	03/06/2026	—	—	—	—
<b>Brian J. Wendling</b>									
<i>Option Awards</i>									
LBRDK	4,044	—	—	67.54	05/12/2022	—	—	—	—
LBRDK	9,629	—	—	67.54	05/12/2023	—	—	—	—
LBRDK	—	15,575 <sup>(3)</sup>	—	164.99	12/07/2027	—	—	—	—
LBRDK	—	10,003 <sup>(3)</sup>	—	164.78	12/07/2027	—	—	—	—
<i>RSU Awards</i>									
LBRDK	—	—	—	—	—	—	—	1,309 <sup>(4)</sup>	207,306
LBRDK	—	—	—	—	—	—	—	858 <sup>(4)</sup>	135,881
<b>Albert E. Rosenthaler</b>									
<i>Option Awards</i>									
LBRDK	7,094	—	—	96.49	03/04/2022	—	—	—	—
LBRDK	2,901	—	—	96.49	03/04/2022	—	—	—	—
LBRDK	19,308	—	—	96.49	03/04/2023	—	—	—	—
LBRDK	2,440	—	—	96.49	12/26/2024	—	—	—	—
LBRDK	—	28,136 <sup>(3)</sup>	—	164.99	12/07/2027	—	—	—	—
LBRDK	—	18,071 <sup>(3)</sup>	—	164.78	12/07/2027	—	—	—	—
<i>RSU Awards</i>									
LBRDK	—	—	—	—	—	—	—	2,695 <sup>(4)</sup>	426,807
LBRDK	—	—	—	—	—	—	—	1,767 <sup>(4)</sup>	279,840
<b>Renee L. Wilm</b>									
<i>Option Awards</i>									
LBRDK	—	25,123 <sup>(5)</sup>	—	118.44	11/04/2026	—	—	—	—
LBRDK	—	18,101 <sup>(5)</sup>	—	126.92	11/14/2026	—	—	—	—
LBRDK	—	7,576 <sup>(3)</sup>	—	164.99	12/07/2027	—	—	—	—
LBRDK	—	4,866 <sup>(3)</sup>	—	164.78	12/07/2027	—	—	—	—
<i>RSU Awards</i>									
LBRDK	—	—	—	—	—	—	—	2,166 <sup>(4)</sup>	343,029
LBRDK	—	—	—	—	—	—	—	1,420 <sup>(4)</sup>	224,885

(1) Vests in full on December 31, 2023.

(2) Vests in full on December 31, 2024.

(3) Vests 50% on December 7, 2022 and 50% on December 7, 2023.

(4) Represents the target number of 2020 Chief RSUs that each of Mr. Wendling, Mr. Rosenthaler and Ms. Wilm could earn based on performance in 2020 (including with respect to the legacy GCI Liberty RSUs that were granted to each of Mr. Wendling, Mr. Rosenthaler and Ms. Wilm by GCI Liberty before the combination and assumed by our company in connection with the combination).

(5) Vests 50% on September 23, 2022 and 50% on September 23, 2023.



## OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the vesting of RSUs held by our named executive officers, in each case, during 2020. None of our named executive officers exercised any options during the year ended December 31, 2020.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#) <sup>(1)</sup>	Value realized on vesting (\$)
<b>Gregory B. Maffei</b>				
LBRDA	—	—	—	—
LBRDK	—	—	27,252 <sup>(2)</sup>	3,149,208
<b>Brian J. Wendling</b>				
LBRDA	—	—	—	—
LBRDK	—	—	1,112	124,866
<b>Albert E. Rosenthaler</b>				
LBRDA	—	—	—	—
LBRDK	—	—	4,691	285,104 <sup>(3)</sup>
<b>Renee L. Wilm</b>				
LBRDA	—	—	—	—
LBRDK	—	—	447	50,194

(1) Includes shares withheld in payment of withholding taxes at election of holder.

(2) Includes the 2020 Maffei Restructuring RSUs.

(3) Includes 2,152 shares of restricted stock issued in 2017 as part of an option modification program. At that time, the awards were subject to continued vesting requirements, but subsequently vested during the twelve-month period ending December 31, 2020. Based upon the December 30, 2020 LBRDK closing market price of \$156.15, the value of this award at vesting was \$336,035, which value is not reflected in this table.



## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table sets forth the potential payments to our named executive officers if their employment with our company had terminated at both Liberty Broadband and Liberty Media and the other Service Companies, or a change in control had occurred, in each case, as of December 31, 2020, which was the last business day of our last completed fiscal year. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the table are based on the closing market prices on December 31, 2020 for our LBRDK and LBRDB common stock, which were \$158.37 and \$158.00, respectively. The value of the options shown in the table is based on the spread between the exercise price of the award and the applicable closing price. Any of the named executive officers' option awards that had exercise prices that were more than the closing market price of our Series C common stock on December 31, 2020 have been excluded from the table. The value of the RSUs shown in the table is based on the applicable closing market price and the number of RSUs that would have vested in the applicable termination scenario.

Each of our named executive officers has received awards and payments under our incentive plans. Additionally, Mr. Maffei is entitled to certain payments and acceleration rights upon termination under his employment agreement. See “—Executive Compensation Arrangements” above and “—Termination Without Cause or for Good Reason” below.

The circumstances giving rise to these potential payments and a brief summary of the provisions governing their payout are described below and in the footnotes to the table (other than those described under “—Executive Compensation Arrangements,” which are incorporated by reference herein).

### Voluntary Termination

Each of the named executive officers, other than Ms. Wilm, holds equity awards that were issued under the transitional plan. The stock options awarded to Mr. Maffei in 2014 and in 2019 were issued under the 2014 incentive plan. The 2020 Maffei Term Options and 2019 Maffei Term Options, 2020 Maffei Annual Options, 2020 Chief RSUs, 2020 NEO Multiyear Options and the stock options issued to Ms. Wilm in 2019 were issued under the 2019 incentive plan. The equity-based awards with respect to GCI Liberty common stock held by our named executive officers assumed by our company and converted into Liberty Broadband awards in connection with the combination were issued under the GCI Liberty 2018 incentive plan and the GCI Liberty transitional plan. Under these plans and the related award agreements, in the event of a voluntary termination of his or her employment with our company for any reason, each named executive officer would typically only have a right to the equity grants that vested prior to his or her termination date. However, if Mr. Maffei had voluntarily terminated his employment at December 31, 2020, his 2020 Maffei Term Options, 2019 Maffei Term Options and the 2019 term awards and 2020 term awards originally granted by GCI Liberty in December 2019 and December 2020, respectively, which were assumed and converted into 2019 term awards and 2020 term awards with respect to Liberty Broadband common stock in connection with the combination (the **2019 Maffei Legacy GLIB Term Options** and **2020 Maffei Legacy GLIB Term Options**, respectively), would have vested on a pro rata basis. Mr. Maffei would have been entitled to certain other benefits upon a voluntary termination of his employment with our company as of December 31, 2020. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also voluntarily terminated. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Arrangement—Termination Payments and Benefits” above. Messrs. Wendling and Rosenthaler and Ms. Wilm are not entitled to any severance payments or other benefits upon a voluntary termination of his or her respective employment for any reason. The foregoing discussion assumes that the named executive officers voluntarily terminated his or her respective employment without good reason. See “—Termination Without Cause or for Good Reason” below for a discussion of potential payments and benefits upon a named executive officer's voluntary termination of his or her employment for good reason.

### Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, and unvested RSUs under the existing incentive plans would typically be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.”

Unless there is a different definition in the applicable award agreement, each of the transitional plan, the 2014 incentive plan, the 2019 incentive plan, the GCI Liberty 2018 incentive plan and the GCI Liberty transitional plan define “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform duties and responsibilities for any reason other than illness or incapacity; *provided* that, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement. With respect to Mr. Maffei’s equity grants, including the stock options granted to him in 2014, the Maffei 2020 Term Options, the Maffei 2019 Term Options, the 2019 Maffei Legacy GLIB Term Options and 2020 Maffei Legacy GLIB Term Options “cause,” as defined in the applicable award agreement, means (i) Mr. Maffei’s willful failure to follow the lawful instructions of the board of directors of our company; (ii) the commission by Mr. Maffei of any fraud, misappropriation or misconduct that causes demonstrable material injury to our company or its subsidiaries; (iii) Mr. Maffei’s conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) Mr. Maffei’s failure to comply in any material respect with any written agreement between him and our company or any of our subsidiaries if such failure causes demonstrable material injury to our company or any of our subsidiaries, except that Mr. Maffei is entitled to certain procedural and cure rights relating to a termination for cause, except in the case of a termination for cause based on a felony conviction. Mr. Maffei has certain continuing rights under his award agreements, including for his stock options awarded to him in 2014, to exercise vested options following a termination for “cause.”

### Termination Without Cause or for Good Reason

Pursuant to the award agreements for the stock options awarded to Mr. Maffei in 2014 and 2019, such stock options would have remained outstanding and expire at the end of the term upon a termination of his employment by our company without cause or by him for good reason as of December 31, 2020. As of December 31, 2020, Mr. Maffei’s unvested equity awards consisted of the 2020 Maffei Term Options, the 2019 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options, and the 2020 Maffei Legacy GLIB Term Options. The 2020 Maffei Term Options, the 2019 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options and the 2020 Maffei Legacy GLIB Term Options would have vested in full upon a termination of his employment without cause (as defined in the 2019 Maffei Employment Agreement) or for good reason (as defined in the 2019 Maffei Employment Agreement) as of December 31, 2020. Mr. Maffei would also be entitled to severance pay and benefits from our company upon a termination without cause or by him for good reason. The type and amount of severance pay and benefits Mr. Maffei would receive would depend on whether he remained employed by Liberty Media at or following the date of termination of his services to our company or whether his employment with Liberty Media was also terminated without cause or for good reason. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.”

As of December 31, 2020, the only unvested equity awards of Messrs. Wendling and Rosenthaler and Ms. Wilm were the 2020 NEO Multiyear Options, the multi-year stock options originally granted by GCI Liberty in December 2020, which were assumed and converted into multi-year stock options with respect to Liberty Broadband common stock in connection with the combination (the **2020 NEO Legacy GLIB Multiyear Options**), the 2020 Chief RSUs, the annual performance-based restricted stock units originally granted by GCI Liberty in March 2020, which were assumed and converted into performance-based restricted stock units with respect to Liberty Broadband common stock in connection with the combination (the **2020 NEO Legacy GLIB Chief RSUs**), the stock options granted to Ms. Wilm in 2019 and the stock options originally granted by GCI Liberty to Ms. Wilm in 2019 (the **2019 Wilm Legacy GLIB Options**). The 2020 Chief RSUs and 2020 NEO Legacy GLIB Chief RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. The stock options granted to Ms. Wilm in 2019, the 2019 Wilm Legacy GLIB Options, the 2020 NEO Multiyear Options and the 2020 NEO Legacy GLIB Multiyear Options provide for vesting upon termination of employment without cause of a pro rata portion of each vesting tranche of the applicable award (based on the number of days that have elapsed from the grant date through the termination date, plus an additional 365 days, over the applicable tranche’s vesting period). None of Messrs. Wendling or Rosenthaler or Ms. Wilm is entitled to any severance pay or other benefits from our company upon a termination without cause or for good reason.

### Death

In the event of death of any of the named executive officers as of December 31, 2020, the incentive plans and applicable award agreements would have provided for vesting in full of any outstanding options and unvested RSUs.

Mr. Maffei is also entitled to certain payments and other benefits if he dies while providing services to our company. These additional severance payments and benefits are described above in “—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement—Termination Payments and Benefits.” None of the other named executive officers would have been entitled to any severance pay or other benefits from our company if he or she had died while employed by our company, assuming a termination date as of December 31, 2020.

## **Disability**

If the employment of any of the named executive officers had been terminated as of December 31, 2020 due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options and unvested RSUs. Mr. Maffei is also entitled to certain payments and other benefits upon a termination of his employment due to disability. See “—Executive Compensation Arrangements—Gregory B. Maffei” above. None of the other named executive officers would have been entitled to any severance pay or other benefits from our company upon a termination due to disability, assuming a termination date as of December 31, 2020.

## **Change in Control**

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options and unvested RSUs held by the named executive officers (other than the 2019 Maffei Term Options, the 2020 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options and the 2020 Maffei Legacy GLIB Term Options). A change in control is generally defined as:

- The acquisition by a non-exempt person (as defined in the incentive plans) of beneficial ownership of at least 20% of the combined voting power of the then outstanding shares of our company ordinarily having the right to vote in the election of directors, other than pursuant to a transaction approved by our board of directors.
- The individuals constituting our board of directors over any two consecutive years cease to constitute at least a majority of the board, subject to certain exceptions that permit the board to approve new members by approval of at least two-thirds of the remaining directors.
- Any merger, consolidation or binding share exchange that causes the persons who were common stockholders of our company immediately prior thereto to lose their proportionate interest in the common stock or voting power of the successor or to have less than a majority of the combined voting power of the then outstanding shares ordinarily having the right to vote in the election of directors, the sale of substantially all of the assets of the company or the dissolution of the company.

In the case of a change in control described in the last bullet point, our compensation committee may determine not to accelerate the existing equity awards of the named executive officers if equivalent awards will be substituted for the existing awards. For purposes of the tabular presentation below, we have assumed that our named executive officers' existing unvested equity awards would vest in full in the case of a change in control described in the last bullet (other than the 2019 Maffei Term Options, the 2020 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options and the 2020 Maffei Legacy GLIB Term Options). A change in control (as defined in the 2019 Maffei Employment Agreement) of our company would provide Mr. Maffei with a short time period during which to exercise his rights to terminate his employment for good reason, which would result in vesting of his 2019 Maffei Term Options, his 2020 Maffei Term Options, his 2019 Maffei Legacy GLIB Term Options and his 2020 Maffei Legacy GLIB Term Options. For purposes of the tabular presentation below, we have assumed that Mr. Maffei does not exercise his right to terminate his employment for good reason in connection with a change in control of our company.

## Benefits Payable Upon Termination or Change in Control

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
<b>Gregory B. Maffei</b>						
Severance	6,290,000 <sup>(1)</sup>	—	27,750,000 <sup>(2)</sup>	27,750,000 <sup>(2)</sup>	27,750,000 <sup>(2)</sup>	—
Options	230,295,844 <sup>(3)</sup>	226,059,246 <sup>(3)</sup>	243,005,820 <sup>(4)</sup>	243,005,820 <sup>(5)</sup>	243,005,820 <sup>(5)</sup>	226,059,246 <sup>(6)</sup>
RSUs	—	—	—	—	—	—
Perquisites <sup>(7)</sup>	—	—	220,166	—	220,166	—
<b>Total</b>	<b>236,585,844</b>	<b>226,059,246</b>	<b>270,975,986</b>	<b>270,755,820</b>	<b>270,975,986</b>	<b>226,059,246</b>
<b>Brian J. Wendling</b>						
Options	1,241,919 <sup>(8)</sup>	— <sup>(8)</sup>	1,241,919 <sup>(9)</sup>	1,241,919 <sup>(5)</sup>	1,241,919 <sup>(5)</sup>	1,241,919 <sup>(6)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	343,188 <sup>(9)</sup>	343,188 <sup>(5)</sup>	343,188 <sup>(5)</sup>	343,188 <sup>(6)</sup>
<b>Total</b>	<b>1,241,919</b>	<b>—</b>	<b>1,585,106</b>	<b>1,585,106</b>	<b>1,585,106</b>	<b>1,585,106</b>
<b>Albert E. Rosenthaler</b>						
Options	1,964,257 <sup>(8)</sup>	— <sup>(8)</sup>	1,964,257 <sup>(9)</sup>	1,964,257 <sup>(5)</sup>	1,964,257 <sup>(5)</sup>	1,964,257 <sup>(6)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	706,647 <sup>(9)</sup>	706,647 <sup>(5)</sup>	706,647 <sup>(5)</sup>	706,647 <sup>(6)</sup>
<b>Total</b>	<b>1,964,257</b>	<b>—</b>	<b>2,670,904</b>	<b>2,670,904</b>	<b>2,670,904</b>	<b>2,670,904</b>
<b>Renee L. Wilm</b>						
Options	— <sup>(8)</sup>	— <sup>(8)</sup>	1,022,789 <sup>(9)</sup>	1,572,438 <sup>(5)</sup>	1,572,438 <sup>(5)</sup>	1,572,438 <sup>(6)</sup>
RSUs	— <sup>(8)</sup>	— <sup>(8)</sup>	567,915 <sup>(9)</sup>	567,915 <sup>(5)</sup>	567,915 <sup>(5)</sup>	567,915 <sup>(6)</sup>
<b>Total</b>	<b>—</b>	<b>—</b>	<b>1,590,704</b>	<b>2,140,353</b>	<b>2,140,353</b>	<b>2,140,353</b>

- (1) If Mr. Maffei had voluntarily terminated his employment without good reason (as defined in the 2019 Maffei Employment Agreement) at Liberty Broadband, Liberty Media and each of the other Service Companies as of December 31, 2020, he would have been entitled to receive in a lump sum a prorated amount of \$17 million, with up to 25% of such amount payable in shares of Liberty Media common stock. The amount in the table includes our allocable portion of this payment (37%) for which we would reimburse Liberty Media.
- (2) If Mr. Maffei's employment had been terminated without cause (as defined in the 2019 Maffei Employment Agreement) by Liberty Broadband, Liberty Media and each of the other Service Companies, by him for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specific period following a change in control), in each case, subject to execution of a mutual release, or due to Mr. Maffei's death or disability as of December 31, 2020, he would have been entitled to receive (i) a payment of two times his 2020 base salary payable in 24 equal monthly installments, (ii) fully vested shares of common stock with an aggregate grant date fair value of \$35 million, (iii) a lump sum payment of an amount equal to two times his average annual bonus paid for the two calendar years prior to separation, but in no event an amount that is less than two times his aggregate target bonus of \$17 million and (iv) a lump sum cash payment equal to the greater of \$17 million and the annual cash performance bonus otherwise payable for the year of termination, in each case prorated based on the number of days that have elapsed within the year of termination, with up to 25% of such amount payable in shares of common stock of the applicable Service Company. See "—Executive Compensation Arrangement—Gregory B. Maffei" above. The amount in the table includes our allocable portion of this payment (37%) for which we would reimburse Liberty Media. The amount included in the table does not include the lump sum cash payment described in (iv) because Mr. Maffei had already been paid his 2020 cash bonus prior to December 31, 2020.
- (3) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options that would vest pursuant to the following: If Mr. Maffei's employment had been terminated without good reason as of December 31, 2020, his 2020 Maffei Term Options, 2019 Maffei Term Options, 2019 Maffei Legacy GLIB Term Options and 2020 Maffei Legacy GLIB Term Options would have vested on a pro rata basis. Because the exercise price of the 2020 Maffei Term Options and the 2020 Maffei Legacy GLIB Term Options is more than the closing market price of LBRDK shares on December 31, 2020, no value has been included for these awards in the table. If Mr. Maffei was terminated for "cause" as of December 31, 2020, all of his unvested options would have been forfeited. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (4) Based on (i) the number of vested options held by Mr. Maffei at December 31, 2020 and (ii) the number of unvested options that would vest pursuant to the following: If Mr. Maffei's employment had been terminated by our company without cause (as defined in the 2019 Maffei Employment Agreement), or by him for good reason (as defined in the 2019 Maffei Employment Agreement) (whether before or within a specific period following a change in control) as of December 31, 2020, the 2020 Maffei Term Options, the 2019 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options and the 2020 Maffei Legacy GLIB Term Options would have vested in full. Because the exercise price of the 2020 Maffei Term Options and the 2020 Maffei Legacy GLIB Term Options is more than the closing market price of LBRDK shares on December 31, 2020, no value has been included for these awards in the table. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (5) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. Wendling's or Rosenthaler's or Ms. Wilm's employment had been terminated due to death or disability as of December 31, 2020 all of the 2020 NEO Multiyear Options, 2020 NEO Legacy GLIB Multiyear Options, 2020 Chief RSUs, 2020 NEO Legacy GLIB Chief RSUs, Ms. Wilm's stock options granted in 2019 and her 2019 Wilm Legacy GLIB Options would have vested in full. Because the exercise price of the 2020 Maffei Term Options, 2020 Maffei Legacy GLIB Term



Options, 2020 NEO Multiyear Options and the 2020 NEO Legacy GLIB Multiyear Options is more than the closing market price of LBDRK shares on December 31, 2020, no value has been included for these awards in the table. Also, if Mr. Maffei's employment had terminated due to death or disability as of December 31, 2020, (i) the stock options awarded to Mr. Maffei in 2014 and 2019 would have remained outstanding and expire at the end of the term, and (ii) the 2020 Maffei Term Options, the 2019 Maffei Term Options, the 2019 Maffei Legacy GLIB Term Options and the 2020 Maffei Legacy GLIB Term Options would have vested in full. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.

- (6) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: Upon a change of control, we have assumed for purposes of the tabular presentation above that the 2020 NEO Multiyear Options, 2020 NEO Legacy GLIB Multiyear Options, 2020 Chief RSUs, 2020 NEO Legacy GLIB Chief RSUs, Ms. Wilm's stock options granted in 2019 and her 2019 Wilm Legacy GLIB Options would have vested in full. A change in control (as defined in the 2019 Maffei Employment Agreement) of our company would provide Mr. Maffei with a short time period during which to exercise his rights to terminate his employment for good reason, which would result in vesting of his 2019 Maffei Term Options, his 2020 Maffei Term Options, his 2019 Maffei Legacy GLIB Term Options and his 2020 Maffei Legacy GLIB Term Options. For purposes of the tabular presentation above, we have assumed that Mr. Maffei does not exercise his right to terminate his employment for good reason in connection with a change in control of our company.
- (7) If Mr. Maffei's employment had been terminated at our company's election for any reason (other than cause) or by Mr. Maffei for good reason (as defined in his employment agreement) or by reason of disability, as of December 31, 2020, he would have been entitled to receive personal use of the corporate aircraft for 120 hours per year over a 12-month period. Perquisite amount of \$595,044 represents the maximum potential cost of using the corporate aircraft for 120 hours based on an hourly average of the incremental cost of use of the corporate aircraft. The amount in the table includes our allocable portion of this payment (37%) for which we would reimburse Liberty Media.
- (8) Each of Messrs. Wendling and Rosenthaler and Ms. Wilm would have forfeited his or her 2020 Chief RSUs, 2020 NEO Legacy GLIB Chief RSUs, the 2020 NEO Multiyear Options and the 2020 NEO Legacy GLIB Multiyear Options if his or her employment had been terminated without good reason or for cause as of December 31, 2020. Ms. Wilm would have forfeited the stock options awarded to her in 2019 and her 2019 Wilm Legacy GLIB Options, if her employment had been terminated by her without good reason or by the company for cause as of December 31, 2020.
- (9) Based on the number of unvested options and unvested RSUs held by the named executive officer as of December 31, 2020 that would vest pursuant to the following: If Messrs. Wendling's or Rosenthaler's or Ms. Wilm's employment has been terminated without cause or for good reason as of December 31, 2020, their 2020 Chief RSUs and 2020 NEO Legacy GLIB Chief RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. As described above in "—Compensation Discussion and Analysis—Equity Incentive Compensation," our compensation committee vested all of the 2020 Chief RSUs and 2020 NEO Legacy GLIB Chief RSUs, which is reflected in the table above. Additionally, the portion of Messrs. Wendling's and Rosenthaler's and Ms. Wilm's 2020 NEO Multiyear Options, 2020 NEO Legacy GLIB Multiyear Options, and Ms. Wilm's stock options granted in 2019 and her 2019 Wilm Legacy GLIB Options that would have vested pursuant to the forward-vesting provisions in such named executive officer's award agreements.

# DIRECTOR COMPENSATION

## NONEMPLOYEE DIRECTORS

### Director Fees

Each of our directors who is not an employee of, or service provider to, our company is paid an annual fee of \$162,000 (which we refer to as the **director fee**) for 2021 (\$159,000 for 2020), of which fee each director was permitted to elect to receive 50%, 75% or 100% of such director fee in RSUs or options to purchase LBRDK, which will vest one year from the date of grant, with the remainder payable in cash. The awards issued to our directors with respect to their service on our board in 2020 were issued in December 2019. See “—Director RSU Grants” and “—Director Option Grants” below for information on the equity awards granted in 2020 to the nonemployee directors with respect to service on our board in 2021 not including Ms. Hamilton and Mr. Engles, who were appointed to the board following the completion of the combination, which was after annual grants had been made in December 2020. Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2020 and 2021, with each member thereof receiving an additional annual fee of \$15,000, \$10,000 and \$10,000, respectively, for his or her participation on each such committee, except that the chairman of each such committee instead receives an additional annual fee of \$25,000, \$15,000 and \$15,000, respectively, for his or her participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

### Equity Incentive Plans

As discussed above, awards granted to our nonemployee directors under the 2019 incentive plan are currently administered by our full board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The 2019 incentive plan is designed to provide additional remuneration to our nonemployee directors and independent contractors, among others, and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. Our board of directors may grant non-qualified stock options, SARs, restricted shares, RSUs, cash awards, performance awards or any combination of the foregoing under the 2019 incentive plan.

As described above, in connection with the Broadband Spin-Off, our company’s board of directors adopted the transitional plan, which governs the terms and conditions of awards issued in the Broadband Spin-Off in connection with adjustments made to awards previously granted by Liberty Media with respect to its common stock.

### Director RSU Grants

Pursuant to our director compensation policy described above and the 2019 incentive plan, on December 7, 2020, Dr. Green was granted RSUs with respect to 530 shares of LBRDK. The RSUs will vest on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability and, unless our board of directors determines otherwise, will be forfeited if the grantee resigns or is removed from the board before the vesting date.

### Director Option Grants

Ms. Frist was appointed to our board of directors in March 2020, and, pursuant to our director compensation policy described above and the 2019 incentive plan, in connection with that appointment was granted options to purchase 4,187 LBRDK shares at an exercise price of \$112.29, which was the closing price of such stock on the grant date. Those options vested on December 10, 2020. The options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director. Pursuant to our director compensation policy described above and the 2019 incentive plan, on December 7, 2020, Ms. Frist was granted options to purchase 4,174 LBRDK shares, Mr. Wargo was granted options to purchase 4,174 LBRDK shares, and Mr. Welsh was granted options to purchase 2,087 LBRDK shares, at an exercise price equal to \$164.99, which was the closing price of such stock on the grant date. The options will become exercisable on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and, unless our board determines otherwise, will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.



## Aircraft Usage

Liberty Media has a fractional ownership contract with NetJets, Inc. for business travel purposes. Given the coronavirus pandemic and the significant reduction in business travel, the minimum use of the NetJets contract would not be met and, therefore, the company's named executive officers and directors were afforded the opportunity to use a portion of the NetJets contract for personal use, provided that each named executive officer or director was responsible for reimbursing Liberty Media for costs associated therewith. Such use resulted in no incremental cost to the company and the directors did not incur any taxable income in connection therewith.

## Stock Ownership Guidelines

In March 2016, our board of directors adopted stock ownership guidelines that require each nonemployee director (other than Mr. Malone) to own shares of our company's stock equal to at least 1.5 times the value of the nonemployee director fee. Nonemployee directors will have five years from the later of (i) the effective date of the guidelines and (ii) the nonemployee director's initial appointment to our board to comply with these guidelines.

## DIRECTOR COMPENSATION TABLE

Name <sup>(1)</sup>	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>(2)(3)</sup> )	Option Awards \$( <sup>(2)(4)</sup> )	All Other Compensation (\$)	Total (\$)
John C. Malone	—	—	—	9,688 <sup>(5)</sup>	9,688
Gregg L. Engles	—	—	—	—	—
Julie D. Frist	143,297 <sup>(6)</sup>	—	289,793	—	433,090
Richard R. Green	119,500	87,445	—	—	206,945
Sue Ann Hamilton	—	—	—	—	—
J. David Wargo	40,000	—	175,096	—	215,096
John E. Welsh III	251,148 <sup>(6)</sup>	—	87,548	18,431 <sup>(7)</sup>	357,127

(1) Gregory B. Maffei, who served as a director of our company in 2020 and is currently a named executive officer, received no compensation for serving as a director of our company during 2020. Ms. Hamilton and Mr. Engles, who were appointed to the board following the completion of the combination, received no compensation for serving as directors of our company during 2020.

(2) As of December 31, 2020, our then-serving directors (other than Mr. Maffei, whose equity awards are listed in "Outstanding Equity Awards at Fiscal Year-End" above) held the following equity awards:

	John C. Malone	Gregg L. Engles	Julie D. Frist	Richard R. Green	Sue Ann Hamilton	J. David Wargo	John E. Welsh III
<b>Options (#)</b>							
LBRDK	—	—	8,361	21,707	—	41,070	22,742
<b>RSUs (#)</b>							
LBRDK	—	—	—	530	—	—	—

(3) Reflects the grant date fair value of RSUs awarded to Dr. Green, which has been computed based on the closing price of LBRDK shares on the grant date in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures.

(4) The aggregate grant date fair value of the stock option awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 13 to our consolidated financial statements for the year ended December 31, 2020 (which are included in our 2020 Form 10-K).

(5) Compensation related to personal use of corporate aircraft. Calculated based on aggregate incremental cost of such usage to our company.

(6) Includes fees of \$126,648 paid to each of Ms. Frist and Mr. Welsh for additional committee work.

(7) Includes health insurance premiums of \$18,431 paid by our company for the benefit of John E. Welsh III.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2020 with respect to shares of our common stock authorized for issuance under our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<i>Equity compensation plans approved by security holders:</i>			
<b>Liberty Broadband Corporation 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended</b>			— <sup>(1)</sup>
LBRDA	—	—	
LBRDB	—	—	
LBRDK	1,612,807	\$ 50.02	
<b>Liberty Broadband Corporation 2019 Omnibus Incentive Plan, as amended</b>			8,793,978 <sup>(2)</sup>
LBRDA	—	—	
LBRDB	—	—	
LBRDK	864,875	\$142.45	
<i>Equity compensation plans not approved by security holders:<sup>(3)</sup></i>			
<b>Liberty Broadband Corporation Transitional Stock Adjustment Plan, as amended</b>			— <sup>(4)</sup>
LBRDA	1,022	\$ 35.81	
LBRDB	—	—	
LBRDK	1,140	\$ 35.80	
<b>Total</b>			
LBRDA	1,022		
LBRDB	—		
LBRDK	2,478,822		
			<u>8,793,978</u>

- (1) Upon adoption of the 2019 incentive plan, the board of directors ceased making any further grants under the 2014 incentive plan.
- (2) The 2019 incentive plan permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit. Such figure includes 3,678,357 shares, which were assumed into the 2019 incentive plan from the GCI Liberty 2018 incentive plan after being converted into shares of common stock of Liberty Broadband in connection with the combination. Those assumed shares may be used for awards to participants who were not employees or other service providers of Liberty Broadband or any of its subsidiaries immediately before the combination.
- (3) On December 18, 2020, in connection with the combination, we assumed each outstanding award issued pursuant to the GCI Liberty 2018 incentive plan, the GCI Liberty transitional plan and the Amended and Restated 1986 Stock Option Plan of General Communications, Inc. (the **GCI Communications plan** and, together with the GCI Liberty 2018 incentive plan and the GCI Liberty transitional plan, the **GCI Liberty Plans** and such awards collectively, the **Legacy GCI Liberty Awards**). The Legacy GCI Liberty Awards were assumed and converted into Liberty Broadband awards. We do not intend to issue any new grants under the Legacy GCI Liberty Plans in the future. As of December 31, 2020, the number of securities to be issued upon exercise of outstanding options, warrants and rights under the GCI Liberty 2018 incentive plan was 606,486 LBRDK shares, which have a weighted average exercise price of \$137.18 and 12,445 LBRDB shares, which have a weighted average exercise price of \$100.19. With respect to the GCI Liberty transitional plan, the number of securities to be issued upon exercise of outstanding options, warrants and rights was 242,127 LBRDK shares, which have a weighted average exercise price of \$83.27 and 709,689 LBRDB shares, which have a weighted average exercise price of \$96.73.
- (4) The transitional plan was previously approved by our board of directors and our former parent company, Liberty Media, as sole stockholder, in connection with the Broadband Spin-Off. The transitional plan governs the terms and conditions of awards with respect to our company's common stock that were granted in connection with adjustments made to awards granted by Liberty Media with respect to its common stock. As a result, no further grants are permitted under this plan.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Under our Code of Business Conduct and Ethics and Corporate Governance Guidelines, if a director or executive officer has an actual or potential conflict of interest (which includes being a party to a proposed “related party transaction” (as defined by Item 404 of Regulation S-K)), the director or executive officer should promptly inform the person designated by our board to address such actual or potential conflicts. No related party transaction may be effected by our company without the approval of the audit committee of our board or another independent body of our board designated to address such actual or potential conflicts.

## STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2021 which will take place on May 26, 2021. Based solely on the date of our 2021 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 16, 2021 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2022 (the **2022 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than February 25, 2022 and not later than March 28, 2022 to be considered for presentation at the 2022 annual meeting. We currently anticipate that the 2022 annual meeting will be held during the second quarter of 2022. If the 2022 annual meeting takes place more than 30 days before or 30 days after May 26, 2022 (the anniversary of the 2021 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2022 annual meeting is communicated to stockholders or public disclosure of the date of the 2022 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2022 annual meeting.

All stockholder proposals for inclusion in our proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act, our charter and bylaws and Delaware law.

## ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may inspect such filings on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Additional information can also be found on our website at [www.libertybroadband.com](http://www.libertybroadband.com). (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of our 2020 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (844) 826-8735, and we will provide you with the 2020 Form 10-K without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

## FORWARD-LOOKING STATEMENTS

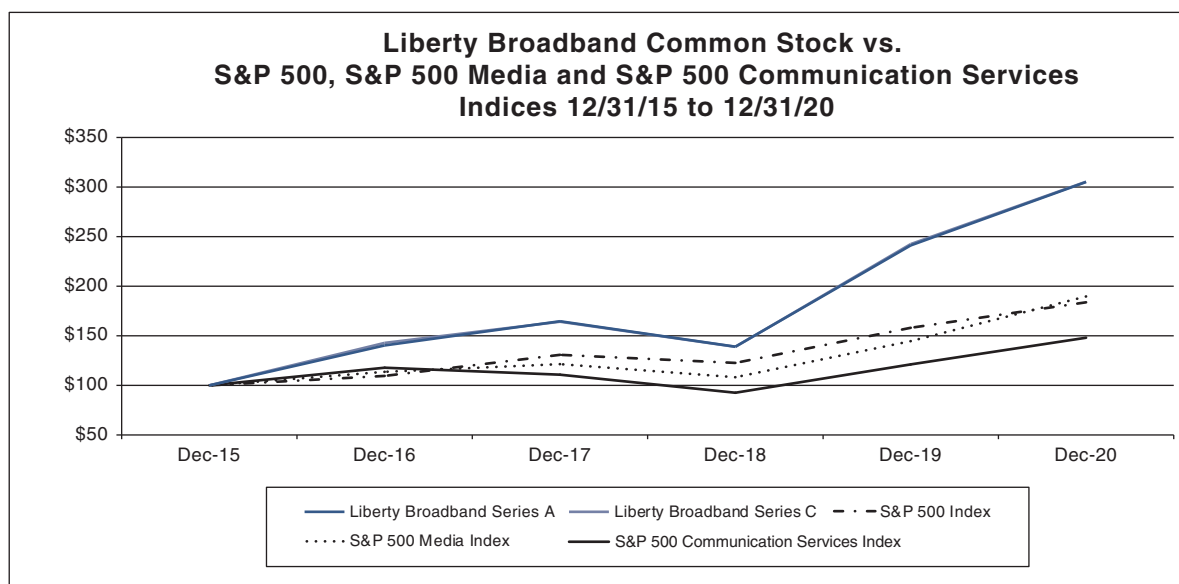
Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding business, product and marketing strategies; new service and product offerings; future expenses; anticipated changes to regulations; the recognition of deferred revenue; the recoverability of our goodwill and other long-lived assets; competition; the performance, results of operations and cash flows of our equity affiliate; projected sources and uses of cash; renewal of licenses; the effects of regulatory developments; the impact of the novel coronavirus (**COVID-19**); the Rural Healthcare Program; indebtedness and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk” contain forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. 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 such statements necessarily involve risks and uncertainties and 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 that could cause actual results or events to differ materially from those anticipated:

- our, GCI Holdings, LLC (**GCI Holdings**) and Charter Communications, Inc.’s (**Charter**) ability to obtain cash in sufficient amounts to service financial obligations and meet other commitments;
- our ability to use net operating loss carryforwards and disallowed business interest carryforwards;
- our, GCI Holdings and Charter’s ability to obtain additional financing, or refinance existing indebtedness, on acceptable terms;
- the impact of our, GCI Holdings and Charter’s significant indebtedness and our, GCI Holdings and Charter’s ability to comply with any covenants in our and their respective debt instruments;
- the impact of the COVID-19 pandemic and local, state and federal governmental responses to the pandemic on the economy, customers, vendors and businesses generally;
- competition faced by GCI Holdings and Charter;
- the ability of GCI Holdings and Charter to acquire and retain subscribers;
- the impact of governmental legislation and regulation including, without limitation, regulations of the Federal Communications Commission (the **FCC**), on GCI Holdings and Charter, their ability to comply with regulations, and adverse outcomes from regulatory proceedings;
- changes in the cost of programming expenses and the ability of GCI Holdings and Charter to pass on related costs to their customers;
- changes in the amount of data used on the networks of GCI Holdings and Charter;
- the ability of third-party providers to supply equipment, services, software or licenses;
- the ability of GCI Holdings and Charter to respond to new technology and meet customer demands for new products and services;
- changes in customer demand for the products and services of GCI Holdings and Charter and their ability to adapt to changes in demand;
- the ability of GCI Holdings and Charter to license or enforce intellectual property rights;
- natural or man-made disasters, terrorist attacks, pandemics, cyberattacks, network disruptions, service interruptions and system failures and the impact of related uninsured liabilities;
- the ability to hire and retain key personnel;
- risks related to the Investment Company Act of 1940;
- the outcome of any pending or threatened litigation; and
- changes to general economic conditions, including economic conditions in Alaska, and their impact on potential customers, vendors and third parties.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual 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. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in this Annual Report and in our publicly filed documents, including our most recent Forms 10-K and 10-Q. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement. This Annual Report includes information concerning Charter, a public company that files reports and other information with the Securities and Exchange Commission (the **SEC**) in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning Charter has been derived from the reports and other information filed by it with the SEC. If you would like further information about Charter, the reports and other information it files with the SEC can be accessed on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Those reports and other information are not incorporated by reference in this Annual Report.

## STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on an investment in Liberty Broadband Series A and Series C common stock from December 31, 2015 through December 31, 2020 to the S&P 500 Index, S&P 500 Media Index and S&P 500 Communication Services Index. Going forward, it is expected that the Liberty Broadband cumulative total stockholder return will be compared to the S&P 500 Communication Services Index instead of the S&P 500 Media Index, as Liberty Broadband believes it is a more relevant comparable index given the company's industry and its inclusion of companies that are similar to Liberty Broadband.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Liberty Broadband Series A	\$100.00	\$140.29	\$164.67	\$139.03	\$241.16	\$305.09
Liberty Broadband Series C	\$100.00	\$142.83	\$164.21	\$138.89	\$242.48	\$305.38
S&P 500 Index	\$100.00	\$109.54	\$130.81	\$122.65	\$158.07	\$183.77
S&P 500 Media Index	\$100.00	\$113.67	\$121.43	\$108.22	\$144.61	\$189.68
S&P 500 Communication Services Index	\$100.00	\$117.81	\$110.78	\$ 92.58	\$121.16	\$148.04



## INVESTMENT SUMMARY

(Based on publicly available information as of January 31, 2021) [Libertybroadband.com/overview/asset-list.html](http://Libertybroadband.com/overview/asset-list.html)

The following tables set forth some of Liberty Broadband Corporation's assets which may be held directly and indirectly through partnerships, joint ventures, common stock investments and/or instruments convertible into common stock. Ownership percentages in the tables are approximate and, where applicable, assume conversion to common stock by Liberty Broadband Corporation and, to the extent known by Liberty Broadband Corporation, other holders. Ownership percentages in the tables are approximate. In some cases, Liberty Broadband Corporation's interest may be subject to buy/sell procedures, repurchase rights or dilution.

LIBERTY BROADBAND CORPORATION			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT <sup>(1)</sup> (in millions)	ATTRIBUTED OWNERSHIP <sup>(2)</sup>
<b>Charter Communications, Inc. (NASDAQ: CHTR)</b>	The second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services to residential and small and medium business customers.	58.6	26% <sup>(3)</sup>
<b>GCI</b>	GCI is the largest Alaska-based communications provider based on revenues, providing a full range of wireless, data, video, voice, and managed services to residential customers, businesses, governmental entities, and educational and medical institutions.	N/A	100%
<b>Skyhook</b>	Skyhook is a worldwide leader in mobile positioning and contextual location intelligence solutions, operating a global network of billions of Wi-Fi, cell and IP locations and processing tens of billions of location signals daily across the device, wearables, IoT, mobile applications and mobile advertising markets.	N/A	100%

1) Applicable only for publicly-traded entities.

2) Represents undiluted ownership interest.

3) Charter ownership denotes fully diluted ownership (as defined in Liberty Broadband and Charter's Stockholder Agreement) as of 3/15/21.

## FINANCIAL INFORMATION

### Market for Registrant's Common Equity and Related Stockholder Matters of Equity Securities.

#### *Market Information*

Our Series A and Series C common stock trade on the Nasdaq Global Select Market under the symbols “LBRDA” and “LBRDK,” respectively. Our Series B common stock is quoted on the OTC Markets under the symbol “LBRDB”, but it is not actively traded. Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq’s website at [www.nasdaq.com](http://www.nasdaq.com).

The following table sets forth the quarterly range of high and low sales prices of our Series B common stock for the years ended December 31, 2020 and 2019. There is no established public trading market for our Series B common stock, which is quoted on the OTC Markets. Such over-the-counter market quotations reflect inter-dealer prices without dealer mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions.

	<b>Liberty Broadband Corporation</b>	
	<b>Series B</b>	
	<b>(LBRDB)</b>	
	<b>High</b>	<b>Low</b>
<b>2019</b>		
First quarter . . . . .	\$ 90.50	75.85
Second quarter. . . . .	\$ 100.85	96.95
Third quarter . . . . .	\$ 108.85	98.60
Fourth quarter . . . . .	\$ 124.20	109.75
<b>2020</b>		
First quarter . . . . .	\$ 131.80	95.25
Second quarter. . . . .	\$ 140.00	107.75
Third quarter . . . . .	\$ 139.00	125.35
Fourth quarter . . . . .	\$ 161.05	145.47

#### *Holders*

As of January 31, 2021, there were 682, 87 and 2,235 holders of our Series A, Series B and Series C common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

#### *Dividends*

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

#### *Securities Authorized for Issuance Under Equity Compensation Plans*

Information required by this item is incorporated by reference to our definitive proxy statement for our 2021 Annual Meeting of Stockholders.

#### *Purchases of Equity Securities by the Issuer*

In December 2016, the Board of Directors authorized the repurchase of \$250 million of Liberty Broadband Series A and Series C common stock. In August 2020, the Board of Directors increased its repurchase authorization by \$1.0 billion, with an

aggregate repurchase amount not to exceed \$1.3 billion. On February 23, 2021, the Board of Directors authorized an additional \$2.23 billion under the Company's share repurchase program.

A summary of the repurchase activity for the three months ended December 31, 2020 is as follows:

Period	Series C Common Stock			(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
	(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	
October 1 - 31, 2020.....	1,403,600	\$ 144.17	1,403,600	\$714 million
November 1 - 30, 2020.....	147,480	\$ 138.97	147,480	\$694 million
December 1 - 31, 2020.....	553,425	\$ 159.20	553,425	\$606 million
Total.....	2,104,505	\$ 147.76	2,104,505	

There were no repurchases of Liberty Broadband Series A or Series B common stock during the three months ended December 31, 2020.

During the three months ended December 31, 2020, 123 shares of Series A and 242 shares of Series C Liberty Broadband common stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock.

#### Selected Financial Data.

Not applicable.

#### Management's Discussion and Analysis of Financial Condition and Results of Operations

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 consolidated financial statements and the notes thereto.

##### Overview

Liberty Broadband Corporation ("Liberty Broadband," "the Company," "us," "we," or "our") is comprised of two wholly owned subsidiaries, GCI Holdings, LLC ("GCI Holdings") (as of December 18, 2020) and Skyhook Holding, Inc. ("Skyhook"), as well as an equity method investment in Charter Communications, Inc. ("Charter").

During May 2014, the board of directors of Liberty Media Corporation and its subsidiaries ("Liberty") authorized management to pursue a plan to spin-off to its stockholders common stock of a wholly-owned subsidiary, Liberty Broadband, and to distribute subscription rights to acquire shares of Liberty Broadband's common stock (the "Broadband Spin-Off").

On December 18, 2020, pursuant to the Agreement and Plan of Merger, dated as of August 6, 2020, entered into by GCI Liberty, Inc. ("GCI Liberty"), Liberty Broadband, Grizzly Merger Sub 1, LLC, a wholly owned subsidiary of Liberty Broadband ("Merger LLC"), and Grizzly Merger Sub 2, Inc., a wholly owned subsidiary of Merger LLC ("Merger Sub"), Merger Sub merged with and into GCI Liberty (the "First Merger"), with GCI Liberty surviving the First Merger as an indirect wholly owned subsidiary of Liberty Broadband (the "Surviving Corporation"), and immediately following the First Merger, GCI Liberty (as the Surviving Corporation in the First Merger) merged with and into Merger LLC (the "Upstream Merger", and together with the First Merger, the "Combination"), with Merger LLC surviving the Upstream Merger as a wholly owned subsidiary of Liberty Broadband.

As a result of the Combination, each holder of a share of Series A common stock and Series B common stock of GCI Liberty received 0.58 of a share of Series C common stock and Series B common stock, respectively, of Liberty Broadband. Additionally, each holder of a share of Series A Cumulative Redeemable Preferred Stock of GCI Liberty received one share of newly issued Liberty Broadband Series A Cumulative Redeemable Preferred Stock, which has substantially identical terms to GCI Liberty's former Series A Cumulative Redeemable Preferred Stock, including a mandatory redemption date of March 9, 2039. Cash was paid in lieu of issuing fractional shares of Liberty Broadband stock in the Combination. No shares of Liberty Broadband stock were issued with respect to (x) shares of GCI Liberty capital stock held by (i) GCI Liberty as treasury stock, (ii) any of GCI Liberty's wholly owned subsidiaries or (iii) Liberty Broadband or its wholly owned subsidiaries or (y) shares of GCI Liberty Series B Common Stock held by any stockholders who perfected and did not waive, effectively withdraw or lost their appraisal rights pursuant to Section 262 of the General Corporation Law of the State of Delaware

Through a number of prior years' transactions, including the Combination, Liberty Broadband has acquired an interest in Charter Communications, Inc. ("Charter"). Pursuant to a proxy agreement with Advance/Newhouse Partnership ("A/N"), Liberty Broadband controls 25.01% of the aggregate voting power of Charter.

### *Strategies and Challenges*

#### Executive Summary

GCI Holdings, a wholly owned subsidiary of the Company, provides 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 under the GCI brand.

Skyhook, a wholly owned subsidiary of the Company, markets and sells a location determination service called the Precision Location Solution. Skyhook also previously marketed and sold a location intelligence and data insights service called Geospatial Insights. In November 2020, Skyhook decided to wind down the Geospatial Insights business, which did not constitute a material portion of Skyhook's business.

Charter is a leading broadband connectivity company and cable operator serving more than 31 million customers in 41 states through its Spectrum brand. Over an advanced high-capacity, two-way telecommunications network, Charter offers a full range of state-of-the-art residential and business services including Spectrum Internet, TV, Mobile and Voice. For small and medium-sized companies, Spectrum Business delivers the same suite of broadband products and services coupled with special features and applications to enhance productivity, while for larger businesses and government entities, Spectrum Enterprise provides highly customized, fiber-based solutions. Spectrum Reach delivers tailored advertising and production for the modern media landscape. Charter also distributes award-winning news coverage, sports and high-quality original programming to its customers through Spectrum Networks and Spectrum Originals. At December 31, 2020, Liberty Broadband owned approximately 59.5 million shares of Charter Class A common stock, representing an approximate 30.7% economic ownership interest in Charter's issued and outstanding shares.

#### Key Drivers of Revenue

GCI Holdings earns revenue from the monthly fees customers pay for wireless, data, video, voice and managed services. Through close coordination of its customer service and sales and marketing efforts, its customer service representatives suggest to its customers other services they can purchase or enhanced versions of services they already purchase to achieve increased revenue and penetration of its multiple service offerings.

Skyhook earns revenue from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution). In addition, Skyhook earns revenue from licensing its intellectual property (including patents) to other enterprises.

Charter's revenue is principally derived from the monthly fees customers pay for services it provides. Charter also earns revenue from one-time installation fees and advertising sales. Charter's marketing organization creates and executes marketing programs intended to grow customer relationships, increase the number of services they sell per relationship, retain existing customers and cross-sell additional products to current customers.

### Current Trends Affecting Our Business

GCI Holdings, Skyhook and Charter must stay abreast of rapidly evolving technological developments and offerings to remain competitive and increase the utility of their products and services. These companies must be able to incorporate new technologies into their products and services in order to address the needs of their customers.

#### ***GCI Holdings***

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. In December 2019, Chinese officials reported a novel coronavirus outbreak. COVID-19 has since spread through China and internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices, which has caused a significant disruption to most sectors of the economy.

Although the COVID-19 pandemic has significantly impacted Alaska, GCI Holdings has continued to deliver services uninterrupted by the pandemic and expects to be able to continue to respond to the increase in network activity. As a major provider of Internet services in Alaska, GCI Holdings believes it plays an instrumental role in enabling social distancing through telecommuting and e-learning across the state and remains focused on its service to customers, as well as the health and safety of its employees and customers.

The majority of GCI Holdings' workforce has transitioned to working at home full time and it expects to keep those employees working from home through the middle of 2021.

GCI Holdings cannot predict the ultimate impact of COVID-19 on its business, including the depth and duration of the economic impact to its customers' ability to pay for products and services including the impact of extended unemployment benefits and other stimulus packages and what assistance may be provided to its customers. There is a risk that GCI Holdings' accounts receivable and bad debt expense will increase substantially due to the economic impact of the COVID-19 pandemic. In addition, there is uncertainty regarding the impact of government emergency declarations, the ability of suppliers and vendors to provide products and services to GCI Holdings and the risk of limitations on the deployment and maintenance of its services.

The Alaska economy is dependent upon the oil industry, state government spending, United States military spending, investment earnings and tourism. The price of Alaska North Slope Crude oil has decreased significantly and large tourism companies have decided not to operate during 2020 due to the COVID-19 pandemic. It is expected that the decline in oil prices will continue to put significant pressure on the Alaska state government budget. Although 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 be required in order to offset the impact of the COVID-19 pandemic and low oil prices. Although GCI Holdings cannot predict the long-term impact COVID-19 will have on these sectors of the Alaska economy, adverse circumstances in these industries may have an adverse impact on the demand for its products and services and on its results of operations and financial condition.

The Alaska economy was in a recession that started in late 2015. At the end of 2019, the Alaska economy showed signs of emerging from this recession, however, the recession has continued as a result of the COVID-19 pandemic and continued low oil prices. While it is difficult for GCI Holdings to predict the future impact of a renewed or 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*

GCI Holdings receives 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 Federal Communications Commission ("FCC"), interpretations of or compliance with USF program rules, or legislative actions. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2020, the Company had net accounts receivable from the RHC Program in the amount \$237 million, which is included within Trade and other receivables in the consolidated balance sheets.

FCC Rate Reduction. In November 2017, the Universal Service Administrative Company ("USAC") requested further information in support of the rural rates charged to a number of GCI Holdings' RHC customers in connection with the funding requests for the year that runs July 1, 2017 through June 30, 2018. On October 10, 2018, GCI Holdings received a letter from the FCC's Wireline Competition Bureau ("Bureau") notifying it of the Bureau's decision to reduce the rural rates charged to RHC customers for the funding year that ended on June 30, 2018 by approximately 26% resulting in a reduction of total support payments of \$27.8 million. The FCC also informed GCI Holdings that the same cost methodology used for the funding year that ended on June 30, 2018 would be applied to rates charged to RHC customers in subsequent funding years. In response to the Bureau's letter, GCI Holdings filed an Application for Review with the FCC.

On October 20, 2020, the Wireline Competition Bureau of the FCC issued two separate letters approving the cost-based rural rates GCI Holdings historically applied when recognizing revenue for services provided to its RHC customers for the funding years that ended on June 30, 2019 and June 30, 2020. GCI Holdings collected \$174 million in accounts receivable relating to these two funding years subsequent to December 31, 2020.

On June 25, 2020, GCI Holdings submitted cost studies with respect to a number of its rates for services provided to its RHC customers for the funding year ending June 30, 2021, which require approval by the Bureau. GCI Holdings further updated those studies on November 12, 2020, to reflect the completion of the bidding season for that funding year. Those studies remain pending before the Bureau, and we cannot predict when the Bureau will act upon them.

RHC Program Funding Cap. The RHC program has a funding cap for each individual funding year that is annually adjusted for inflation, and which the FCC can increase by carrying forward unused funds from prior funding years. In recent years, including the current year, this funding cap has not limited the amount of funding received by participants; however, management continues to monitor the funding cap and its potential impact on funding in future years.

Enforcement Bureau and Related Inquiries. On March 23, 2018, GCI Holdings received a letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods, to which it is in the process of responding. This includes inquiry into the rates charged by GCI Holdings, and presently it is unable to assess the ultimate outcome of this rate inquiry. Other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

In the fourth quarter of 2019, GCI Holdings became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. GCI Holdings notified the FCC of our potential compliance issues in the fourth quarter of 2019.

On May 28, 2020, GCI Holdings received a second letter of inquiry from the Enforcement Bureau in the same matter noted above. This second letter, which was in response to a voluntary disclosure made by GCI Holdings to the FCC, extended the scope of the original inquiry to also include various questions regarding compliance with the records retention requirements related to the (i) original inquiry and (ii) RHC Program.

On December 17, 2020, GCI Holdings received a Subpoena Duces Tecum from the FCC's Office of the Inspector General requiring production of documents from January 1, 2009 to the present related to a single RHC customer and related contracts, information regarding GCI Holdings' determination of rural rates for a single customer, and to provide information regarding persons with knowledge of pricing practices generally.

GCI Holdings continues to work with the FCC to resolve all enforcement inquiries discussed above. With respect to the ongoing inquiries from the FCC's Enforcement Bureau and the FCC's Office of the Inspector General, GCI Holdings recognized a liability of approximately \$12.0 million for contracts that were deemed probable of not complying with the RHC Program rules. The Company also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to \$44.0 million. An accrual was not made for the amount of the reasonably possible loss in accordance with the applicable accounting guidance. GCI Holdings could also be assessed fines and penalties but such amounts could not be reasonably estimated.

Revision of Support Calculations. On August 20, 2019, the FCC released an order changing the manner in which support issued under the RHC Program will be calculated and approved. Some of these changes will become effective beginning with the funding year ending June 30, 2021, while others will apply beginning with the funding year ending June 30, 2022. On October 21, 2019, GCI Holdings appealed the order to the United States Court of Appeals for the District of Columbia Circuit. On December 6, 2019, that appeal was held in abeyance for nine months due to pending Petitions for Reconsideration filed by other parties at the FCC and on September 25, 2020, the period of abeyance was extended through March 8, 2021. At the direction of the FCC, USAC has released a database that purports to determine a median rate which will cap the amount of support available for each service sold under the program, starting in the funding year ending June 30, 2022. GCI Holdings has sought FCC review of various aspects of the database implementation. On September 30, 2020, USAC released a refreshed version of the database incorporating limited changes submitted by interested parties. On January 19, 2021, the Wireline Competition Bureau of the FCC issued an Order that waives the requirement to use the database for health care providers in Alaska for the two funding years ending June 30, 2022 and June 30, 2023. The Order requires GCI Holdings to determine its rural rates based on previously approved rates or under reinstitution of the rules currently in effect through the funding year ending on June 30, 2021.

### ***Skyhook***

Skyhook's location determination services compete against (1) other satellite and terrestrial based location technology offerings, such as GPS; (2) other providers of WiFi and cell-based positioning, such as Google, Inc. ("Google") and HERE, a former subsidiary of Nokia; and (3) other in-house developed location solutions. In the smartphone location provider market, because Apple and Google control a large percentage of the market share for smartphone operating systems and both offer location provider services free as part of the iOS and Android markets, Skyhook is constrained in the distribution and monetization of the Precision Location Solution in that market. There are also a number of new location technologies in development which may further increase competition to be a location solution for new devices (including Internet of Things devices and wearable) and which may require Skyhook to meet more stringent accuracy standards. In addition, Skyhook's context services compete against other geofencing and location data offerings from other niche location companies.

Skyhook's business results for the year ended December 31, 2020 were largely unaffected by the pandemic; however, Skyhook cannot predict the ultimate impact of COVID-19 on its business, including its customer renewals, ability to generate new business and its ability to collect on payments from customers. Since the pandemic began, Skyhook has maintained function of all departments and service has been uninterrupted.

### ***Charter***

Charter faces intense competition for residential customers, both from existing competitors and, as a result of the rapid development of new technologies, services and products, from new entrants. With respect to its residential business, Charter competes with other providers of video, high-speed Internet access, telephone and mobile services, and other sources of home entertainment. Specifically, newer categories of competitors include virtual multichannel video programming distributors such as Hulu Live, YouTube TV, Sling TV, Philo and AT&T TV. In the broadband communications industry, Charter's principal competitors for video services are DBS service providers and telephone companies that offer video services. Charter's principal competitors for high-speed Internet services are the broadband services provided by telephone companies, including fiber-to-the-home, fiber-to-the-node, fixed wireless broadband, Internet delivered via satellite and DSL services. A growing number of commercial areas, such as retail malls, restaurants and airports, offer WiFi Internet service. Numerous local governments are also considering or actively pursuing publicly subsidized WiFi Internet access networks. These options offer alternatives to cable-

based Internet access. Charter's principal competitors for voice and mobile services are other mobile and wireline phone providers, as well as other forms of communication, such as text messaging over cellular phones, instant messaging, social networking services, video conferencing and email. The increase in the number of different technologies capable of carrying voice services and the number of alternative communication options available to customers as well as the replacement of wireline services by wireless have intensified the competitive environment in which Charter operates its residential voice service.

The COVID-19 pandemic and measures taken to prevent its spread impacted Charter's business and presented significant challenges throughout 2020. To reduce the transmission of COVID-19, federal, state and local governments implemented a wide range of restrictions on business and individual activities, including closures or limitations on the operations of businesses along with restrictions on large gatherings, travel and other actions to promote or enforce physical distancing. Despite these restrictions, Charter has continued to deliver its services uninterrupted across its footprint. The pandemic has significantly impacted how its customers use its products and services, how they interact with Charter, and how its employees work and provide services to customers. The impacts of COVID-19 have significantly impacted Charter's results of operations during the year ended December 31, 2020 and it expects that there will continue to be impacts through 2021.

- Beginning in March 2020, Charter offered its customers a set of programs, including its Remote Education Offer pursuant to which new customers with students or educators in the household were eligible to receive its Internet service for free for 60 days; and the Keep Americans Connected ("KAC") pledge which paused collection efforts and related disconnects for residential and small and medium business ("SMB") customers with COVID-19 related payment challenges through June 30, 2020. These programs resulted in higher customer net additions in 2020 than prior year with retention rates for these customers similar to Charter's average customer base. In an effort to assist COVID-19 impacted customers with overdue balances at the end of the KAC and certain state-mandated programs, Charter waived approximately \$102 million of receivables which was recorded as a reduction of revenue.
- The interruption of professional sports seasons resulted in \$163 million lower programming expenses as a result of estimated sports rebates from sports programming networks as a result of canceled sporting events and a \$217 million reduction in regulatory, connectivity and produced content costs as a result of a shortened 2020 baseball season and a delay to the start of the 2020-2021 basketball season which will push some expense that otherwise would have been recognized in 2020 to 2021 and beyond. In the third quarter of 2020, Charter recognized \$218 million of estimated credits that it intends to provide on its customers' invoices related to the rebates to be received from sports programming networks. The difference between the estimated credits and the estimated rebates is due to an expected reduction in sports rights content costs which is being amortized over the life of the contract.
- Economic conditions and temporary closures or reductions in operations of businesses resulted in reduced advertising spend and lower revenue from seasonal plans offered to SMB and Enterprise hospitality customers that have requested a reduced level of service due to temporary business closure or because these customers have reduced their service offering to their own customers. Despite the economic conditions, Charter saw improved collections of residential customer receivables which it believes were enhanced by government stimulus benefits. Charter expects bad debt expense and churn in 2021 to return to pre-pandemic levels.
- Charter increased wages for all hourly field operations and customer service call center employees and gave its employees additional paid sick time for COVID-19-related illnesses and a flex time program to address other COVID-19 issues. Charter also committed to raise its minimum starting wage for hourly employees to \$20 an hour over the next 2 years.
- Through accelerated network capacity increases Charter has been able to respond to the significant increase in data demands on its network to enable social distancing through telecommuting and e-learning with usage by its Internet-only customers averaging over 600 gigabytes per month, up nearly 20% from the end of 2019.
- WiFi access points were opened across Charter's footprint for public use.
- Requests from government, healthcare and educational institutions for new fiber connections, bandwidth upgrades and new services were prioritized.

- Charter has invested significantly in its self-service infrastructure, and customers have accelerated the adoption of its digital self-service capabilities and self-installation program with nearly 80% of installations using the program.
- A significant portion of Charter's workforce was temporarily moved to remote work arrangements.
- Charter enhanced safety protocols for field and other employees working outside their home.
- Charter offered public access to its Spectrum News websites to ensure people have access to high-quality local news and information and donated significant airtime to run public service announcements to its entire footprint.

Charter's ability to successfully operate its business and deliver services during the COVID-19 pandemic is a result of investments made in its network, its employees and its systems. Charter's operating and investment strategy has allowed it to sustain and accelerate its customer and financial growth during the pandemic.

Charter cannot predict the ultimate impact of COVID-19 on its business, including the depth and duration of the economic impact to household formation and growth, its residential and business customers' ability to pay for its products and services including the impact of extended unemployment benefits and other stimulus packages and the long-term impact on its business, including from consumer behavior, after the pandemic is over. Some of the COVID-19 programs discussed above may result in incremental churn and bad debt in 2021 and may have accelerated demand into 2020. In addition, there is uncertainty regarding the impact of government emergency declarations, the ability of suppliers and vendors to provide products and services to Charter, the pace of new housing construction, changes in business spend in Charter's local and national ad sales business, the effects to its employees' health and safety and resulting reorientation of work activities, and the risk of limitations on the deployment and maintenance of services (including by limiting customer support and on-site service repairs and installations).

Although the ultimate impact of the COVID-19 pandemic cannot be predicted, Charter remains focused on driving customer relationship growth by deploying superior products and services packaged with attractive pricing. Further, Charter expects to continue to drive customer relationship growth through sales of bundled services and improving customer retention despite the expectation for continued losses of video and wireline voice customers.

## **Results of Operations—Consolidated**

**General.** We provide 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 in the tables below. The "Corporate and other" category consists of those assets or businesses which do not qualify as a separate reportable segment. See note 16 to the accompanying consolidated financial statements for more discussion regarding our reportable segments. GCI Holdings' results are only included in the Company's consolidated results beginning on December 18, 2020. For a more detailed discussion and analysis of GCI Holding's results, see "Results of Operations-GCI Holdings" below.

### **Operating Results**

	<b>Years ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>amounts in thousands</b>		
<b>Revenue</b>			
GCI Holdings .....	\$ 33,670	—	—
Skyhook .....	17,036	14,859	22,256
Corporate and other .....	—	—	—
Consolidated .....	<u>\$ 50,706</u>	<u>14,859</u>	<u>22,256</u>
<b>Operating Income (Loss)</b>			
GCI Holdings .....	\$ (4,934)	—	—
Skyhook .....	(4,549)	(6,875)	77
Corporate and other .....	(50,172)	(22,402)	(12,091)
Consolidated .....	<u>\$ (59,655)</u>	<u>(29,277)</u>	<u>(12,014)</u>
<b>Adjusted OIBDA</b>			
GCI Holdings .....	\$ 9,509	—	—
Skyhook .....	(3,689)	(4,704)	3,161
Corporate and other .....	(19,965)	(12,187)	(6,689)
Consolidated .....	<u>\$ (14,145)</u>	<u>(16,891)</u>	<u>(3,528)</u>

### *Revenue*

Revenue increased \$35.8 million and decreased \$7.4 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase in revenue in 2020 was primarily due to revenue from GCI Holdings from the date of the Combination on December 18, 2020 through December 31, 2020. Additionally, Skyhook had increased revenue from existing customers. See "Results of Operations – GCI Holdings, LLC" below for a more complete discussion of the results of operations of GCI Holdings. The decrease in revenue in 2019 was primarily due to a license agreement in the prior year, partially offset by increased net revenue from existing customers, coupled with new customer growth.

### *Operating Income (Loss)*

Consolidated operating loss increased \$30.4 million and \$17.3 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase in operating loss in 2020 is primarily driven by an increase in professional service fees mostly related to the Combination and to a lesser extent corporate compensation expense. The increase in operating loss in 2019 is also due to increased professional service fees at the corporate level of \$4.6 million and the decrease to Skyhook's revenue, as discussed above.

Operating income (loss) was also impacted by GCI Holdings from the date of the Combination. See "Results of Operations – GCI Holdings, LLC" below for a more complete discussion of the results of operations of GCI Holdings.



### *Stock-based compensation*

Stock-based compensation expense decreased \$1.4 million and increased \$4.8 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease in stock-based compensation expense during 2020 was primarily due to a decrease in the value of restricted stock units of Liberty Broadband Series C common stock granted during the first half of 2020. The increase in stock-based compensation during 2019 was primarily due to an increase in the number of restricted stock units of Liberty Broadband Series C common stock granted during the first quarter of 2019.

### *Adjusted OIBDA*

To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, transaction costs, separately reported litigation settlements, restructuring, and impairment charges. Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. 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 U.S. generally accepted accounting principles. The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA.

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Operating income (loss) . . . . .	\$ (59,655)	(29,277)	(12,014)
Depreciation and amortization. . . . .	15,227	1,875	2,779
Stock-based compensation. . . . .	9,134	10,511	5,707
Transaction costs . . . . .	21,149	—	—
Adjusted OIBDA . . . . .	<u>\$ (14,145)</u>	<u>(16,891)</u>	<u>(3,528)</u>

Adjusted OIBDA improved \$2.7 million and declined \$13.4 million in the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase in Adjusted OIBDA for the year ended December 31, 2020 was due to the results of operations of GCI Holdings from the date of the Combination through December 31, 2020, as discussed above, partially offset by increases in corporate compensation expense and professional service fees unrelated to the Combination. The decrease in Adjusted OIBDA for the year ended December 31, 2019 was due to decreased revenue of \$35.8 million, discussed above, coupled with increased professional service fees at the corporate level, discussed above.

Other Income and Expense:

Components of Other Income (Expense) are presented in the table below.

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Other income (expense):			
Interest expense .....	\$ (28,158)	(25,166)	(23,302)
Share of earnings (losses) of affiliate .....	713,329	286,401	166,146
Gain (loss) on dilution of investment in affiliate .....	(183,575)	(79,329)	(43,575)
Realized and unrealized gains (losses) on financial instruments, net .....	(83,070)	1,170	3,659
Other, net .....	2,294	1,359	963
	<u>\$ 420,820</u>	<u>184,435</u>	<u>103,891</u>

*Interest expense*

Interest expense increased \$3.0 million and \$1.9 million during the years ended December 31, 2020 and 2019, respectively. The increase in 2020 was driven by additional amounts outstanding on the Margin Loan Facility (as defined in note 9 to the accompanying consolidated financial statements), the 2.75% Exchangeable Senior Debentures due 2050 that were issued in August 2020 and the 1.25% Exchangeable Senior Debentures due 2050 that were issued in November 2020, partially offset by a decrease in our weighted average interest rate during 2020 compared to the prior year. The increase in 2019 was driven by additional amounts outstanding on the Margin Loan Facility during 2019, as well as an increase in the weighted average interest rate during 2019 compared to the prior year.

*Share of earnings (losses) of affiliates*

Share of earnings from affiliates increased \$426.9 million and \$120.3 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. Share of earnings (losses) from affiliates is attributable to the Company's ownership interest in Charter. Upon the Company's initial investment in Charter, the Company allocated the excess basis, between the book basis of Charter and fair value of the shares acquired, and ascribed remaining useful lives of 7 years and 13 years to property and equipment and customer relationships, respectively, and indefinite lives to franchise fees, trademarks and goodwill. Outstanding debt is amortized over the contractual period using the straight-line method. Amortization related to debt and intangible assets with identifiable useful lives is included in the Company's share of earnings (losses) from affiliates line item in the accompanying consolidated statements of operations and aggregated \$144 million, \$124 million, and \$119 million, net of related taxes, for the years ended December 31, 2020, 2019 and 2018, respectively.

The following is a discussion of Charter's stand alone results of operations. In order to provide a better understanding of Charter's operations, we have included a summarized presentation of Charter's results from operations. Charter is a separate publicly traded company and additional information about Charter can be obtained through its website and public filings, which

are not incorporated by reference. The amounts included in the table below, derived from Charter's public filings, represent Charter's results for each of the years ended December 31, 2020, 2019 and 2018.

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Revenue .....	\$ 48,097	45,764	43,634
Operating expenses, excluding stock-based compensation .....	(29,637)	(29,012)	(27,810)
Adjusted OIBDA .....	18,460	16,752	15,824
Depreciation and amortization .....	(9,704)	(9,926)	(10,318)
Stock-based compensation .....	(351)	(315)	(285)
Operating income .....	8,405	6,511	5,221
Other expenses, net .....	(4,103)	(4,080)	(3,535)
Net income (loss) before income taxes .....	4,302	2,431	1,686
Income tax benefit (expense) .....	(626)	(439)	(180)
Net income (loss) .....	<u>\$ 3,676</u>	<u>1,992</u>	<u>1,506</u>

Charter's revenue increased \$2.3 billion and \$2.1 billion during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. Revenue growth during 2020 was primarily due to increases in the number of residential Internet and mobile customers, price adjustments and higher political advertising sales offset by lower local advertising revenue as a result of COVID-19, \$218 million of estimated customer credits to be issued to video customers due to canceled sporting events and \$102 million of waived receivables related to the KAC and certain state-mandated programs. Revenue growth during 2019 primarily reflected increases in the number of residential Internet and commercial business customers, price adjustments as well as the launch of Charter's mobile service in the second half of 2018 offset by a decrease in video customers.

The increases in revenue during 2020 and 2019 were partially offset by the net impact of increased operating expenses, excluding stock-based compensation, of \$0.6 billion and \$1.2 billion, respectively. Operating costs increased during the year ended December 31, 2020, as compared to the corresponding prior year, primarily due to increased mobile device costs and mobile service and operating costs, increases in costs to service customers and increases in programming costs, offset by lower regulatory, connectivity and produced content costs. Operating costs increased during the year ended December 31, 2019, as compared to the corresponding prior year, primarily due to increased programming costs and incremental mobile costs which were comprised of mobile device costs, and mobile services and operating costs.

Programming costs increased during both years as a result of contractual rate adjustments, including renewals and increases in amounts paid for retransmission consent, as well as an increase in video customers in 2020. The increase in 2020 was offset by \$163 million of estimated rebates from sports programming networks as a result of canceled sporting events due to COVID-19 and further benefited from a higher mix of lower cost video packages within its video customer base during the year ended December 31, 2020. The increase in 2019 was partly offset by lower video customers and pay-per-view during the year ended December 31, 2019. Charter expects programming rates per customer will continue to increase in future periods due to a variety of factors, including annual increases imposed by programmers with additional selling power as a result of media and broadcast station groups consolidation, increased demands by owners of broadcast stations for payment for retransmission consent or linking carriage of other services to retransmission consent, and additional programming, particularly new services. Charter has been unable to fully pass these increases on to its customers and do not expect to be able to do so in the future without a potential loss of customers.

Costs to service customers increased during 2020 primarily due to higher labor costs resulting from COVID-19 related wage increases and flex time benefits along with 6.5% customer growth offset by a decrease in bad debt expense given the revenue write-off associated with the KAC program and better collections enhanced by government stimulus benefits.

Regulatory, connectivity and produced content cost decreased during 2020 due to deferred sports rights costs associated with the shortened baseball season and delayed start to the 2020-2021 basketball season as a result of COVID-19.

Charter's Adjusted OIBDA in 2020 and 2019 increased for the reasons described above.

Depreciation and amortization expense decreased \$222 million and \$392 million during the years ended December 31, 2020 and 2019, respectively. The decreases in both years were primarily due to a decrease in depreciation and amortization as certain assets become fully depreciated, offset by an increase in depreciation as a result of more recent capital expenditures.

Other expenses increased \$23 million and \$545 million in the years ended December 31, 2020 and 2019, respectively, compared to the corresponding prior year periods. The increase in other expenses, net for the year ended December 31, 2020, as compared to the corresponding period year, was primarily due to increased losses on the extinguishment of debt and increased net interest expense, partially offset by a decrease to other expense. The increase in other expenses, net for the year ended December 31, 2019, as compared to the corresponding prior year, was primarily due to increased net interest expense and increased other pension costs primarily as a result of a remeasurement loss recorded in 2019 versus a remeasurement gain in 2018.

Income tax expense increased \$187 million and \$259 million during the years ended December 31, 2020 and 2019, respectively, compared to the corresponding prior year periods. Income tax expense increased during the year ended December 31, 2020, compared to the corresponding prior year, as a result of higher pretax income offset by increased recognition of excess tax benefits resulting from share-based compensation during 2020. The income tax expense in 2019 was primarily the result of higher pretax income and lower benefit from state tax rate changes.

#### *Gain (loss) on dilution of investment in equity affiliate*

The loss on dilution of investment in affiliate during 2020 and 2019 is primarily due to the issuance of Charter common stock from the exercise of stock options held by employees and other third parties, at prices below Liberty Broadband's book basis per share. As Liberty Broadband's ownership in Charter changes due to exercises of Charter warrants and stock options, a loss is recorded with the effective sale of common stock, because the exercise price of Charter warrants or stock options is typically lower than the book value of the Charter shares held by Liberty Broadband.

#### *Realized and unrealized gains (losses) on financial instruments, net*

Realized and unrealized gains (losses) on financial instruments, net decreased \$84.2 million and \$2.5 million for each of the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The realized and unrealized gains (losses) on financial instruments, net during the year ended December 31, 2020 were primarily related to changes in fair value of the 1.25% Exchangeable Senior Debentures due 2050 and the 2.75% Exchangeable Senior Debentures due 2050 related to changes in market price of underlying Charter stock (see note 9 in the accompanying consolidated financial statements for additional discussion). The realized and unrealized gains (losses) on financial instruments, net during the years ended December 31, 2019 and 2018 were related to zero-strike call options (see note 6 in the accompanying consolidated financial statements for additional discussion).

#### *Other, net*

Other, net increased \$935 thousand and increased \$396 thousand for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase in 2020 was primarily due to a tax sharing receivable with Qurate Retail that resulted in gains of \$1,953 thousand for the period from December 18, 2020 to December 31, 2020, partially offset by decreases in dividend and interest income as a result of lower interest rates and lower cash balances during the current year. The Company's cash balance increased during the fourth quarter of 2020, but not until the Combination on December 18, 2020. See more discussion about the tax sharing agreement with Qurate Retail in note 1 to the accompanying consolidated financial statements. The increase in 2019 was primarily due to increases in dividend and interest income as a result of higher interest rates in the current year.

#### *Income taxes*

The Company had an income tax benefit of \$36.4 million for the year ended December 31, 2020. The current year tax benefit was primarily due to a change in the effective state tax rate used to measure deferred taxes due to the Combination.

Our effective tax rate for both of the years ended December 31, 2019 and 2018 was 24%. Our effective tax rate was higher than the federal tax rate of 21% for these periods primarily due to state income taxes. See note 11 to the accompanying consolidated financial statements for more information.

*Net earnings (losses)*

We had net earnings of \$397.6 million, \$117.2 million and \$70.0 million for the years ended December 31, 2020, 2019 and 2018, respectively. The change in net earnings (losses) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

**Liquidity and Capital Resources**

As of December 31, 2020, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), monetization of investments, outstanding or anticipated debt facilities including \$300 million available to be drawn under the Margin Loan Facility until August 12, 2021, debt and equity issuances, and dividend and interest receipts.

As of December 31, 2020, Liberty Broadband had a cash balance of \$1,418 million.

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
<b>Cash flow information</b>			
Net cash provided (used) by operating activities . . . . .	\$ (95,742)	(37,563)	(26,260)
Net cash provided (used) by investing activities . . . . .	\$ 575,512	(500)	(41)
Net cash provided (used) by financing activities . . . . .	\$ 903,798	4,684	28,147

The increase in cash used by operating activities in 2020 and 2019, as compared to the corresponding prior year periods was primarily driven by the decrease in operating income, as well as by timing differences in working capital accounts.

During the year ended December 31, 2020, net cash flows provided by investing activities were primarily due to the \$592.2 million in cash acquired as a result of the Combination, as well as the exercise of preemptive rights to purchase an aggregate of approximately 35 thousand shares of Charter's Class A common stock for an aggregate purchase price of \$14.9 million.

During the year ended December 31, 2020, net cash flows provided by financing activities were primarily borrowings of \$2.8 billion under the Company's margin loan and issuances of multiple senior exchangeable debentures (see note 9 to the accompanying financial statements for more information), partially offset by repayments of debt of \$1.3 billion and repurchases of Series C Liberty Broadband common stock of \$0.6 billion.

During the year ended December 31, 2019, net cash flows provided by financing activities were primarily from additional borrowings under the Company's Margin Loan Facility and the settlement of zero-strike call options, partially offset by the purchase of zero-strike call options and payment of withholding taxes on net settlements of stock-based compensation.

During the year ended December 31, 2018, net cash flows from financing activities were primarily related to the settlement of zero-strike call options, as well as the modification to the Company's Margin Loan Facility and a drawdown of \$25 million on the Company's Margin Loan Facility.

The projected uses of our cash are capital expenditures of approximately \$130 million, approximately \$120 million for interest payments on outstanding debt, approximately \$15 million for preferred stock dividends, funding of any operational needs of our subsidiaries, to reimburse Liberty for amounts due under various agreements, to fund potential investment opportunities,



the potential buyback of common stock under the approved share buyback program and to refinance Liberty Broadband's margin loan, under its Margin Loan Facility, maturing in 2022. In February 2021, Liberty Broadband entered into a letter agreement in order to implement, facilitate and satisfy the terms of the Stockholders Agreement with respect to the Equity Cap (see more information in note 7 to the accompanying consolidated financial statements). The Company expects the Charter Repurchase to be a significant source of liquidity in future periods. We expect corporate cash and other available sources of liquidity to cover corporate expenses for the foreseeable future.

### ***Off-Balance Sheet Arrangements and Aggregate Contractual Obligations***

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible we may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations is summarized below.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
	amounts in thousands				
<i>Consolidated contractual obligations</i>					
Debt (1) . . . . .	\$ 4,724,978	4,676	2,009,402	693,472	2,017,428
Preferred stock liquidation value . . . . .	178,397	—	—	—	178,397
Interest expense and preferred stock dividends (2) . . . .	1,403,010	133,148	204,441	167,784	897,637
Finance lease obligations, including interest . . . . .	8,010	3,625	2,651	1,385	349
Tower obligations, including interest . . . . .	155,578	7,402	15,249	15,865	117,062
Operating lease commitments . . . . .	108,501	34,710	44,286	12,095	17,410
Purchase obligations . . . . .	65,739	65,739	—	—	—
Total contractual obligations . . . . .	\$ 6,644,213	249,300	2,276,029	890,601	3,228,283

- (1) Amounts are reflected in the table at the outstanding principal amount at December 31, 2020, assuming the debt instrument will remain outstanding until the stated maturity date, and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheets. Amounts do not assume additional borrowings or refinancings of existing debt.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2020, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2020 rates and (iii) assume that our existing debt is repaid at maturity.

### **Critical Accounting Estimates and Policies**

The preparation of our financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires us 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. Listed below are the accounting estimates and accounting policies that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with our audit committee.

***Application of the Equity Method of Accounting for Investments in Affiliates.*** For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's

investment in, advances to and commitments for the investee. The Company determines the difference between the purchase price of the investee and the underlying equity which results in an excess basis in the investment. This excess basis is allocated to the underlying assets and liabilities of the Company's investee through a purchase accounting exercise and is allocated within memo accounts used for equity accounting purposes. Depending on the applicable underlying assets, these amounts are either amortized over the applicable useful lives or determined to be indefinite lived.

Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, to investors other than the Company, are recognized in the statement of operations through the gain (loss) on dilution of investment in affiliate line item. We periodically evaluate our equity method investment to determine if decreases in fair value below our cost basis are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our equity method investment would be included in share of earnings (losses) of affiliates in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires judgment and includes estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Our evaluation of the fair value of our investments and any resulting impairment charges are made as of the most recent balance sheet date. Changes in fair value subsequent to the balance sheet date due to the factors described above are possible. Subsequent decreases in fair value will be recognized in our consolidated statement of operations in the period in which they occur to the extent such decreases are deemed to be other than temporary. Subsequent increases in fair value will be recognized in our consolidated statement of operations only upon our ultimate disposition of the investment.

***Fair Value of Non-Financial Instruments.*** The Company's non-financial instrument valuations are primarily comprised of its determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations, the Company's annual assessment of the recoverability of its goodwill and other nonamortizable intangibles, and the Company's evaluation of the recoverability of its other long-lived assets upon certain triggering events.

The Company periodically reviews the carrying value of its intangible assets with definite lives and other long-lived assets to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets or asset groups might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset group, or a significant decline in the observable market value of an asset group, among others. If such facts indicate a potential impairment, the recoverability of the asset group is assessed by determining whether the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset group over the remaining economic life of the asset group. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is recognized.

If the carrying value of the Company's amortizing intangible or long-lived assets exceeds their estimated fair value, the Company is required to write the carrying value down to fair value. Any such write down is included in impairment expense in the Company's consolidated statements of operations. A high degree of judgment is required to estimate the fair value of the Company's amortizing intangible and long-lived assets. The Company may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. The Company may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from the Company's amortizing intangible or long-lived assets may differ from its estimate of fair value.

The Company utilizes the cost approach as the primary method used to establish fair value for its property and equipment in connection with business combinations. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation and functional and technological obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of the Company's property and equipment along with assumptions regarding the age and estimated useful lives of its property and equipment.

The accounting guidance permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed.

The Company utilizes an income approach as the primary method used to establish fair value for its customer relationships and cable certificates in connection with business combinations and annual impairment testing when deemed necessary. The income approach quantifies the expected earnings of the Company's customer relationships and cable certificates, by isolating the after tax cash flows attributable to the respective asset and then discounting the cash flows to their present value. The income approach relies on management's assumptions such as projected revenue, market penetration, expenses, capital expenditures, customer trends, and a discount rate applied to the estimated after tax cash flows.

The Company performs an annual assessment of the recoverability of its goodwill during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. The Company utilizes a qualitative assessment for determining whether the quantitative goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of its reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior year for other purposes.

The fair value of goodwill is determined using an income approach, when deemed necessary. The Company's income approach model used for its goodwill valuation is consistent with that used for the cable certificates except that cash flows from the entire business enterprise are used for the goodwill valuation.

***Income Taxes.*** We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

### **Results of Operations—GCI Holdings, LLC**

As described in notes 1 and 5 to the accompanying consolidated financial statements, Liberty Broadband acquired GCI Holdings in the Combination on December 18, 2020. As GCI Holdings' results are only included in the Company's results for 13 days following the Combination, we believe a discussion of GCI Holdings' results for a comparative two year period promotes a better understanding of GCI Holdings' operations. For comparison and discussion purposes the Company is presenting actual historical results of GCI Holdings for the years ended December 31, 2020 and 2019, exclusive of the effects of acquisition accounting. In future periods the most significant effect of acquisition accounting is an expected increase to depreciation and amortization of approximately ten to fifteen percent as compared to prior years as a result of an increase in fair values of depreciable or amortizable assets. This historical financial information of GCI Holdings can be found in historical filings of GCI

Liberty, Inc. with the exception of the fourth quarter of 2020. The financial information below is presented voluntarily and does not purport to represent what the results of operations of GCI Holdings would have been if it were a wholly owned subsidiary of Liberty Broadband for the periods presented or to project the results of operations of GCI Holdings for any future periods.

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. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Consumer		
Wireless:		
Revenue generating wireless lines in service <sup>1</sup> .....	176,900	176,200
Non-revenue generating wireless lines in service <sup>2</sup> .....	2,200	6,100
Wireless lines in service .....	179,100	182,300
Data:		
Cable modem subscribers <sup>3</sup> .....	140,600	127,000
Video:		
Basic subscribers <sup>4</sup> .....	74,300	81,200
Homes passed <sup>5</sup> .....	253,400	253,400
Voice:		
Total local access lines in service <sup>6</sup> .....	36,600	39,900
Business		
Wireless:		
Revenue generating wireless lines in service <sup>1</sup> .....	25,200	20,500
Data:		
Cable modem subscribers <sup>3</sup> .....	13,800	8,800
Voice:		
Total local access lines in service <sup>6</sup> .....	33,100	34,500

<sup>1</sup> A revenue generating wireless line in service is defined as a wireless device with a monthly fee for services.

<sup>2</sup> A non-revenue generating wireless line in service is defined as a data-only line with no monthly fee for services.

<sup>3</sup> 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.

<sup>4</sup> A basic subscriber is defined by the purchase of basic video service.

<sup>5</sup> A home passed is defined as a dwelling unit that can be connected to GCI Holdings' network without the need of otherwise extending its network.

<sup>6</sup> A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

GCI Holdings' operating results for the years ended December 31, 2020 and 2019 are as follows:

	<b>Years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>amounts in thousands</b>	
Revenue .....	\$ 949,114	869,662
Operating expenses (excluding stock-based compensation included below):		
Operating expense .....	(271,044)	(266,565)
Selling, general and administrative expenses .....	(332,706)	(346,219)
Adjusted OIBDA .....	345,364	256,878
Stock-based compensation .....	(9,586)	(14,907)
Impairment of intangibles and long-lived assets .....	—	(167,062)
Insurance proceeds and restructuring, net .....	—	5,758
Depreciation and amortization .....	(249,170)	(263,508)
Operating income (loss) .....	<u>\$ 86,608</u>	<u>(182,841)</u>

## Revenue

The components of revenue are as follows:

	<b>Years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>amounts in thousands</b>	
Consumer		
Wireless .....	\$ 171,090	168,086
Data .....	188,151	169,332
Video .....	91,336	83,946
Voice .....	15,128	17,111
Business		
Wireless .....	88,461	92,603
Data .....	339,290	277,519
Video .....	11,675	16,170
Voice .....	43,983	44,895
Total revenue .....	<u>\$ 949,114</u>	<u>869,662</u>

**Consumer wireless revenue** increased \$3.0 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The increase in revenue in 2020 was primarily due to increased plan service fee revenue of \$5.3 million, driven by subscribers' selection of plans with higher recurring monthly charges that offer higher usage limits. The increase was partially offset by a \$1.8 million decrease in equipment sales revenue due to a decrease in the number of handsets sold in 2020.

**Consumer data revenue** increased \$18.8 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The increase in 2020 was driven by an increase in the number of subscribers and the subscribers' selection of plans with higher recurring monthly charges that offer higher speeds and higher usage limits.

**Consumer video revenue** increased \$7.4 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The increase in 2020 was due to a \$10.9 million increase in advertising revenue driven by a reorganization effective August 1, 2020. The Company transitioned its advertising sales to Consumer video following the sale of the Company's broadcast television station. The increase was partially offset by a decrease in plan fee revenue driven by a decrease in the number of subscribers.

**Consumer voice revenue** decreased \$2.0 million for the year ended December 31, 2020, as compared to the corresponding prior year periods. The decrease in 2020 was primarily due to a reduction in the number of customers.



**Business wireless revenue** decreased \$4.1 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was primarily due to wholesale customers removing backhaul circuits from our network and a decrease in grant revenue partially offset by increases in roaming revenue driven by the renegotiation of a roaming contract.

**Business data revenue** increased \$61.8 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The increase in 2020 was due to a \$73.4 million increase in data and transport revenue driven by increased sales to school and medical customers for service upgrades. The increase also included \$9 million associated with prior periods for an RHC customer whose funding was initially denied but subsequently approved in the first quarter of 2020. The increases were partially offset by a \$11.7 million decrease in professional services revenue driven by a reduction in time and materials project work.

**Business video revenue** decreased \$4.5 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was primarily due to the sale of the Company's broadcast television station.

**Business voice revenue** decreased \$0.9 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was driven by a decrease in local service lines partially offset by an increase in long distance and conferencing services.

**Operating expenses** increased \$4.5 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The increase in 2020 was primarily due to a \$18.1 million increase in costs to operate our network driven by the increase in demand from school and medical customers. The increase is partially offset by decreases of \$7.5 million in professional services costs driven by a reduction in time and materials project work and \$4.2 million in video costs paid to content producers driven by a decrease in video subscribers.

**Selling, general and administrative expenses** decreased \$13.5 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was primarily due to the absence of a \$17.0 million reserve recorded in the fourth quarter of 2019 for contracts that were deemed probable of not complying with RHC Program rules, and the Company's cost cutting efforts. The decrease was partially offset by a \$4.9 million increase in legal and compliance costs.

**Stock based compensation** decreased \$5.3 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was primarily due to the reversal of expense for performance-based awards that did not vest due to a shortfall in certain financial metrics and qualitative criteria; employees who left the company prior to the vesting of their awards; and a decrease in the number of awards granted.

**Depreciation and amortization** decreased \$14.3 million for the year ended December 31, 2020, as compared to the corresponding prior year period. The decrease in 2020 was primarily due to assets which became fully depreciated prior to 2020, a decrease in assets placed in service since January 1, 2019, and lower amortization expense because of an accelerated recognition pattern for amortizing intangibles.

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

We are exposed to market risk in the normal course of business due to our 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. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which could 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 our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We could achieve this mix by (i)

issuing fixed rate debt that we believe 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 we deem appropriate.

Liberty Broadband's borrowings under the Margin Loan Agreement (as defined in note 9 of the accompanying consolidated financial statements) and the Senior Credit Facility (as defined in note 9 of the accompanying consolidated financial statements) carry a variable interest rate based on LIBOR as a benchmark for establishing the rate of interest. LIBOR is the subject of national, international and other regulatory guidance and proposals for reform. On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of borrowings under the aforementioned debt instruments. In preparation for the expected phase out of LIBOR, and to the extent alternate reference rates were not included in existing debt agreements, Liberty Broadband has incorporated alternative reference rates when amending these facilities.

As of December 31, 2020, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
dollar amounts in millions				
GCI Holdings .....	\$ 710,442	2.8 %	\$ 600,000	4.8 %
Corporate and other .....	\$ 2,000,000	2.1 %	\$ 1,414,536	1.9 %

Our investment in Charter (our equity method affiliate) is publicly traded and not reflected at fair value in our balance sheet. Our investment in Charter is subject to market risk that is not directly reflected in our financial statements.

#### Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Broadband Corporation are included herein, beginning on Page F-29.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

#### Disclosure Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, 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. On December 18, 2020, the Company acquired GCI Liberty, Inc. in a business combination. Management has excluded the acquired business from its assessment of the effectiveness of the disclosure controls and procedures as of December 31, 2020. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

## **Management's Report on Internal Control Over Financial Reporting**

See page F-24 for *Management's Report on Internal Control Over Financial Reporting*.

See page F-25 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

## **Changes in Internal Control Over Financial Reporting**

On December 18, 2020, the Company acquired GCI Liberty, Inc. As a result of the acquisition, the Company is reviewing the internal controls of GCI Liberty, Inc. and is making appropriate changes as deemed necessary. Except for the changes in internal controls related to GCI Liberty, Inc., there has been no change in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

## **Material Weakness in the Acquired Business's Internal Control Over Financial Reporting**

As discussed above, on December 18, 2020, the Company acquired GCI Liberty, Inc in a purchase business combination and has excluded the acquired entity from the December 31, 2020 evaluation of the effectiveness of internal control over financial reporting and disclosure controls and procedures. However, management has identified a material weakness in internal control over financial reporting related to revenue at GCI Holdings, a wholly-owned subsidiary, as of December 31, 2020.

A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The internal controls over financial reporting at GCI Holdings were not consistently operating effectively to ensure certain components of revenue would be recorded completely and accurately, due to:

- Insufficient staffing and training of certain control operators;
- Inadequate assessment of financial reporting risks, which in turn contributed to reliance on business process controls that were not designed and operating effectively to adequately mitigate existing risks;
- Breakdowns in communication of expectations and prioritization of control execution to certain control operators; and
- Lack of accountability for effective control operation.

The control deficiencies did not result in any identified misstatements.

## **Remediation Plan for Material Weakness in Internal Control Over Financial Reporting**

In response to the material weakness identified above, the Company developed a plan to remediate the material weakness at GCI Holdings. Remediation activities include:

- Continue to hire, train and retain individuals with appropriate skills and experience related to designing, operating and documenting internal control over financial reporting.
- Enhance the comprehensive and continuous risk assessment process to identify and assess financial statement risks and ensure that the financial reporting process and related internal controls are in place to respond to those risks.
- Enhance the design of and implement additional process-level control activities and ensure they are properly evidenced and operating effectively.
- Communicate expectations, monitor for compliance with expectations, and hold individuals accountable for their roles related to internal control over financial reporting.

The Company believes the foregoing efforts will effectively remediate the material weakness described above. Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weakness will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. The Company's remediation efforts are underway; however, there is no assurance that the remediation efforts will be effective in the future or that additional material weaknesses will not develop or be identified.

**Other Information.**

None.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2020, using the criteria in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2020, the Company's internal control over financial reporting is effective. The Company's assessment of internal control over financial reporting did not include the internal controls of GCI Liberty, Inc., which the Company acquired in the 4<sup>th</sup> quarter of 2020, as discussed in the Disclosure Controls and Procedures section above. The amount of total assets and revenue of GCI Liberty, Inc. included in our consolidated financial statements as of and for the year ended December 31, 2020 was \$7,736.7 million and \$33.7 million, respectively.

The Company's independent registered public accounting firm audited the consolidated financial statements and related notes in the Annual Report and have issued an audit report on the effectiveness of the Company's internal control over financial reporting. Their report appears on page F-25 of this Annual Report.

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Liberty Broadband Corporation:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Liberty Broadband Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2021 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired GCI Liberty, Inc. during 2020, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, GCI Liberty, Inc.'s internal control over financial reporting associated with total assets of \$7,736.7 million and total revenue of \$33.7 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of GCI Liberty, Inc.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado  
February 26, 2021



## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Liberty Broadband Corporation:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Liberty Broadband Corporation and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Change in Accounting Principle*

As discussed in note 7 to the consolidated financial statements, the Company's equity method investee, Charter Communications, Inc. (Charter) changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, *Leases*.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Equity method accounting for the Company's investment in Charter*

As discussed in notes 3 and 7 to the consolidated financial statements, the Company has recorded an investment in Charter of \$16,178.9 million as of December 31, 2020, accounted for using the equity method. The investment represents approximately 75.7% of the total assets of the Company as of December 31, 2020. The investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses as they occur. The Company's investment

in Charter differs from the underlying equity of Charter which results in excess basis in the investment. This excess basis is allocated to the underlying assets and liabilities of the Company's investee within memo accounts used for equity method accounting.

We identified the evaluation of the equity method of accounting for the Company's investment in Charter as a critical audit matter. Evaluating the Company's application of the equity method of accounting for the Company's investment in Charter required a higher degree of auditor judgment to determine the nature and extent of audit effort required to address the matter, including the involvement of valuation professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the Company's application of its equity method accounting, including the related share of earnings calculation, allocation of excess basis to the memo accounts, and the associated amortization. We performed risk assessment procedures, including sensitivity analyses, and applied auditor judgment to determine the nature and extent of procedures to be performed over the investment. We recalculated (1) the Company's share of earnings of Charter, (2) the allocation of excess basis to the memo accounts, and (3) the related excess basis amortization. We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the allocation of the excess basis, including (1) assessing the valuation methodology used by the Company to estimate the fair value of Charter's assets and liabilities by comparison to generally accepted valuation methodologies, (2) assessing the identification of marketplace transactions used in the model by considering the comparability to Charter, and (3) assessing the allocation of excess basis to the underlying assets and liabilities of Charter by considering comparability to other marketplace transactions.

*Preliminary fair value measurement of certain intangible assets acquired and contingent liabilities assumed in the GCI Liberty acquisition*

As discussed in note 5 to the consolidated financial statements, the Company acquired GCI Liberty, Inc. (GCI Liberty) in December 2020 for total consideration of \$3,264.2 million, which resulted in the allocation of such consideration to the assets acquired and liabilities assumed. The Company recognized \$673.9 million of intangible assets subject to amortization which included certain customer relationships, \$581.5 million of intangible assets not subject to amortization which included cable certificates, and \$12.0 million of contingent liabilities. The determination of the initial acquisition date fair value of certain intangible assets required the Company to develop assumptions regarding projected revenue growth rates, EBITDA margins, and the discount rates (the key assumptions). Additionally, the Company assessed the probability that a contingent liability exists and the amount of that liability as it relates to GCI Liberty's potential compliance issues with the Rural Health Care (RHC) Program. The purchase price allocated to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based on preliminary information, which is subject to change as additional information is obtained by the Company. The information that was available to allocate consideration to the assets acquired and liabilities assumed was affected by the proximity of the acquisition date to the Company's fiscal year-end date of December 31, 2020. During the measurement period, the Company may adjust the preliminary estimated values allocated to the assets acquired and liabilities assumed if additional information is obtained about the facts and circumstances that existed as of the acquisition date.

We identified the assessment of the preliminary measurement of certain intangible assets acquired and contingent liabilities assumed in the GCI Liberty acquisition as a critical audit matter. There was a high degree of subjective auditor judgment in applying and evaluating the results of our audit procedures over the discounted cash flow model used to calculate the fair value of certain customer relationships and cable certificates. Specifically, the key assumptions which were used by the Company to estimate the fair value of these intangible assets involved a higher degree of subjectivity due to the sensitivity of the fair value to changes in these assumptions and the proximity of the acquisition to the end of the year. Additionally, there was especially subjective auditor judgment involved in assessing the probability that a contingent liability exists at the acquisition date associated with GCI Liberty's compliance with the RHC Program, and the amount of that liability. Specifically, the consideration of whether events and circumstances in the current year would impact the assessment of the probability of loss and the amount of such loss made by GCI Liberty management in prior reporting periods involved a higher degree of subjectivity.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's preliminary fair value measurement process, including controls related to the development of the key assumptions, and an internal control related to accurately identifying, evaluating, and recording the contingent liability related to the RHC Program. We performed sensitivity analyses to assess the impact of possible changes to the key assumptions on the preliminary fair value measurements of these intangible assets. We compared GCI Liberty's forecasted revenue growth rate and EBITDA margin assumptions to the historical revenue growth rates and EBITDA margins, to projected revenue growth rates and EBITDA margins for comparable companies, and to other publicly available data, including third party market studies. Due to the proximity of the acquisition to the end of the year, we evaluated the relevance and reliability of the internal and external data used to develop those assumptions. We involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's discount rates for certain customer relationships and cable certificates by comparing them to publicly available market data for comparable entities considering the discount rate for the overall business;
- assessing the estimates of the fair values of certain customer relationships and cable certificates using the Company's cash flow projections and discount rates.

We inquired of and inspected minutes of meetings involving senior management and those charged with governance of GCI Liberty. We inspected correspondence between GCI Liberty and the Federal Communications Commission (FCC) regarding developments in FCC regulatory compliance matters. We inquired of GCI Liberty's internal legal and external legal counsel and we read letters received directly from GCI Liberty's external legal counsel. Based on these procedures, we assessed whether the Company properly considered events and circumstances in the current year when evaluating the probability of loss made in determining whether a liability exists at acquisition, and the amount of that liability.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Denver, Colorado  
February 26, 2021

**LIBERTY BROADBAND CORPORATION**

**Consolidated Balance Sheets**

**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
	<u>amounts in thousands</u>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 1,417,802	49,724
Trade and other receivables, net of allowance for doubtful accounts of \$10 and \$20, respectively (note 3) . . . . .	349,256	1,216
Other current assets . . . . .	<u>79,453</u>	<u>1,193</u>
Total current assets . . . . .	1,846,511	52,133
Investment in Charter, accounted for using the equity method (note 7) . . . . .	16,178,939	12,194,674
Property and equipment, net (note 3) . . . . .	1,098,512	532
Intangible assets not subject to amortization (note 8)		
Goodwill . . . . .	745,577	6,497
Cable certificates . . . . .	560,000	—
Other . . . . .	21,500	—
Intangible assets subject to amortization, net (note 8) . . . . .	674,049	888
Tax sharing receivable . . . . .	94,549	—
Other assets, net . . . . .	<u>151,487</u>	<u>1,618</u>
Total assets . . . . .	<u>\$ 21,371,124</u>	<u>12,256,342</u>

See accompanying notes to consolidated financial statements.

**LIBERTY BROADBAND CORPORATION**

**Consolidated Balance Sheets (Continued)**

**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
	<u>amounts in thousands,</u>	<u>except share amounts</u>
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities . . . . .	\$ 97,933	6,107
Deferred revenue . . . . .	24,926	4,840
Current portion of debt, including \$26,350 and \$0 measured at fair value, respectively (note 9) . . . . .	31,026	—
Indemnification obligation (note 6) . . . . .	344,643	—
Other current liabilities . . . . .	113,234	1,192
Total current liabilities . . . . .	<u>611,762</u>	<u>12,139</u>
Long-term debt, net, including \$1,445,775 and \$0 measured at fair value, respectively (note 9) . . . . .	4,785,207	572,944
Obligations under finance leases and tower obligations, excluding current portion (note 10) . . .	92,840	—
Long-term deferred revenue . . . . .	39,649	1,807
Deferred income tax liabilities (note 11) . . . . .	1,977,643	999,757
Preferred stock (note 12) . . . . .	202,917	—
Other liabilities . . . . .	146,687	1,749
Total liabilities . . . . .	<u>7,856,705</u>	<u>1,588,396</u>
<i>Equity</i>		
Series A common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 26,495,249 and 26,493,197 at December 31, 2020 and 2019 respectively . . . . .	265	265
Series B common stock, \$.01 par value. Authorized 18,750,000 shares; issued and outstanding 2,549,470 and 2,451,920 at December 31, 2020 and 2019, respectively . . . . .	25	25
Series C common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 167,480,926 and 152,956,316 at December 31, 2020 and 2019, respectively . . . . .	1,675	1,529
Additional paid-in capital . . . . .	10,319,754	7,890,084
Accumulated other comprehensive earnings, net of taxes . . . . .	15,436	8,158
Retained earnings . . . . .	3,165,504	2,767,885
Total stockholders' equity . . . . .	<u>13,502,659</u>	<u>10,667,946</u>
Non-controlling interests . . . . .	11,760	—
Total equity . . . . .	<u>13,514,419</u>	<u>10,667,946</u>
Commitments and contingencies (note 15)		
Total liabilities and equity . . . . .	<u>\$ 21,371,124</u>	<u>12,256,342</u>

See accompanying notes to consolidated financial statements.

**LIBERTY BROADBAND CORPORATION**  
**Consolidated Statements of Operations**  
**Years Ended December 31, 2020, 2019 and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in thousands, except per share amounts		
Revenue:			
Skyhook revenue . . . . .	\$ 17,036	14,859	22,256
GCI Holdings revenue . . . . .	33,670	—	—
Total revenue . . . . .	<u>50,706</u>	<u>14,859</u>	<u>22,256</u>
Operating costs and expenses			
Operating, including stock-based compensation (note 13) . . . . .	20,443	9,450	7,994
Selling, general and administrative, including stock-based compensation and transaction costs . . . . .	74,691	32,811	23,497
Depreciation and amortization . . . . .	<u>15,227</u>	<u>1,875</u>	<u>2,779</u>
	<u>110,361</u>	<u>44,136</u>	<u>34,270</u>
Operating income (loss) . . . . .	(59,655)	(29,277)	(12,014)
Other income (expense):			
Interest expense (including amortization of deferred loan fees) . . . . .	(28,158)	(25,166)	(23,302)
Share of earnings (losses) of affiliate (note 7) . . . . .	713,329	286,401	166,146
Gain (loss) on dilution of investment in affiliate (note 7) . . . . .	(183,575)	(79,329)	(43,575)
Realized and unrealized gains (losses) on financial instruments, net (note 6) . . . . .	(83,070)	1,170	3,659
Other, net . . . . .	<u>2,294</u>	<u>1,359</u>	<u>963</u>
Earnings (loss) before income taxes . . . . .	361,165	155,158	91,877
Income tax benefit (expense) . . . . .	<u>36,443</u>	<u>(37,942)</u>	<u>(21,924)</u>
Net earnings (loss) . . . . .	397,608	117,216	69,953
Less net earnings (loss) attributable to the non-controlling interests . . . . .	<u>(11)</u>	<u>—</u>	<u>—</u>
Net earnings (loss) attributable to Liberty Broadband shareholders . . . . .	<u>\$ 397,619</u>	<u>117,216</u>	<u>69,953</u>
Basic earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share (note 3) . . . . .	\$ 2.18	0.65	0.39
Diluted net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share (note 3) . . . . .	\$ 2.17	0.64	0.38

See accompanying notes to consolidated financial statements.



**LIBERTY BROADBAND CORPORATION**  
**Consolidated Statements of Comprehensive Earnings (Loss)**  
**Years ended December 31, 2020, 2019 and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<b>amounts in thousands</b>		
Net earnings (loss) .....	\$ 397,608	117,216	69,953
Other comprehensive earnings (loss), net of taxes:			
Comprehensive earnings (loss) attributable to debt credit risk adjustments .....	7,278	—	—
Other .....	<u>—</u>	<u>380</u>	<u>(646)</u>
Other comprehensive earnings (loss), net of taxes .....	<u>7,278</u>	<u>380</u>	<u>(646)</u>
Comprehensive earnings (loss) .....	404,886	117,596	69,307
Less comprehensive earnings (loss) attributable to the non-controlling interests. . .	<u>(11)</u>	<u>—</u>	<u>—</u>
Comprehensive earnings (loss) attributable to Liberty Broadband shareholders .....	<u>\$ 404,897</u>	<u>117,596</u>	<u>69,307</u>

See accompanying notes to consolidated financial statements.

# LIBERTY BROADBAND CORPORATION

## Consolidated Statements of Cash Flows

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in thousands		
Cash flows from operating activities:			
Net earnings (loss) . . . . .	\$ 397,608	117,216	69,953
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization . . . . .	15,227	1,875	2,779
Stock-based compensation . . . . .	9,134	10,511	5,707
Share of (earnings) losses of affiliate, net . . . . .	(713,329)	(286,401)	(166,146)
(Gain) loss on dilution of investment in affiliate. . . . .	183,575	79,329	43,575
Realized and unrealized (gains) losses on financial instruments, net . . . . .	83,070	(1,170)	(3,659)
Deferred income tax expense (benefit) . . . . .	(36,456)	37,940	21,569
Other, net . . . . .	903	1,471	1,496
Changes in operating assets and liabilities:			
Current and other assets. . . . .	(13,926)	(820)	1,476
Payables and other liabilities. . . . .	(21,548)	2,486	(3,010)
Net cash provided by (used in) operating activities . . . . .	(95,742)	(37,563)	(26,260)
Cash flows from investing activities:			
GCI Liberty, Inc. cash acquired in merger . . . . .	592,240	—	—
Capital expended for property and equipment. . . . .	(1,818)	(500)	(41)
Exercise of preemptive right to purchase Charter shares . . . . .	(14,910)	—	—
Net cash provided by (used in) investing activities. . . . .	575,512	(500)	(41)
Cash flows from financing activities:			
Borrowings of debt . . . . .	2,825,000	50,000	158,000
Repayments of debt, finance leases and tower obligations. . . . .	(1,301,419)	—	(133,000)
Repurchases of Liberty Broadband common stock . . . . .	(596,679)	—	—
Proceeds (payments) from issuances of financial instruments . . . . .	—	(46,330)	(142,824)
Proceeds (payments) from settlements of financial instruments . . . . .	—	47,500	146,483
Payment to former parent under tax sharing agreement related to net settlement of Awards . . . . .	—	(49,718)	—
Other financing activities, net. . . . .	(23,104)	3,232	(512)
Net cash provided by (used in) financing activities . . . . .	903,798	4,684	28,147
Net increase (decrease) in cash, cash equivalents and restricted cash . . . . .	1,383,568	(33,379)	1,846
Cash, cash equivalents and restricted cash, beginning of period . . . . .	49,724	83,103	81,257
Cash, cash equivalents and restricted cash, end of period . . . . .	\$ 1,433,292	49,724	83,103

See accompanying notes to consolidated financial statements.

# LIBERTY BROADBAND CORPORATION

## Consolidated Statements of Equity

Years ended December 31, 2020, 2019 and 2018

	Common stock			Additional paid-in capital	Accumulated other comprehensive earnings amounts in thousands	Retained earnings (accumulated deficit)	Noncontrolling interest in equity of subsidiaries	Total equity
	Series A	Series B	Series C					
Balance at December 31, 2017	\$ 262	25	1,526	7,907,900	8,424	2,568,764	—	10,486,901
Net earnings (loss)	—	—	—	—	—	69,953	—	69,953
Other comprehensive earnings (loss), net of taxes	—	—	—	—	(646)	—	—	(646)
Stock-based compensation	—	—	—	5,402	—	—	—	5,402
Issuance of common stock upon exercise of stock options	1	—	—	737	—	—	—	738
Cumulative effect of accounting change (note 3)	—	—	—	—	—	1,223	—	1,223
Cumulative effect of accounting change at Charter	—	—	—	—	—	10,729	—	10,729
Noncontrolling interest activity at Charter	—	—	—	24,318	—	—	—	24,318
Balance at December 31, 2018	\$ 263	25	1,526	7,938,357	7,778	2,650,669	—	10,598,618
Net earnings (loss)	—	—	—	—	—	117,216	—	117,216
Other comprehensive earnings (loss), net of taxes	—	—	—	—	380	—	—	380
Stock-based compensation	—	—	—	10,216	—	—	—	10,216
Issuance of common stock upon exercise of stock options	2	—	3	4,481	—	—	—	4,486
Payment to former parent under tax sharing agreement related to net settlement of Awards	—	—	—	(49,921)	—	—	—	(49,921)
Noncontrolling interest activity at Charter and other	—	—	—	(13,049)	—	—	—	(13,049)
Balance at December 31, 2019	\$ 265	25	1,529	7,890,084	8,158	2,767,885	—	10,667,946
Net earnings (loss)	—	—	—	—	—	397,619	(11)	397,608
Other comprehensive earnings (loss), net of taxes	—	—	—	—	7,278	—	—	7,278
Stock-based compensation	—	—	—	9,354	—	—	—	9,354
Issuance of common stock upon exercise of stock options	—	—	—	105	—	—	—	105
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(2,121)	—	—	—	(2,121)
Series C Liberty Broadband stock repurchase	—	—	(41)	(596,638)	—	—	—	(596,679)
Net impact of GCI Liberty, Inc. Acquisition	—	—	187	3,059,762	—	—	11,771	3,071,720
Noncontrolling interest activity at Charter and other	—	—	—	(40,792)	—	—	—	(40,792)
Balance at December 31, 2020	\$ 265	25	1,675	10,319,754	15,436	3,165,504	11,760	13,514,419

See accompanying notes to consolidated financial statements.

# **LIBERTY BROADBAND CORPORATION**

## **Notes to Consolidated Financial Statements**

**December 31, 2020, 2019 and 2018**

### **(1) Basis of Presentation**

During May 2014, the board of directors of Liberty Media Corporation (for accounting purposes a related party of the Company) and its subsidiaries (“Liberty”) authorized management to pursue a plan to spin-off to its stockholders common stock of a wholly-owned subsidiary, Liberty Broadband Corporation, and to distribute subscription rights to acquire shares of Liberty Broadband’s common stock (the “Broadband Spin-Off”). These financial statements refer to Liberty Broadband Corporation as “Liberty Broadband,” “the Company,” “us,” “we” and “our” in the notes to the consolidated financial statements.

On December 18, 2020, pursuant to the Agreement and Plan of Merger, dated as of August 6, 2020, entered into by GCI Liberty, Inc. (“GCI Liberty”), Liberty Broadband, Grizzly Merger Sub 1, LLC, a wholly owned subsidiary of Liberty Broadband (“Merger LLC”), and Grizzly Merger Sub 2, Inc., a wholly owned subsidiary of Merger LLC (“Merger Sub”), Merger Sub merged with and into GCI Liberty (the “First Merger”), with GCI Liberty surviving the First Merger as an indirect wholly owned subsidiary of Liberty Broadband (the “Surviving Corporation”), and immediately following the First Merger, GCI Liberty (as the Surviving Corporation in the First Merger) merged with and into Merger LLC (the “Upstream Merger”, and together with the First Merger, the “Combination”), with Merger LLC surviving the Upstream Merger as a wholly owned subsidiary of Liberty Broadband.

As a result of the Combination, each holder of a share of Series A common stock and Series B common stock of GCI Liberty received 0.58 of a share of Series C common stock and Series B common stock, respectively, of Liberty Broadband. Additionally, each holder of a share of Series A Cumulative Redeemable Preferred Stock of GCI Liberty (“GCI Liberty Preferred Stock”) received one share of newly issued Liberty Broadband Series A Cumulative Redeemable Preferred Stock (“Liberty Broadband Preferred Stock”), which has substantially identical terms to GCI Liberty’s former Series A Cumulative Redeemable Preferred Stock, including a mandatory redemption date of March 9, 2039. Cash was paid in lieu of issuing fractional shares of Liberty Broadband stock in the Combination. No shares of Liberty Broadband stock were issued with respect to shares of GCI Liberty capital stock held by (i) GCI Liberty as treasury stock, (ii) any of GCI Liberty’s wholly owned subsidiaries or (iii) Liberty Broadband or its wholly owned subsidiaries.

In December 2019, Chinese officials reported a novel coronavirus outbreak (“COVID-19”). COVID-19 has since spread through China and internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices, which has caused a significant disruption to most sectors of the economy.

We are not presently aware of any events or circumstances arising from the COVID-19 pandemic that would require us to update our estimates or judgments or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements. Actual results could differ from estimates, and any such differences may be material to our financial statements.

In connection with the Broadband Spin-Off, Liberty (for accounting purposes a related party of the Company) and Liberty Broadband entered into certain agreements in order to govern certain of the ongoing relationships between the two companies and to provide for an orderly transition, including a services agreement and a facilities sharing agreement. Additionally, in connection with a prior transaction, GCI Liberty and Qurate Retail, Inc. (“Qurate Retail”) (for accounting purposes a related party of the Company) entered into a tax sharing agreement, which was assumed by Liberty Broadband as a result of the Combination. The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and Liberty Broadband and other agreements related to tax matters. Under the facilities sharing agreement, Liberty Broadband shares office space with Liberty and related amenities at Liberty’s corporate headquarters. Liberty Broadband will reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services which will be negotiated semi-annually.

Pursuant to the services agreement, Liberty provides Liberty Broadband with general and administrative services including legal, tax, accounting, treasury and investor relations support. In December 2019, the Company entered into an

# **LIBERTY BROADBAND CORPORATION**

## **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

amendment to the services agreement with Liberty in connection with Liberty's entry into a new employment arrangement with Gregory B. Maffei, the Company's President and Chief Executive Officer. Under the amended services agreement, components of his compensation would either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc., GCI Liberty, and Qurate Retail (collectively, the "Service Companies") or reimbursed to Liberty, in each case, based on allocations among Liberty and the Service Companies set forth in the amended services agreement, currently set at 18% for the Company but subject to adjustment on an annual basis upon the occurrence of certain events. Following the Combination, GCI Liberty no longer participates in the services agreement arrangement. The amended services agreement provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an aggregate annual base salary of \$3 million (with no contracted increase), an aggregate one-time cash commitment bonus of \$5 million (paid in December 2019), an aggregate annual target cash performance bonus of \$17 million, aggregate annual equity awards of \$17.5 million and aggregate equity awards granted in connection with his entry into his new agreement of \$90 million (the "upfront awards"). A portion of the grants made to our CEO in the year ended December 31, 2020 related to our company's allocable portion of these upfront awards.

Under these various agreements, amounts reimbursable to Liberty were approximately \$4.9 million and \$54.2 million for the years ended December 31, 2020 and 2019, respectively. Liberty Broadband had a tax sharing receivable with Qurate Retail of \$119 million as of December 31, 2020, of which \$24 million was in other current assets as of December 31, 2020.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and represent the historical consolidated financial information of Skyhook Holdings, Inc. ("Skyhook"), the Company's interest in Charter and, as of December 18, 2020, GCI Holdings, LLC ("GCI Holdings"), as well as certain other assets and liabilities. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

### **(2) Description of Business**

GCI Holdings, a wholly owned subsidiary of the Company, provides 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 under the GCI brand.

Skyhook, a wholly owned subsidiary of the Company, markets and sells a location determination service called the Precision Location Solution. Skyhook also previously marketed and sold a location intelligence and data insights service called Geospatial Insights. In November 2020, Skyhook decided to wind down the Geospatial Insights business, which did not constitute a material portion of Skyhook's business. Skyhook's Precision Location Solution works by collecting nearby radio signals (such as information from WiFi access points, cell towers, IP addresses and other radio beacons) that are observed by a mobile device.

Charter, an equity method investment of the Company, is a leading broadband connectivity company and cable operator. Over an advanced high-capacity, two-way telecommunications network, Charter offers a full range of state-of-the-art residential and business services including Spectrum Internet, TV, Mobile and Voice. For small and medium-sized companies, Spectrum Business® delivers the same suite of broadband products and services coupled with special features and applications to enhance productivity, while for larger businesses and government entities, Spectrum Enterprise provides highly customized, fiber-based solutions. Spectrum Reach® delivers tailored advertising and production for the modern media landscape. Charter also distributes award-winning news coverage, sports and high-quality original programming to its customers through Spectrum Networks and Spectrum Originals.

### **(3) Summary of Significant Accounting Policies**

#### ***Cash and Cash Equivalents***

Cash consists of cash deposits held in global financial institutions. Cash equivalents consist of highly liquid investments with original maturities of three months or less at the time of acquisition. Cash that has restrictions upon its usage has been

# **LIBERTY BROADBAND CORPORATION**

## **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

excluded from cash and cash equivalents. Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents and corporate debt securities. The Company maintains some cash and cash equivalents balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits.

### ***Accounts Receivable and Allowance for Doubtful Receivables***

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful receivables is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company bases its estimates on the aging of its accounts receivable balances, financial health of specific customers, regional economic data, changes in its collections process, regulatory requirements and its customers' compliance with Universal Service Administrative Company rules. The Company reviews its allowance for doubtful receivables methodology at least annually.

Depending upon the type of account receivable the Company's allowance is calculated using a pooled basis with an allowance for all accounts greater than 120 days past due, a pooled basis using a percentage of related accounts, or a specific identification method. When a specific identification method is used, potentially uncollectible accounts due to bankruptcy or other issues are reviewed individually for collectability. Account balances are charged off against the allowance when it determines that it is probable the receivable will not be recovered. The Company does not have any off-balance-sheet credit exposure related to its customers.

Allowance for doubtful receivables as of December 31, 2020, 2019 and 2018 was not material.

### ***Derivative Instruments and Hedging Activities***

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. None of the Company's derivatives are currently designated as hedges, as a result, changes in the fair value of the derivative are recognized in earnings.

The fair value of certain of the Company's derivative instruments are estimated using the Black Scholes Merton option-pricing model ("Black-Scholes model"). The Black-Scholes model incorporates a number of variables in determining such fair values, including expected volatility of the underlying security and an appropriate discount rate. The Company obtained volatility rates from pricing services based on the expected volatility of the underlying security over the remaining term of the derivative instrument. A discount rate was obtained at the inception of the derivative instrument and updated each reporting period, based on the Company's estimate of the discount rate at which it could currently settle the derivative instrument. The Company considered its own credit risk as well as the credit risk of its counterparties in estimating the discount rate. Management judgment was required in estimating the Black-Scholes variables. The Company had no outstanding derivative instruments at December 31, 2020.

### ***Investments in Equity Method Affiliates***

For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company determines the difference between the purchase price of the investee and the underlying equity which results in an excess basis in the investment. This excess basis is allocated to the underlying assets and liabilities of the Company's investee through a purchase accounting exercise and is allocated within memo accounts used for equity accounting purposes. Depending on the applicable underlying assets, these amounts are either amortized over the applicable useful lives or determined to be indefinite lived. Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, are recognized in the statement of operations through the gain (loss) on dilution of investment in affiliate line item. We periodically evaluate our equity method investment to determine if decreases in fair value below our cost basis are other than temporary. If a decline in fair value is determined to be other than



## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our equity method investment would be included in share of earnings (losses) of affiliates in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires judgment and includes estimates and assumptions, actual results could differ materially from our estimates and assumptions.

As Liberty Broadband does not control the decision making process or business management practices of our affiliates accounted for using the equity method, Liberty Broadband relies on management of its 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, Liberty Broadband relies on the audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliate. 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 Liberty Broadband's consolidated financial statements. See note 7 for additional discussion regarding our investment in Charter.

#### ***Other Investments***

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values.

The Company performs a qualitative assessment each reporting period for its equity securities without readily determinable fair values to identify whether an equity security could be impaired. When the Company's qualitative assessment indicates that an impairment could exist, it estimates the fair value of the investment and to the extent the fair value is less than the carrying value, it records the difference as an impairment in the consolidated statements of operations.

#### ***Property and Equipment***

Property and equipment is stated at depreciated cost less impairments, if any. Construction costs of facilities are capitalized. Construction in progress represents transmission equipment and support equipment and systems not placed in service on December 31, 2020, that management intends to place in service when the assets are ready for their intended use. Depreciation is computed using the straight-line method based upon the shorter of the estimated useful lives of the assets or the lease term, if applicable.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Net property and equipment consists of the following:

	December 31,	
	2020	2019
	amounts in thousands	
Land .....	\$ 16,369	—
Buildings (25 years) .....	93,947	—
Telephony transmission equipment and distribution facilities (5-20 years) .....	666,412	—
Cable transmission equipment and distribution facilities (5-30 years) .....	83,978	—
Support equipment and systems (3-20 years) .....	85,458	1,341
Fiber optic cable systems (15-25 years) .....	68,307	—
Other (2-20 years) .....	33,444	168
Construction in progress .....	60,703	—
	1,108,618	1,509
Less accumulated depreciation .....	(10,106)	(977)
Property and equipment, net .....	<u>\$ 1,098,512</u>	<u>532</u>

Depreciation of property and equipment under finance leases is included in depreciation and amortization expense in the consolidated statements of operations. Depreciation expense for the years ended December 31, 2020, 2019 and 2018 was \$9,300 thousand, \$92 thousand and \$200 thousand, respectively.

Repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments are capitalized. Accumulated depreciation is removed and gains or losses are recognized at the time of sales or other dispositions of property and equipment.

Material interest costs incurred during the construction period of non-software capital projects are capitalized. Interest is capitalized in the period commencing with the first expenditure for a qualifying capital project and ending when the capital project is substantially complete and ready for its intended use. Capitalized interest costs were \$145 thousand and zero for the years ended December 31, 2020 and 2019, respectively.

### ***Impairment of Long-lived Assets***

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangible assets) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds their fair value. The Company generally measures fair value by considering sale prices for similar asset groups or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

### ***Asset Retirement Obligations***

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred in Other liabilities in the consolidated balance sheet. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. In periods subsequent to initial measurement, changes in the liability for an asset retirement obligation resulting from revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

The majority of the Company's asset retirement obligations are the estimated cost to remove telephony transmission equipment and support equipment from leased property. The asset retirement obligation is in Other liabilities in the consolidated balance sheets. Following is a reconciliation of the beginning and ending aggregate carrying amounts of the liability for asset retirement obligations (amounts in thousands):

Balance at December 31, 2019 .....	\$ —
Liability acquired .....	76,133
Accretion expense .....	97
Liability settled .....	(2)
Balance at December 31, 2020 .....	<u>\$ 76,228</u>

Certain of the Company's network facilities are on property that requires it to have a permit and the permit contains provisions requiring the Company to remove its network facilities in the event the permit is not renewed. The Company expects to continually renew its permits and therefore cannot estimate any liabilities associated with such agreements. A remote possibility exists that the Company would not be able to successfully renew a permit, which could result in it incurring significant expense in complying with restoration or removal provisions.

### *Intangible Assets*

Internally used software, whether developed or purchased and installed as is, is capitalized and amortized using the straight-line method over an estimated useful life of three to five years. The Company capitalizes certain costs associated with internally developed software such as payroll costs of employees devoting time to the projects, external direct costs for materials and services, and interest costs incurred. Costs associated with internally developed software to be used internally are expensed until the point the project has reached the development stage. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. The capitalization of software requires judgment in determining when a project has reached the development stage.

The Company has Software as a Service ("SaaS") arrangements which are accounted for as service agreements, and are not capitalized. Internal and other third party costs for SaaS arrangements are expensed as incurred. Data migration costs for such arrangements are expensed consistent with the same type of costs for internally developed and modified software. Additionally, configuration costs paid to the vendor are recorded as a prepaid expense and expensed over the term of the SaaS arrangement.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Intangible assets with estimable useful lives are being amortized over 1 to 16 year periods with a weighted-average life of 13 years.

Goodwill, cable certificates (certificates of convenience and public necessity) and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Cable certificates represent certain perpetual operating rights to provide cable services. Goodwill represents the excess of cost over fair value of net assets acquired in connection with a business acquisition. The Company's annual impairment assessment of its indefinite-lived intangible assets is performed during the fourth quarter of each year.

The accounting guidance allows entities the option to perform a qualitative impairment test for goodwill. The entity may resume performing the quantitative assessment in any subsequent period. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment exists for any of its reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current year and prior year

## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

for other purposes. If based on the qualitative analysis it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

The quantitative goodwill impairment test compares the estimated fair value of a reporting unit to its carrying value and to the extent the carrying value is greater than the fair value, the difference is recorded as an impairment in the consolidated statements of operations. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in the Company's valuation analyses are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. The accounting guidance also allows entities the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

#### ***Foreign Currency Translation and Transaction Gains and Losses***

The functional currency of the Company is the United States ("U.S.") dollar. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated statements of operations and comprehensive earnings (loss) as unrealized (based on the applicable period end exchange rate) or realized upon settlement of the transactions.

#### ***Revenue Recognition***

##### **GCI Holdings**

Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. GCI Holdings recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer. Substantially all of GCI Holding's revenue is earned from services transferred over time. If at contract inception, GCI Holdings determines the time period between when it transfers a promised good or service to a customer and when the customer pays for that good or service is one year or less, it does not adjust the promised amount of consideration for the effects of a significant financing component.

Certain of GCI Holding's customers have guaranteed levels of service. If an interruption in service occurs, GCI Holdings does not recognize revenue for any portion of the monthly service fee that will be refunded to the customer or not billed to the customer due to these service level agreements.

Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction that are collected by GCI Holdings from a customer, are excluded from revenue from contracts with customers.

##### ***Nature of Services and Products***

###### ***Wireless***

Wireless revenue is generated by providing access to, and usage of GCI Holding's network by consumer, business, and wholesale carrier customers. Additionally, GCI Holdings generates revenue by selling wireless equipment such as handsets and

## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

tablets. In general, access revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Equipment sales revenue associated with the sale of wireless devices and accessories is generally recognized when the products are delivered to and control transfers to the customer. Consideration received from the customer is allocated to the service and products based on stand-alone selling prices when purchased together.

New and existing wireless customers have the option to participate in Upgrade Now, a program that provides eligible customers with the ability to purchase certain wireless devices in installments over a period of up to 24 months. Participating customers have the right to trade-in the original equipment for a new device after making the equivalent of 12 monthly installment payments, provided their handset is in good working condition. Upon upgrade, the outstanding balance of the wireless equipment installment plan is exchanged for the used handset. GCI Holdings accounts for this upgrade option as a right of return with a reduction of Revenue and Operating expense for handsets expected to be upgraded based on historical data.

#### *Data*

Data revenue is generated by providing data network access, high-speed internet services, and product sales. Monthly service revenue for data network access and high-speed internet services is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Internet service excess usage revenue is recognized when the services are provided. GCI Holdings recognizes revenue for product sales when a customer takes possession of the equipment. GCI Holdings provides telecommunications engineering services on a time and materials basis. Revenue is recognized for these services as-invoiced.

#### *Video*

Video revenue is generated primarily from residential and business customers that subscribe to GCI Holding's cable video plans. Video revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer.

#### *Voice*

Voice revenue is for fixed monthly fees for voice plans as well as usage based fees for long-distance service usage. Voice plan fees are billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Usage based fees are recognized as services are provided.

#### *Arrangements with Multiple Performance Obligations*

Contracts with customers may include multiple performance obligations as customers purchase multiple services and products within those contracts. For such arrangements, revenue is allocated to each performance obligation based on the relative standalone selling price for each service or product within the contract. Standalone selling prices are generally determined based on the prices charged to customers.

#### *Significant Judgments*

Some contracts with customers include variable consideration, and may require significant judgment to determine the total transaction price, which impacts the amount and timing of revenue recognized. GCI Holdings uses historical customer data to estimate the amount of variable consideration included in the total transaction price and reassess its estimate at each reporting period. Any change in the total transaction price due to a change in the estimated variable consideration is allocated to the performance obligations on the same basis as at contract inception. Any portion of a change in transaction price that is allocated to a satisfied or partially satisfied performance obligation is recognized as revenue (or a reduction in revenue) in the period of the transaction price change. Variable consideration has been constrained to reduce the likelihood of a significant revenue reversal.

## LIBERTY BROADBAND CORPORATION

### Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Often contracts with customers include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Judgment is required to determine the standalone selling price for each distinct performance obligation. Services and products are generally sold separately, and help establish standalone selling price for services and products GCI Holdings provides.

#### Skyhook

Skyhook earns revenue from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution). In addition, Skyhook earns revenue through entering into licensing agreements with companies to utilize its underlying intellectual property.

Revenue is recognized upon transfer of control of promised products or services to its customers in an amount that reflects the consideration expected to be received in exchange for those products and services.

Skyhook sells its Precision Location Solution via fixed fee, usage basis or revenue share licensing arrangements. Revenue for fixed fee arrangements is recognized on a straight-line basis over the performance period. Revenue for usage based contracts or revenue share arrangements is recognized upon transfer of the service to its customers. Contracts with customers often include multiple products and services, which in general are not distinct within the context of the contract. Transaction prices of individual products and services are not allocated to specific performance obligations and are recognized ratably.

Skyhook recognizes fees received from intellectual property licensing at the inception of a license term for perpetual licenses when there are no ongoing performance obligations. Revenue recognition is deferred when there are ongoing performance obligations. In such circumstances, revenue would be allocated to the performance obligation and recognized upon the transfer of control of the promised product or service.

Skyhook excludes all taxes assessed by a governmental authority from the measurement of the transaction price.

Skyhook estimates variable consideration at the most likely amount to which it expects to be entitled. The estimate of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of its anticipated performance and all historical, current and forecast information that is reasonably available to it.

#### Remaining Performance Obligations

The Company expects to recognize revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020 of \$256.4 million in 2021, \$156.3 million in 2022, \$62.5 million in 2023, \$23.9 million in 2024 and \$51.3 million in 2025 and thereafter.

The Company applies certain practical expedients as permitted 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.

#### Contract Balances

The Company had receivables of \$350.7 million at December 31, 2020, the long-term portion of which are included in Other assets, net. The Company had deferred revenue of \$34.4 million at December 31, 2020, the long-term portion of which are included in Other liabilities. The receivables and deferred revenue are only from contracts with customers. GCI Holding's customers generally pay for services in advance of the performance obligation and therefore these prepayments are recorded as



# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

deferred revenue. The deferred revenue is recognized as revenue in the accompanying consolidated statements of operations as the services are provided. Changes in the contract liability balance for the Company during 2020 was not materially impacted by other factors.

### Assets Recognized from the Costs to Obtain a Contract with a Customer

Management expects that incremental commission fees paid to intermediaries as a result of obtaining customer contracts are recoverable and therefore the Company capitalizes them as contract costs.

Capitalized commission fees are amortized based on the transfer of goods or services to which the assets relate which typically range from two to five years, and are included in Selling, general, and administrative expenses.

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that otherwise would have recognized is one year or less. These costs are included in Selling, general, and administrative expenses.

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

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>amounts in thousands</u>	
GCI Holdings		
Consumer Revenue		
Wireless .....	\$ 4,724	—
Data .....	7,222	—
Video .....	2,689	—
Voice .....	461	—
Business Revenue		
Wireless .....	2,653	—
Data .....	11,976	—
Video .....	380	—
Voice .....	847	—
Lease, grant, and revenue from subsidies .....	2,718	—
Total GCI Holdings .....	33,670	—
Skyhook .....	17,036	14,859
Corporate and other .....	—	—
Total .....	<u>\$ 50,706</u>	<u>14,859</u>

### ***Stock-Based Compensation***

As more fully described in note 13, Liberty Broadband has granted to its directors, employees and employees of certain of its subsidiaries, restricted stock and stock options to purchase shares of Liberty Broadband common stock (collectively, “Awards”). Liberty Broadband measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) based on the grant-date fair value 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). Liberty Broadband 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.

Additionally, Skyhook sponsors long-term incentive plans (“LTIPs”) which provide for the granting of phantom stock units (“PSUs”), and phantom stock appreciation rights (“PARs”) to employees, directors, and consultants of Skyhook. Skyhook

## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

measures the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of the award and recognizes that cost ratably over the period during which the employee is required to provide service (usually the vesting period of the award). Skyhook measures the cost of employee services received in exchange for awards of liability instruments (such as PSUs and PARs that will be settled in cash) based on the current fair value of the award, and remeasures the fair value of the award at each reporting date. The consolidated statements of operations includes stock-based compensation related to Skyhook awards.

#### ***Income Taxes***

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not that such net deferred tax assets will not be realized. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in the consolidated statement of operations in the period that includes the enactment date. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying consolidated statements of operations.

We recognize in our consolidated financial statements the impact of a tax position, if that position is more likely than not to be sustained upon an examination, based on the technical merits of the position.

#### ***Certain Risks and Concentrations***

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.

GCI Holdings receives support from each of the various Universal Service Fund ("USF") programs: rural health care, schools and libraries, high-cost, and lifeline. The programs are subject to change by regulatory actions taken by the Federal Communications Commission ("FCC") or legislative actions, therefore, changes to the programs could result in a material decrease in revenue that the Company has recorded. Historical revenue recognized from the programs was 29% and 24% of GCI Holdings' revenue for the year ended December 31, 2020 and 2019, respectively. The Company had USF net receivables of \$280.5 million at December 31, 2020. See note 15 for more information regarding the rural health care receivables.

The Skyhook business is subject to certain risks and concentrations including dependence on relationships with its customers. Skyhook's largest customers, that accounted for greater than 10% of revenue, aggregated 58% of total revenue for both the years ended December 31, 2020 and 2019 and 66% for the year ended December 31, 2018.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Contingent Liabilities*

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

### *Comprehensive Earnings (Loss)*

Comprehensive earnings (loss) consists of net earnings (loss), cumulative foreign currency translation adjustments, comprehensive earnings (loss) attributable to debt credit risk adjustments and the Company's share of the comprehensive earnings (loss) of our equity method affiliate.

### *Earnings per Share (EPS)*

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding 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.

	Years ended December 31,		
	2020	2019	2018
	number of shares in thousands		
Basic WASO .....	182,036	181,531	181,325
Potentially dilutive shares .....	1,210	1,253	1,264
Diluted WASO .....	<u>183,246</u>	<u>182,784</u>	<u>182,589</u>

Potential common shares excluded from diluted EPS because their inclusion would be antidilutive for the years ended December 31, 2020, 2019 and 2018 are approximately 694 thousand, 309 thousand and 10 thousand, respectively.

### *Reclassifications*

Reclassifications have been made to the prior years' consolidated financial statements to conform to the classifications used in the current year.

### *Estimates*

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. Actual results could differ from those estimates. The Company considers (i) the application of the equity method of accounting for its affiliates, (ii) non-recurring fair value measurements of non-financial instruments and (iii) accounting for income taxes to be its most significant estimates.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### (4) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Cash paid for acquisitions:			
Property and equipment . . . . .	\$ 1,105,128	—	—
Investment in Charter . . . . .	3,493,677	—	—
Intangible assets not subject to amortization . . . . .	1,320,580	—	—
Intangible assets subject to amortization . . . . .	673,855	—	—
Receivables and other assets . . . . .	641,631	—	—
Net liabilities assumed . . . . .	(3,728,967)	—	—
Deferred tax assets (liabilities) . . . . .	(1,026,424)	—	—
Noncontrolling interests . . . . .	(11,771)	—	—
Fair value of equity consideration . . . . .	(3,059,949)	—	—
Cash paid (received) for acquisitions, net of cash acquired . . . . .	<u>\$ (592,240)</u>	<u>—</u>	<u>—</u>
	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Cash paid for interest . . . . .	\$ 24,207	23,908	21,948
Cash paid (received) for taxes . . . . .	\$ 3	5	(730)

The following table reconciles cash and cash equivalents and restricted cash reported in the Company's consolidated balance sheets to the total amount presented in its consolidated statements of cash flows:

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Cash and cash equivalents . . . . .	\$ 1,417,802	49,724	83,103
Restricted cash included in other current assets . . . . .	15,490	—	—
Total cash and cash equivalents and restricted cash at end of period . .	<u>\$ 1,433,292</u>	<u>49,724</u>	<u>83,103</u>

Restricted cash primarily relates to cash restricted for use on GCI Holdings' various arrangements under the New Markets Tax Credits program 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.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### (5) Acquisition

On December 18, 2020, the Company completed the Combination with GCI Liberty. The Company accounted for the Combination using the acquisition method of accounting.

The following details the acquisition consideration as of December 18, 2020 (amounts in thousands), which is primarily based on level 1 inputs:

Fair value of newly issued Liberty Broadband Series C and B common stock <sup>1</sup> . . . . .	\$ 9,695,184
Fair value of newly issued Liberty Broadband Preferred Stock <sup>2</sup> . . . . .	202,944
Fair value of share-based payment replacement awards <sup>3</sup> . . . . .	104,683
Total fair value of consideration . . . . .	<u>10,002,811</u>
Less: Fair value of Liberty Broadband shares attributable to share repurchase <sup>4</sup> . . . . .	<u>(6,738,609)</u>
Total fair value of consideration attributable to business combination . . . . .	3,264,202
Less: Fair value of newly issued Liberty Broadband Preferred Stock <sup>2</sup> . . . . .	(202,944)
Less: Fair value of share-based payment replacement awards accounted for as liability awards . . . . .	<u>(1,309)</u>
Total fair value of acquisition consideration to be allocated . . . . .	<u>\$ 3,059,949</u>

- (1) The fair value of newly issued Series C and B Liberty Broadband common stock was calculated by multiplying (i) the outstanding shares of GCI Liberty Series A and B common stock as of December 18, 2020 (ii) the exchange ratio of 0.580, and (iii) the closing share price of Liberty Broadband Series C and B common stock on December 18, 2020. Liberty Broadband issued 61.3 million shares of Series C common stock and 98 thousand shares of Series B common stock.
- (2) The fair value of the newly issued Liberty Broadband Preferred Stock was calculated by multiplying (i) the outstanding shares of GCI Liberty Preferred Stock as of December 18, 2020, and (ii) the closing share price of GCI Liberty Preferred Stock on December 18, 2020. The GCI Liberty Preferred Stock was converted on a one to one ratio into Liberty Broadband Preferred Stock.
- (3) This amount represents the fair value of share-based payment replacement awards.
- (4) GCI Liberty owned approximately 42.7 million shares of Liberty Broadband Series C common stock. The acquisition of Liberty Broadband Series C common stock is accounted for as a share repurchase by Liberty Broadband. This amount was calculated by multiplying (i) the number of shares of Liberty Broadband Series C common stock owned by GCI Liberty as of December 18, 2020 and (ii) the closing share price of Liberty Broadband Series C common stock on December 18, 2020.

The application of the acquisition method resulted in the assignment of purchase price to the GCI Liberty assets acquired and liabilities assumed based on preliminary estimates of their acquisition date fair values (primarily level 3). 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.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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

Cash and cash equivalents including restricted cash	\$ 592,240
Receivables	339,061
Property and equipment	1,105,128
Goodwill	739,080
Investment in Charter	3,493,677
Intangible assets not subject to amortization	581,500
Intangible assets subject to amortization	673,855
Other assets	302,570
Deferred revenue	(60,292)
Debt, including obligations under tower and finance leases	(2,772,147)
Indemnification liability	(336,141)
Deferred income tax liabilities	(1,026,424)
Preferred stock	(202,944)
Non-controlling interest	(11,771)
Other liabilities	(357,443)
	<u>\$ 3,059,949</u>

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 \$674 million were acquired and are comprised of customer relationships with a weighted average useful life of approximately 14 years and right-to-use assets with a weighted average useful life of 12 years. Approximately \$134.3 million of the acquired goodwill will be deductible for income tax purposes. As of December 31, 2020, the valuation related to the acquisition of GCI Liberty is not final, and the acquisition price allocation is preliminary and subject to revision. The primary areas of the acquisition price allocation that are not yet finalized are related to property and equipment, intangible assets, liabilities, deferred income tax liabilities, and discount rates used to determine the fair value of intangible assets.

Since the date of the acquisition, included in net earnings (loss) attributable to Liberty Broadband shareholders for the year ended December 31, 2020 is \$28.0 million in earnings related to GCI Liberty. The unaudited pro forma revenue, net earnings and basic and diluted net earnings per common share of Liberty Broadband, prepared utilizing the historical financial statements of Liberty Broadband, giving effect to acquisition accounting related adjustments made at the time of acquisition, as if the acquisition discussed above occurred on January 1, 2019, are as follows:

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>amounts in thousands, except</u>	
	<u>per share amounts</u>	
Revenue	\$ 968,109	903,350
Net earnings (loss)	\$ 695,164	(171,843)
Net earnings (loss) attributable to Liberty Broadband shareholders	\$ 695,266	(171,387)
Basic net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share	\$ 3.82	(0.86)
Diluted net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share	\$ 3.79	(0.86)

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. The pro forma information is not representative of the Company's future results of

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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.

### (6) 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 are inputs, other than quoted market prices included within Level 1, that 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:

Description	December 31, 2020			December 31, 2019		
	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 . . . . .	\$ 1,368,176	1,368,176	—	48,174	48,174	—
Indemnification obligation . . . . .	\$ 344,643	—	344,643	—	—	—
Exchangeable senior debentures . . . . .	\$ 1,472,125	—	1,472,125	—	—	—

Pursuant to an indemnification agreement initially entered into by GCI Liberty and assumed by Liberty Broadband in connection with the Combination, Liberty Broadband has agreed to indemnify Liberty Interactive LLC ("LI LLC"), a subsidiary of Qurate Retail, for certain payments made to holders of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures"). An indemnity obligation in the amount of \$336.1 million was recorded upon completion of the Combination. The indemnification liability due to LI LLC pertains to the holders' ability to exercise their 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 consolidated balance sheets as of December 31, 2020 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 December 31, 2020, a holder of the 1.75% Exchangeable Debentures has the ability to exchange and, accordingly, such indemnification obligation is included as a current liability in the Company's consolidated balance sheets.

The Company's exchangeable senior debentures are debt instruments with quoted market value prices that are not considered to be traded on "active markets", as defined in GAAP, and are reported in the foregoing table as Level 2 fair value.

### Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, trade payables, accrued and other current liabilities, current portion of debt (with the exception of the 1.75% Debentures (defined in note 9)) and long-term debt (with the exception of the 1.25% Debentures and the 2.75% Debentures (defined in note 9)). With the exception of long-term debt, the carrying amount approximates fair value due to the short maturity of these instruments as reported on our consolidated balance sheets. The carrying value of our long-term debt bears interest at a variable rate and therefore is also considered to approximate fair value.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Realized and Unrealized Gains (Losses) on Financial Instruments*

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

	Years ended December 31,		
	2020	2019	2018
	(amounts in thousands)		
Indemnification obligation . . . . .	(8,502)	—	—
Exchangeable senior debentures (1) . . . . .	(74,568)	—	—
Other . . . . .	—	1,170	3,659
	<u>\$ (83,070)</u>	<u>1,170</u>	<u>3,659</u>

(1) The Company has elected to account for its exchangeable senior debentures using the fair value option. Changes in the fair value of the exchangeable senior debentures recognized in the consolidated statements of operations are primarily due to market factors driven by changes in the fair value of the underlying shares into which debt is exchangeable. The Company isolates the portion of the unrealized gain (loss) attributable to the change in the instrument specific credit risk and recognizes such amount in other comprehensive income. The change in the fair value of the exchangeable senior debentures attributable to changes in the instrument specific credit risk before tax was a gain of \$7.3 million for the year ended December 31, 2020. The cumulative change was a gain of \$7.3 million as of December 31, 2020.

### **(7) Investment in Affiliates Accounted for Using the Equity Method**

#### *Charter*

Through a number of prior years' transactions and the Combination, Liberty Broadband has acquired an interest in Charter. The investment in Charter is accounted for as an equity method affiliate based on our voting and ownership interest and the board seats held by individuals appointed by Liberty Broadband. As of December 31, 2020, the carrying and market value of Liberty Broadband's ownership in Charter was approximately \$16,179 million and \$39,340 million, respectively. We own an approximate 30.7% economic ownership interest in Charter, based on shares of Charter's Class A common stock issued and outstanding as of December 31, 2020.

Upon the closing of the Time Warner Cable merger, the Second Amended and Restated Stockholders Agreement, dated as of May 23, 2015, by and among Charter, Liberty Broadband and Advance/Newhouse Partnership ("A/N"), as amended (the "Stockholders Agreement"), became fully effective. Pursuant to the Stockholders Agreement, Liberty Broadband's equity ownership in Charter (on a fully diluted basis) is capped at the greater of 26% or the Voting Cap (as defined below) ("Equity Cap").

Liberty Broadband's overall voting interest (27.2% at December 31, 2020) is diluted by the outstanding A/N interest in a subsidiary of Charter because the A/N interest has voting rights in Charter. Pursuant to the Stockholders Agreement, Liberty Broadband's voting interest in Charter is capped at the greater of (x) 25.01% (or 0.01% above the person or group holding the highest voting percentage of Charter) and (y) 23.5% increased one-for-one to a maximum of 35% for each permanent reduction in A/N's equity interest in Charter below 15% (the "Voting Cap"). Therefore, our voting control of the aggregate voting power of Charter is 25.01% and at any meeting of Charter's stockholders, subject to certain exceptions, any shares held by Liberty Broadband that exceed the Voting Cap are to be voted in the same proportion as all other votes cast with respect to the applicable matter (determined without inclusion of the votes cast by (x) Liberty Broadband or (y) any other person or group that beneficially owns voting securities representing 10% or more of Charter's voting power), subject to the terms and conditions set forth in the Stockholders Agreement. Liberty Broadband is also party to a proxy agreement with A/N (the "A/N Proxy"), but as of December 31, 2020, due to Liberty Broadband's voting interest exceeding the Voting Cap, no shares subject to the A/N Proxy agreement were included in Liberty Broadband's voting power.



# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

In February 2021, Liberty Broadband was notified that its ownership interest, on a fully diluted basis, had exceeded the Equity Cap set forth in the Stockholders Agreement. On February 23, 2021, Charter and Liberty Broadband entered into a letter agreement in order to implement, facilitate and satisfy the terms of the Stockholders Agreement with respect to the Equity Cap. Pursuant to this letter agreement, following any month during which Charter purchases, redeems or buys back shares of its Class A common stock, and prior to certain meetings of Charter's stockholders, Liberty Broadband will be obligated to sell to Charter, and Charter will be obligated to purchase, such number of shares of Class A common stock as is necessary (if any) to reduce Liberty Broadband's percentage equity interest, on a fully diluted basis, to the Equity Cap (such transaction, a "Charter Repurchase"). The per share sale price for each share of Charter will be equal to the volume weighted average price paid by Charter in its repurchases, redemptions and buybacks of its common stock (subject to certain exceptions) during the month prior to the Charter Repurchase (or, if applicable, during the relevant period prior to the relevant meeting of Charter stockholders). Under the terms of the letter agreement, Liberty Broadband expects the first Charter Repurchase to occur in March 2021.

During the year ended December 31, 2020, Liberty Broadband exercised its preemptive right to purchase an aggregate of approximately 35 thousand shares of Charter's Class A common stock for an aggregate purchase price of \$14.9 million.

During the years ended December 31, 2020, 2019 and 2018, there were dilution losses of \$184 million, \$79 million, and \$44 million, respectively, in the Company's investment in Charter. The dilution losses are attributable to stock option exercises by employees and other third parties at prices below Liberty Broadband's book basis per share.

During the years ended December 31, 2020, 2019 and 2018, the Company recorded zero, \$380 thousand and \$172 thousand, respectively, of its share of Charter's other comprehensive earnings (loss), net of income taxes. Charter records gains and losses related to the fair value of its interest rate swap agreements which qualify as hedging activities in other comprehensive earnings (loss). The pre-tax portion of Liberty Broadband's share of Charter's other comprehensive earnings was zero, \$0.5 million and \$0.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The excess basis has been allocated within memo accounts used for equity method accounting purposes as follows (amounts in millions):

	<b>Years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Property and equipment .....	\$ 733	225
Customer relationships .....	2,726	1,043
Franchise fees .....	3,693	1,996
Trademarks .....	29	29
Goodwill .....	3,934	1,630
Debt .....	(602)	(9)
Deferred income tax liability .....	(1,641)	(817)
	<u>\$ 8,872</u>	<u>4,097</u>

Property and equipment and customer relationships have weighted average remaining useful lives of approximately 6 years and 10 years, respectively, and indefinite lives to franchise fees, trademarks and goodwill. The excess basis of outstanding debt is amortized over the contractual period using the straight-line method. The increase in excess basis for the year ended December 31, 2020, was primarily due to Charter's share buyback program and the impact of the Combination. Included in our share of earnings from Charter of \$713 million, \$286 million and \$166 million for the years ended December 31, 2020, 2019 and 2018, respectively, are \$144 million, \$124 million and \$119 million, respectively, of losses, net of taxes, due to the amortization of the excess basis related to assets with identifiable useful lives and debt.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Accounting Changes*

Charter adopted the new leasing standard as of January 1, 2019, using the modified retrospective approach with a cumulative-effect adjustment recorded at the beginning of the period of adoption. The new standard resulted in the recording of leased assets and lease liabilities for Charter's operating leases of approximately \$1.1 billion and \$1.2 billion, respectively, as of January 1, 2019. The difference between the leased assets and lease liabilities primarily represents the prior year end deferred rent liabilities balance, resulting from historical straight-lining of operating leases, which was effectively reclassified upon adoption to reduce the measurement of the leased assets. The adoption of the standard did not have a material impact on Charter's shareholders equity, results from operations and cash flows.

Summarized financial information for Charter is as follows:

### Consolidated Balance Sheets

	December 31, 2020	December 31, 2019
	amounts in millions	
Current assets . . . . .	\$ 3,909	6,537
Property and equipment, net . . . . .	34,357	34,591
Goodwill . . . . .	29,554	29,554
Intangible assets . . . . .	72,937	74,775
Other assets . . . . .	3,449	2,731
Total assets . . . . .	<u>\$ 144,206</u>	<u>148,188</u>
Current liabilities . . . . .	\$ 9,875	12,385
Deferred income taxes . . . . .	18,108	17,711
Long-term debt . . . . .	81,744	75,578
Other liabilities . . . . .	4,198	3,703
Equity . . . . .	30,281	38,811
Total liabilities and equity . . . . .	<u>\$ 144,206</u>	<u>148,188</u>

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### Consolidated Statements of Operations

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Revenue .....	\$ 48,097	45,764	43,634
Cost and expenses:			
Operating costs and expenses (excluding depreciation and amortization) .....	29,930	29,224	27,860
Depreciation and amortization .....	9,704	9,926	10,318
Other operating expenses, net .....	58	103	235
	<u>39,692</u>	<u>39,253</u>	<u>38,413</u>
Operating income .....	8,405	6,511	5,221
Interest expense, net .....	(3,848)	(3,797)	(3,540)
Loss on extinguishment of debt .....	(143)	(25)	—
Other income (expense), net .....	(112)	(258)	5
Income tax (expense) benefit .....	<u>(626)</u>	<u>(439)</u>	<u>(180)</u>
Net earnings (loss) .....	3,676	1,992	1,506
Less: Net income attributable to noncontrolling interests .....	<u>(454)</u>	<u>(324)</u>	<u>(276)</u>
Net Income (loss) attributable to Charter shareholders .....	<u>\$ 3,222</u>	<u>1,668</u>	<u>1,230</u>

### (8) Goodwill and Intangible Assets

#### Goodwill and Indefinite Lived Assets

Changes in the carrying amount of goodwill are as follows:

	GCI Holdings	Skyhook	Corporate and other	Total
	amounts in thousands			
Balance at December 31, 2018 .....	\$ —	6,497	—	6,497
Balance at December 31, 2019 .....	—	6,497	—	6,497
Acquisitions .....	739,080	—	—	739,080
Balance at December 31, 2020 .....	<u>\$ 739,080</u>	<u>6,497</u>	<u>—</u>	<u>745,577</u>

As of December 31, 2020, the Company's accumulated goodwill impairment loss was \$39.1 million. As presented in the accompanying consolidated balance sheets, cable certificates are the majority of the other significant indefinite lived intangible assets.

#### Intangible Assets Subject to Amortization, net

	December 31, 2020			December 31, 2019		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in thousands					
Customer relationships .....	\$ 560,212	(13,687)	546,525	10,212	(9,530)	682
Other amortizable intangibles .....	137,315	(9,791)	127,524	8,228	(8,022)	206
Total .....	<u>\$ 697,527</u>	<u>(23,478)</u>	<u>674,049</u>	<u>18,440</u>	<u>(17,552)</u>	<u>888</u>

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Amortization expense for intangible assets with finite useful lives was \$5.9 million, \$1.8 million and \$2.6 million for the years ended December 31, 2020, 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):

	Years ending December 31,	
2021 .....		\$ 79,116
2022 .....		\$ 69,727
2023 .....		\$ 61,307
2024 .....		\$ 55,055
2025 .....		\$ 52,082

### (9) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2020	Carrying value	
		December 31, 2020	December 31, 2019
		amounts in thousands	
Margin Loan Facility .....	\$ 2,000,000	2,000,000	575,000
2.75% Exchangeable Senior Debentures due 2050 .....	575,000	608,804	—
1.25% Exchangeable Senior Debentures due 2050 .....	825,000	836,971	—
1.75% Exchangeable Senior Debentures due 2046 .....	14,536	26,350	—
Senior notes .....	600,000	635,683	—
Senior credit facility .....	704,000	704,000	—
Wells Fargo note payable .....	6,442	6,442	—
Deferred financing costs .....	—	(2,017)	(2,056)
Total debt .....	<u>\$ 4,724,978</u>	4,816,233	572,944
Debt classified as current .....		(31,026)	—
Total long-term debt .....		<u>\$ 4,785,207</u>	<u>572,944</u>

### Margin Loan Facility

On August 12, 2020, a bankruptcy remote wholly owned subsidiary of the Company (“SPV”), entered into Amendment No. 3 to its multi-draw margin loan credit facility and Amendment No. 2 to its Collateral Account Control Agreement (the “Third Amendment”), which amends SPV’s margin loan agreement, dated as of August 31, 2017 (as amended by Amendment No. 1 to Margin Loan Agreement, dated as of August 24, 2018, and as further amended by Amendment No. 2 to Margin Loan Agreement and Amendment No. 1 to Collateral Account Control Agreement, dated August 19, 2019, the “Existing Margin Loan Agreement”; the Existing Margin Loan Agreement, as amended by the Third Amendment, the “Margin Loan Agreement”), with Wilmington Trust, National Association, as the administrative agent, BNP Paribas, as the calculation agent, and the lenders party thereto. The Margin Loan Agreement provides for, among other things, a multi-draw term loan credit facility (the “Margin Loan Facility”) in an aggregate principal amount of up to \$2.3 billion, including the Incremental Facility (as defined below). SPV’s obligations under the Margin Loan Facility are secured by first priority liens on the shares of Charter owned by SPV.

SPV is permitted, subject to certain funding conditions, to borrow term loans up to an aggregate principal amount equal to \$1.0 billion. Upon the completion of the Combination on December 18, 2020, SPV also has the ability to borrow up to \$1.3

# **LIBERTY BROADBAND CORPORATION**

## **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

billion of additional loans under the Margin Loan Facility (the “Incremental Facility” and the loans made under the Incremental Facility, the “Additional Loans”). SPV drew down an additional \$25 million on July 31, 2020 and an additional \$100 million on August 20, 2020 on the Margin Loan Facility. Upon the completion of the Combination on December 18, 2020, SPV borrowed an additional \$1.3 billion on the Margin Loan Facility in order to repay an existing margin loan at GCI Liberty. Outstanding borrowings under the respective margin loan agreements were \$2.0 billion and \$0.6 billion as of December 31, 2020 and December 31, 2019, respectively. As of December 31, 2020, SPV was permitted to borrow an additional \$300 million, which may be drawn through August 12, 2021. The maturity date of the loans under the Margin Loan Agreement is August 24, 2022 (except for any Additional Loans incurred thereunder to the extent SPV and the incremental lenders agree to a later maturity date). Borrowings under the Margin Loan Agreement bear interest at the three-month LIBOR rate plus a per annum spread of 1.5%, increasing to a per annum spread of 1.85% from and after the completion of the Combination. The Margin Loan Agreement also provides for customary LIBOR replacement provisions.

The Margin Loan Agreement contains various affirmative and negative covenants that restrict the activities of the SPV (and, in some cases, the Company and its subsidiaries with respect to shares of Charter owned by the Company and its subsidiaries). The Margin Loan Agreement does not include any financial covenants. The Margin Loan Agreement also contains restrictions related to additional indebtedness and events of default customary for margin loans of this type.

SPV’s obligations under the Margin Loan Agreement are secured by first priority liens on a portion of the Company’s ownership interest in Charter, sufficient for SPV to meet the loan to value requirements under the Margin Loan Agreement. The Margin Loan Agreement indicates that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. As of December 31, 2020, 12.3 million shares of Charter with a value of \$8.1 billion were pledged as collateral pursuant to the Margin Loan Agreement.

### ***Exchangeable Senior Debentures***

On August 27, 2020, the Company closed a private offering of \$575 million aggregate original principal amount of its 2.75% Exchangeable Senior Debentures due 2050 (the “2.75% Debentures”), including debentures with an aggregate original principal amount of \$75 million issued pursuant to the exercise of an option granted to the initial purchasers. Upon an exchange of 2.75% Debentures, the Company, at its election, may deliver shares of Charter Class A common stock, the value thereof in cash, or any combination of shares of Charter Class A common stock and cash. Initially, 1.1661 shares of Charter Class A common stock are attributable to each \$1,000 original principal amount of 2.75% Debentures, representing an initial exchange price of approximately \$857.56 for each share of Charter Class A common stock. A total of 670,507 shares of Charter Class A common stock are attributable to the 2.75% Debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 2020. The 2.75% Debentures may be redeemed by the Company, in whole or in part, on or after October 5, 2023. Holders of the 2.75% Debentures also have the right to require the Company to purchase their 2.75% Debentures on October 5, 2023. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the 2.75% Debentures plus accrued and unpaid interest to the redemption date, plus any final period distribution. As of December 31, 2020, a holder of the 2.75% Debentures does not have the ability to exchange and, accordingly, the 2.75% Debentures are classified as long-term debt in the consolidated balance sheets.

On November 19, 2020, the Company closed a private offering of \$825 million aggregate original principal amount of its 1.25% Exchangeable Senior Debentures due 2050 (the “1.25% Debentures”), including debentures with an aggregate original principal amount of \$75 million issued pursuant to the exercise of an option granted to the initial purchasers. Upon an exchange of 1.25% Debentures, the Company, at its election, may deliver shares of Charter Class A common stock, the value thereof in cash, or any combination of shares of Charter Class A common stock and cash. Initially, 1.1111 shares of Charter Class A common stock are attributable to each \$1,000 original principal amount of 1.25% Debentures, representing an initial exchange price of approximately \$900.00 for each share of Charter Class A common stock. A total of 916,657 shares of Charter Class A common stock are attributable to the 1.25% Debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year, commencing March 31, 2021. The 1.25% Debentures may be redeemed by the Company, in whole or in part, on or after October 5, 2023. Holders of the 1.25% Debentures also have the right to require the Company to purchase their

## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

debentures on October 5, 2023. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the 1.25% Debentures plus accrued and unpaid interest to the redemption date, plus any final period distribution. As of December 31, 2020, a holder of the 1.25% Debentures does not have the ability to exchange and, accordingly, the 1.25% Debentures are classified as long-term debt in the consolidated balance sheets.

In connection with the closing of the Combination on December 18, 2020, the Company assumed GCI Liberty's outstanding approximately \$14.5 million aggregate original principal 1.75% exchangeable senior debentures due 2046 (the "1.75% Debentures") at fair value. The total fair value of the acquired 1.75% Debentures was approximately \$26.1 million. The 1.75% Debentures were initially issued on June 18, 2018 by GCI Liberty. Upon an exchange of 1.75% Debentures, the Company, 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 1.75% Debentures, representing an initial exchange price of approximately \$370.52 for each share of Charter Class A common stock. A total of 39,231 shares of Charter Class A common stock are attributable to the 1.75% Debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year. The 1.75% Debentures may be redeemed by the Company, in whole or in part, on or after October 5, 2023. Holders of the 1.75% Debentures also have the right to require the Company to purchase their debentures on October 5, 2023. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the 1.75% Debentures plus accrued and unpaid interest. As of December 31, 2020, the holders of the 1.75% Debentures will have the ability to exchange their debentures for the period from January 1, 2021 through March 31, 2021 given that the trading value of the reference shares exceeded 130% of the par value for twenty of the last thirty trading days in the third quarter of 2020. Given the holders' ability to exchange the debentures within a one-year period from the balance sheet date and the Company's option to settle any exchange in cash, shares of Charter Class A common stock, or a combination of cash and shares of Charter Class A common stock, the 1.75% Debentures have been classified as current within the consolidated balance sheets as of December 31, 2020.

The Company elected to account for all exchangeable senior debentures at fair value in its consolidated financial statements. Accordingly, changes in the fair value of these instruments are recognized in unrealized gains (losses) in the accompanying consolidated statements of operations. See note 6 for information related to unrealized gains (losses) on debt measured at fair value. The Company reviews the terms of all the debentures on a quarterly basis to determine whether an event has occurred to require current classification on the consolidated balance sheets.

#### ***Senior Notes***

In connection with the closing of the Combination on December 18, 2020, the Company assumed the outstanding \$600.0 million 4.75% senior notes due 2028 (the "Senior Notes") from GCI, LLC, now a wholly-owned subsidiary of the Company. The Senior Notes were issued by GCI, LLC on October 7, 2020 and are unsecured. Interest on 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 \$35.7 million at December 31, 2020. Such premium is being amortized to interest expense in the accompanying consolidated statements of operations.

#### ***Senior Credit Facility***

In connection with the closing of the Combination on December 18, 2020, the Company assumed GCI, LLC's outstanding Senior Credit Facility (as defined below).

On October 15, 2020, GCI, LLC entered into a Seventh Amended and Restated Credit Agreement (the "Senior Credit Facility"), which includes a \$550.0 million revolving credit facility, with a \$25 million sub-limit for standby letters of credit, and a \$400.0 million Term Loan B. The borrowings under the Senior Credit Facility bear interest at either the alternate base rate or LIBOR (based on an interest period selected by GCI, LLC of one month, two months, three months or six months) at the election of GCI, LLC in each case plus a margin. The revolving credit facility borrowings that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin that varies between 0.50% and 1.75% depending on GCI, LLC's

## **LIBERTY BROADBAND CORPORATION**

### **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

total leverage ratio. 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 GCI, LLC's total leverage ratio. Term Loan B borrowings that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin of 1.75%. Term Loan B borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin of 2.75% with a LIBOR floor of 0.75%.

The borrowings under the revolving credit facility and the Term Loan B are scheduled to mature on October 15, 2025; provided that, if the Term Loan B is not refinanced or repaid in full prior to April 15, 2025, then the borrowings under the revolving credit facility will mature on April 15, 2025. Principal payments are due quarterly on the Term Loan B equal to 0.25% of the original principal amount. The loans are subject to customary mandatory prepayment provisions. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs and, in the case of the Term Loan B, subject to a customary six month "soft call." Any amounts prepaid on the revolving credit facility may be reborrowed.

GCI, LLC's Senior Credit Facility Total Leverage Ratio (as defined in the Senior Credit Facility) may not exceed 6.50 to 1.00, the Secured Leverage Ratio may not exceed 4.50 to 1.00 and the First Lien Leverage Ratio (as defined in the Senior Credit Facility) may not exceed 4.00 to 1.00.

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 December 31, 2020, there was \$399.0 million outstanding under the Term Loan B, \$305.0 million outstanding under the revolving portion of the Senior Credit Facility and \$4.0 million in letters of credit under the Senior Credit Facility, leaving \$241.0 million available for borrowing.

Subsequent to December 31, 2020, GCI, LLC repaid \$180 million on its revolving credit facility and completed an internal restructuring whereby GCI, LLC transferred the subsidiary that holds the Charter shares to Liberty Broadband parent.

#### ***Wells Fargo Note Payable***

In connection with the closing of the Combination on December 18, 2020, the Company assumed GCI Holdings' outstanding \$6.4 million under its Wells Fargo Note Payable (as defined below).

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 December 31, 2020.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Five Year Maturities*

The annual principal maturities of debt, based on stated maturity dates, for each of the next five years is as follows (amounts in thousands):

2021 .....	\$ 4,676
2022 .....	\$ 2,004,693
2023 .....	\$ 4,710
2024 .....	\$ 4,727
2025 .....	\$ 688,745

### *Fair Value of Debt*

The fair value of the Senior Notes was \$642.2 million at December 31, 2020.

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 December 31, 2020.

### **(10) 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. Leasing activity was not material to Liberty Broadband until the closing of the Combination with GCI Liberty on December 18, 2020. Prior to the closing of the Combination, Liberty Broadband’s only leases were for office space and accounted for as operating leases. Their impact to the consolidated balance sheet, statements of operations and statements of cash flows was not material for any of the prior years.

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. We also considered whether the Combination 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.

GCI Holdings has entered into finance lease agreements with satellite providers for transponder capacity to transmit voice and data traffic in rural Alaska. GCI Holdings is also party to finance lease agreements for an office building and certain retail store locations. GCI Holdings 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 (“ROU”) 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.

The Company has leases with remaining lease terms that range from less than one year up to 30 years. Certain of the Company’s leases may include an option to extend the term of the lease with such options to extend ranging from 5 years up to 38 years. The Company also has the option to terminate certain of its leases early with such options to terminate ranging from as early as 30 days up to 17 years from December 31, 2020.



**LIBERTY BROADBAND CORPORATION**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

The components of lease cost during the year ended December 31, 2020 were as follows:

	<u>Year ended December 31, 2020</u>
Operating lease cost (1) .....	\$ 2,840
Finance lease cost	
Depreciation of leased assets .....	\$ 1,472
Interest on lease liabilities .....	25
Total finance lease cost .....	<u>\$ 1,497</u>

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

Total operating lease cost for the year ended December 31, 2019 was \$0.7 million. For the year ended December 31, 2018, the Company recorded total rental expense of \$1.0 million.

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

	<u>Year ended December 31, 2020</u>
Weighted-average remaining lease term (years):	
Finance leases .....	3.1
Operating leases .....	4.8
Weighted-average discount rate:	
Finance leases .....	3.9 %
Operating leases .....	4.2 %

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Supplemental balance sheet information related to leases was as follows:

	<u>December 31,</u> <u>2020</u> <u>amounts in thousands</u>
Operating leases:	
Operating lease ROU assets, net (1) . . . . .	\$ 98,992
Current operating lease liabilities (2) . . . . .	\$ 34,402
Operating lease liabilities (3) . . . . .	61,305
Total operating lease liabilities . . . . .	<u>\$ 95,707</u>
Finance Leases:	
Property and equipment, at cost . . . . .	\$ 9,926
Accumulated depreciation . . . . .	(1,472)
Property and equipment, net . . . . .	<u>\$ 8,454</u>
Current obligations under finance leases (4) . . . . .	\$ 3,745
Obligations under finance leases . . . . .	3,744
Total finance lease liabilities . . . . .	<u>\$ 7,489</u>

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

Supplemental cash flow information related to leases was as follows:

	<u>Year ended December 31,</u> <u>2020</u> <u>amounts in thousands</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases . . . . .	\$ 2,572
Operating cash flows from finance leases . . . . .	\$ 18
Financing cash flows from finance leases . . . . .	\$ 362
ROU assets obtained in exchange for lease obligations	
Operating leases . . . . .	\$ —
Finance leases . . . . .	\$ —

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Future lease payments under finance leases, operating leases and tower obligations with initial terms of one year or more at December 31, 2020 consisted of the following:

	<u>Finance Leases</u>	<u>Operating Leases</u>	<u>Tower Obligations</u>
		amounts in thousands	
2021 .....	\$ 3,625	34,710	7,401
2022 .....	1,973	26,786	7,549
2023 .....	678	17,500	7,700
2024 .....	688	8,090	7,854
2025 .....	697	4,005	8,011
Thereafter .....	349	17,410	117,062
Total payments .....	<u>8,010</u>	<u>108,501</u>	<u>155,577</u>
Less: imputed interest .....	<u>521</u>	<u>12,794</u>	<u>64,724</u>
Total liabilities .....	<u>\$ 7,489</u>	<u>95,707</u>	<u>90,853</u>

### (11) Income Taxes

Income tax benefit (expense) consists of:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in thousands		
Current:			
Federal .....	\$ —	—	—
State and local .....	(13)	(2)	(355)
	<u>(13)</u>	<u>(2)</u>	<u>(355)</u>
Deferred:			
Federal .....	(116,085)	(30,841)	(17,501)
State and local .....	152,541	(7,099)	(4,068)
	<u>36,456</u>	<u>(37,940)</u>	<u>(21,569)</u>
Income tax benefit (expense) .....	<u>\$ 36,443</u>	<u>(37,942)</u>	<u>(21,924)</u>

Income tax benefit (expense) differs from the amounts computed by applying the applicable U.S. federal income tax rate of 21% as a result of the following:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	amounts in thousands		
Computed expected tax benefit (expense) .....	\$ (75,845)	(32,583)	(19,294)
State and local taxes, net of federal income taxes .....	(12,208)	(5,414)	(3,831)
Change in valuation allowance .....	(2,590)	(249)	380
Change in tax rate - other .....	133,184	18	(27)
Capitalized transaction costs .....	(3,318)	—	—
Nontaxable equity contribution .....	(1,375)	—	—
Executive compensation .....	(1,493)	(44)	—
Other .....	88	330	848
Income tax (expense) benefit .....	<u>\$ 36,443</u>	<u>(37,942)</u>	<u>(21,924)</u>

For the year ended December 31, 2020, the significant reconciling item, as noted in the table above, is primarily the result of a change in the effective state tax rate used to measure deferred taxes due to the Combination.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

For the years ended December 31, 2019 and 2018, the significant reconciling item, as noted in the table above, is the result of state income taxes.

The tax effects of temporary differences and tax attributes that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31,	
	2020	2019
	amounts in thousands	
Deferred tax assets:		
Tax loss and tax credit carryforwards . . . . .	\$ 214,605	66,329
Accrued stock-based compensation . . . . .	14,896	7,969
Deferred revenue . . . . .	14,075	1,562
Debt . . . . .	21,126	—
Operating lease liability . . . . .	26,401	—
Other future deductible amounts . . . . .	43,626	—
Other accrued liabilities . . . . .	13,751	114
Total deferred tax assets . . . . .	348,480	75,974
Less: valuation allowance . . . . .	(12,899)	(8,021)
Net deferred tax assets . . . . .	335,581	67,953
Deferred tax liabilities:		
Investments . . . . .	(1,755,783)	(1,067,492)
Fixed assets . . . . .	(220,376)	—
Intangible assets . . . . .	(309,740)	(46)
Other . . . . .	(27,325)	(74)
Total deferred tax liabilities . . . . .	(2,313,224)	(1,067,612)
Net deferred tax asset (liability) . . . . .	\$ (1,977,643)	(999,659)

The Company's valuation allowance increased \$4.9 million in 2020, of which \$2.6 million affected tax expense and \$2.3 million affected goodwill recorded in the Combination.

As a result of the Combination, the Company's deferred tax liabilities increased \$1,026.4 million, of which \$714.2 million related to GCI Liberty's investment in Charter.

At December 31, 2020, Liberty Broadband had federal and state net operating losses, capital loss carryforwards, interest expense carryforwards and tax credit carryforwards for income tax purposes aggregating \$214.6 million (on a tax effected basis). Of the \$214.6 million, \$77.4 million are carryforwards with no expiration. The remaining carryforwards expire at certain future dates. These carryforwards are expected to be utilized prior to expiration, except for \$12.9 million which based on current projections, may expire unused and accordingly are subject to a valuation allowance. The carryforwards that are expected to be utilized begin to expire in 2021.

As of December 31, 2020, the Company had not recorded tax reserves related to unrecognized tax benefits for uncertain tax positions.

As of December 31, 2020, the IRS has completed its examination of Liberty Broadband's 2017, 2018 and 2019 tax years. Because Liberty Broadband's ownership of Charter is less than the required 80%, Charter is not consolidated with Liberty Broadband for federal income tax purposes. As of December 31, 2020, there are no GCI Liberty tax years under IRS examination. Prior to the March 9, 2018 GCI Liberty split-off from Qurate Retail, Inc., certain GCI Liberty businesses were part of the Qurate Retail, Inc. consolidated federal tax group. The IRS has completed its examinations of Qurate Retail's 2017 and 2018 tax years.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### (12) Stockholders' Equity

#### *Preferred Stock*

Liberty Broadband's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Liberty Broadband's board of directors.

Liberty Broadband Preferred Stock was issued as a result of the Combination on December 18, 2020. Each share of GCI Liberty Preferred Stock outstanding immediately prior to the closing of the Combination was converted into one share of newly issued Liberty Broadband Preferred Stock. The Company is required to redeem all outstanding shares of Liberty Broadband 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 March 8, 2039. There were 7,300,000 shares of Liberty Broadband Preferred Stock authorized and 7,193,631 shares issued and outstanding at December 31, 2020. An additional 42,700,000 shares of preferred stock of the Company are authorized and are undesignated as to series. The Liberty Broadband Preferred Stock is accounted for as a liability on the Company's consolidated balance sheets because it is mandatorily redeemable. As a result, all dividends paid on the Liberty Broadband Preferred Stock are recorded as interest expense in the Company's consolidated statements of operations.

There were 50,000,000 shares of preferred stock of the Company authorized and undesignated as to series, and zero shares issued and outstanding at December 31, 2019.

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 Liberty Broadband Preferred Stock are entitled to receive, when and as declared by the Liberty Broadband Board of Directors, out of legally available funds, preferential dividends that accrue and cumulate as provided in the certificate of designations for the Liberty Broadband Preferred Stock.

Dividends on each share of Liberty Broadband Preferred Stock accrue on a daily basis at a rate of 7.00% per annum of the liquidation price.

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 January 15, 2021. If Liberty Broadband fails to pay cash dividends on the Liberty Broadband 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 December 21, 2020, the Company announced that its board of directors had declared a quarterly cash dividend of approximately \$0.44 per share of Liberty Broadband Preferred Stock which was paid on January 15, 2021 to shareholders of record of the Liberty Broadband Preferred Stock at the close of business on December 31, 2020.

#### *Common Stock*

Liberty Broadband's Series A common stock has one vote per share, Liberty Broadband's Series B common stock has ten votes per share and Liberty Broadband's Series C common stock has no votes per share (except as otherwise required by applicable law). Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock. All series of our common stock participate on an equal basis with respect to dividends and distributions.

As of December 31, 2020, there were 1 thousand shares of Series A and 3.3 million shares of Series C common stock reserved for issuance under exercise privileges of outstanding stock options.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Purchases of Common Stock*

There were no repurchases of Liberty Broadband common stock made pursuant to the Company's authorized repurchase program during the years ended December 31, 2018 and 2019.

During the year ended December 31, 2020, the Company repurchased 4.1 million shares of Liberty Broadband Series C common stock for aggregate cash consideration of \$596.7 million under the authorized repurchase program. All of the foregoing shares obtained have been retired and returned to the status of authorized and available for issuance. There were no repurchases of Series A or Series B common stock during the year ended December 31, 2020. As of December 31, 2020, the Company had \$606 million available to be used for share repurchases under the Company's share repurchase program. On February 23, 2021, the Board of Directors authorized an additional \$2.23 billion under the Company's share repurchase program.

### **(13) Stock-Based Compensation**

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation for the years ended December 31, 2020, 2019 and 2018 (amounts in thousands):

	December 31,		
	2020	2019	2018
Operating expense. . . . .	\$ (80)	113	108
Selling, general and administrative . . . . .	9,214	10,398	5,599
	<u>\$ 9,134</u>	<u>10,511</u>	<u>5,707</u>

### *Liberty Broadband - Incentive Plans*

Liberty Broadband grants, to certain of its directors, employees and employees of its subsidiaries, restricted stock units ("RSUs") and stock options to purchase shares of its common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options and restricted stock) 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 re-measures the fair value of the Award at each reporting date.

Pursuant to the Liberty Broadband 2019 Omnibus Incentive Plan, as amended, the Company may grant Awards to be made in respect of a maximum of 6.0 million shares of Liberty Broadband common stock. In addition, and in connection with the Combination at the close of business on December 18, 2020 (the "Effective Date"), the number of shares of common stock of GCI Liberty that remained available for issuance immediately prior to the Effective Date of the Combination under the GCI Liberty, Inc. 2018 Omnibus Incentive Plan ("GCI Liberty 2018 Plan"), as amended, were converted to 3.7 million shares of Liberty Broadband common stock and are available for use provided that:

- i. the period during which such shares are available for Awards is not extended beyond the period during which they would have been available under the GCI Liberty 2018 Plan, absent the Combination, and
- ii. such Awards are not granted to individuals who were employed by the Company or its subsidiaries immediately prior to the Effective Date.

Awards generally vest over 1-5 years and have a term of 7-10 years. Liberty Broadband issues new shares upon exercise of equity awards.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

### *Liberty Broadband – Grants*

During the years ended December 31, 2020 and 2019, Liberty Broadband granted 389 thousand and 302 thousand options, respectively, to purchase shares of Series C Liberty Broadband common stock (“LBRDK”) to our CEO. Such options had a weighted average GDFV of \$38.23 per share and \$31.12 per share, respectively, at the time they were granted and mainly vest on December 31, 2024 and December 31, 2023, respectively. These grants include the two upfront option grants related to the CEO’s new employment agreement. See discussion in note 1 regarding the new compensation agreement with the Company’s CEO.

During the year ended December 31, 2020, Liberty Broadband granted 2 thousand time-based RSUs of LBRDK to our CEO. The RSUs had a GDFV of \$120.71 per share and cliff vested on December 10, 2020. This RSU grant was issued in lieu of our CEO receiving 50% of his remaining base salary for the last three quarters of calendar year 2020, and he waived his right to receive the other 50%, in each case, in light of the ongoing financial impact of COVID-19.

During the year ended December 31, 2019, Liberty Broadband granted 25 thousand performance-based RSUs of LBRDK to our CEO. The RSUs had a GDFV of \$88.99 per share at the time they were granted and cliff vested one year from the month of grant, subject to satisfaction of certain performance objectives. Performance objectives, which are subjective, are considered in determining the timing and amount of 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.

During the years ended December 31, 2020 and 2019, Liberty Broadband granted to its employees 151 thousand and 41 thousand options, respectively, to purchase shares of LBRDK. Such options had a weighted average GDFV of \$41.06 per share and \$32.21 per share, respectively, and vest between two and five years.

During the years ended December 31, 2020, 2019 and 2018, Liberty Broadband granted 15 thousand, 8 thousand and 10 thousand options, respectively, to purchase shares of LBRDK to its non-employee directors with a weighted average GDFV of \$37.78, \$31.18 and \$24.04 per share, respectively, which mainly cliff vest over a one year vesting period.

There were no options to purchase shares of Series A or Series B Liberty Broadband common stock granted during 2020.

The Company has calculated the GDFV for all of its equity classified awards and any subsequent re-measurement of its liability classified awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2020, 2019 and 2018, the range of expected terms was 5.3 to 6.3 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty Broadband common stock. For grants made in 2020, 2019 and 2018, the range of volatilities was 25.1% to 27.3%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject option.

In connection with the Combination, on the Effective Date:

- i. Each outstanding stock option to purchase shares of Series A GCI Liberty common stock (“GLIBA”) or Series B GCI Liberty common stock (“GLIBB” and, together with GLIBA, “GLIBA/B”) was converted to 0.580 of a corresponding stock option to purchase LBRDK or Series B Liberty Broadband common stock (“LBRDB” and, together with LBRDK, “LBRDK/B”), respectively, rounded down to the nearest whole share. Additionally, the exercise price of the GLIBA/B stock option was divided by 0.580, with the resulting LBRDK/B exercise price rounded up to the nearest cent. Except as described above, all other terms and restrictions of the LBRDK/B stock options are the same as the corresponding original GLIBA/B stock options.
- ii. Each outstanding GLIBA RSU (other those held by non-employee directors of GCI Liberty) was converted to 0.580 of a corresponding LBRDK RSU, rounded down to the nearest whole LBRDK RSU. No cash was paid in lieu of

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

fractional LBRDK RSUs. All terms of the LBRDK RSUs are subject to the same terms and restrictions as those applicable to the corresponding original GLIBA RSUs.

- iii. Each outstanding GLIBA share of restricted stock (“RSA”) was converted to 0.580 of a corresponding LBRDK RSA, rounded down to the nearest whole LBRDK RSA. Cash was issued in lieu of fractional LBRDK RSAs. All terms of the LBRDK RSAs are subject to the same terms and restrictions as those applicable to the corresponding original GLIBA RSAs.
- iv. Each outstanding GCI Liberty Series A Cumulative Redeemable Preferred Stock (“GLIBP”) RSA was converted into one Liberty Broadband Series A Cumulative Redeemable Preferred Stock (“LBRDP”) RSA. All terms of the LBRDP RSAs are subject to the same terms and restrictions as those applicable to the corresponding original GLIBP RSAs.

### *Liberty Broadband – Outstanding Awards*

The following table presents the number and weighted average exercise price (“WAEP”) of Awards to purchase Liberty Broadband 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 C (in thousands)	WAEP	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2020 .....	1,932	\$ 61.43		
Granted .....	554	\$ 154.20		
Exercised .....	(8)	\$ 47.92		
Forfeited/Cancelled .....	—	\$ —		
GLIBA awards converted to LBRDK awards .....	849	\$ 121.80		
Outstanding at December 31, 2020 .....	<u>3,327</u>	\$ 92.35	5.0	\$ 224
Exercisable at December 31, 2020 .....	<u>2,055</u>	\$ 59.41	4.1	\$ 203

As of December 31, 2020, Liberty Broadband also had 1 thousand Series A options outstanding and exercisable at a WAEP of \$35.81 and a weighted average remaining contractual life of 2.0 years.

As a result of the Combination, 1.2 million options to purchase shares of GLIBB were converted to 722 thousand options to purchase shares of LBRDB with a weighted average exercise price of \$96.79 per share. All options of LBRDB are exercisable, have a weighted average remaining contractual life of 2.1 years and an aggregate intrinsic value of \$44 million.

As of December 31, 2020, the total unrecognized compensation cost related to unvested Liberty Broadband Awards was approximately \$64.4 million. Such amount will be recognized in the Company’s consolidated statements of operations over a weighted average period of approximately 2.0 years.

As of December 31, 2020, Liberty Broadband reserved 4.1 million shares of Series A, Series B and Series C common stock for issuance under exercise privileges of outstanding stock Awards.



# **LIBERTY BROADBAND CORPORATION**

## **Notes to Consolidated Financial Statements (Continued)**

**December 31, 2020, 2019 and 2018**

### ***Liberty Broadband – Exercises***

The aggregate intrinsic value of all options exercised during the years ended December 31, 2020, 2019 and 2018 was \$961 thousand, \$91.7 million and \$3.0 million, respectively.

### ***Liberty Broadband – Restricted Stock and Restricted Stock Units***

The aggregate fair value of all LBRDA and LBRDK RSAs and RSUs that vested during the years ended December 31, 2020, 2019 and 2018 was \$5.4 million, \$2.6 million and \$112 thousand, respectively. No RSAs or RSUs of LBRDP vested during the year ended December 31, 2020 subsequent to the Combination.

As of December 31, 2020, the Company had approximately 406 thousand unvested RSAs and RSUs of LBRDA, LBRDK and LBRDP held by certain directors, officers and employees of the Company with a weighted average GDFV of \$136.86 per share.

### ***Skyhook equity incentive plans***

#### ***Long-Term Incentive Plans***

Skyhook has a long-term incentive plan which provides for the granting of PARs and PSUs to employees, directors, and consultants of Skyhook that is not significant to Liberty Broadband. As of December 31, 2020 and 2019, \$0.7 million and \$1.2 million, respectively, are included in other liabilities for the fair value (Level 2) of the Company's LTIP obligations.

### **(14) Employee Benefit Plans**

Subsidiaries of the Company sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated \$1.0 million, \$0.8 million and \$0.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

### **(15) Commitments and Contingencies**

#### ***Guaranteed Service Levels***

Certain customers have guaranteed levels of service with varying terms. In the event the Company is unable to provide the minimum service levels, it may incur penalties or issue credits to customers.

#### ***General Litigation***

In the ordinary course of business, the Company and its consolidated subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

#### ***Rural Health Care ("RHC") Program***

GCI Holdings receives 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. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Company's financial position, results of operations or liquidity. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2020, the Company had net accounts receivable from the RHC Program in the amount of \$237 million, which is included within Trade and other receivables in the consolidated balance sheets.

**FCC Rate Reduction.** In November 2017, the Universal Service Administrative Company ("USAC") requested further information in support of the rural rates charged to a number of GCI Holdings' RHC customers in connection with the funding requests for the year that runs July 1, 2017 through June 30, 2018. On October 10, 2018, GCI Holdings received a letter from the FCC's Wireline Competition Bureau ("Bureau") notifying it of the Bureau's decision to reduce the rural rates charged to RHC customers for the funding year that ended on June 30, 2018 by approximately 26% resulting in a reduction of total support payments of \$27.8 million. The FCC also informed GCI Holdings that the same cost methodology used for the funding year that ended on June 30, 2018 would be applied to rates charged to RHC customers in subsequent funding years. In response to the Bureau's letter, GCI Holdings filed an Application for Review with the FCC.

On October 20, 2020, the Wireline Competition Bureau of the FCC issued two separate letters approving the cost-based rural rates GCI Holdings historically applied when recognizing revenue for services provided to its RHC customers for the funding years that ended on June 30, 2019 and June 30, 2020. GCI Holdings collected \$174 million in accounts receivable relating to these two funding years subsequent to December 31, 2020.

On June 25, 2020, GCI Holdings submitted cost studies with respect to a number of its rates for services provided to its RHC customers for the funding year ending June 30, 2021, which require approval by the Bureau. GCI Holdings further updated those studies on November 12, 2020, to reflect the completion of the bidding season for that funding year. Those studies remain pending before the Bureau, and we cannot predict when the Bureau will act upon them.

**RHC Program Funding Cap.** The RHC program has a funding cap for each individual funding year that is annually adjusted for inflation, and which the FCC can increase by carrying forward unused funds from prior funding years. In recent years, including the current year, this funding cap has not limited the amount of funding received by participants; however, management continues to monitor the funding cap and its potential impact on funding in future years.

**Enforcement Bureau and Related Inquiries.** On March 23, 2018, GCI Holdings received a letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods, to which it is in the process of responding. This includes inquiry into the rates charged by GCI Holdings, and presently it is unable to assess the ultimate outcome of this rate inquiry. Other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

In the fourth quarter of 2019, GCI Holdings became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. GCI Holdings notified the FCC of our potential compliance issues in the fourth quarter of 2019.

On May 28, 2020, GCI Holdings received a second letter of inquiry from the Enforcement Bureau in the same matter noted above. This second letter, which was in response to a voluntary disclosure made by GCI Holdings to the FCC, extended the scope of the original inquiry to also include various questions regarding compliance with the records retention requirements related to the (i) original inquiry and (ii) RHC Program.

On December 17, 2020, GCI Holdings received a Subpoena Duces Tecum from the FCC's Office of the Inspector General requiring production of documents from January 1, 2009 to the present related to a single RHC customer and related

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

contracts, information regarding GCI Holdings' determination of rural rates, and to provide information regarding persons with knowledge of pricing practices.

GCI Holdings continues to work with the FCC to resolve all enforcement inquiries discussed above. With respect to the ongoing inquiries from the FCC's Enforcement Bureau and the FCC's Office of the Inspector General, GCI Holdings recognized a liability of approximately \$12.0 million for contracts that were deemed probable of not complying with the RHC Program rules. The Company also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to \$44.0 million. An accrual was not made for the amount of the reasonably possible loss in accordance with the applicable accounting guidance. GCI Holdings could also be assessed fines and penalties, but such amounts could not be reasonably estimated.

### *Off-Balance Sheet Arrangements*

Liberty Broadband did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations, liquidity, capital expenditures or capital resources.

### **(16) Segment Information**

Liberty Broadband identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings or losses represent 10% or more of Liberty Broadband's annual pre-tax earnings (losses).

Liberty Broadband evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue and Adjusted OIBDA. In addition, Liberty Broadband reviews nonfinancial measures such as subscriber growth.

For segment reporting purposes, Liberty Broadband defines Adjusted OIBDA as revenue less operating expenses and selling, general and administrative expenses (excluding stock-based compensation and transaction costs). Liberty Broadband believes this measure is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. 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, transaction costs, separately reported litigation settlements 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 earnings, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Liberty Broadband generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the year ended December 31, 2020, Liberty Broadband has identified the following consolidated company and equity method investment as its reportable segments:

- GCI Holdings – a wholly owned subsidiary of the Company that 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.
- Skyhook— a wholly owned subsidiary of the Company that provides the Precision Location Solution (a location determination service).
- Charter—an equity method investment that is one of the largest providers of cable services in the United States, offering a variety of entertainment, information and communications solutions to residential and commercial customers.

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Liberty Broadband'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 segments that are also consolidated companies are the same as those described in the Company's summary of significant accounting policies in the Company's annual financial statements. We have included amounts attributable to Charter in the tables below. Although Liberty Broadband owns less than 100% of the outstanding shares of Charter, 100% of the Charter amounts are included in the schedule below and subsequently eliminated in order to reconcile the account totals to the Liberty Broadband consolidated financial statements.

### Performance Measures

	Years ended December 31,					
	2020		2019		2018	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in thousands					
GCI Holdings .....	\$ 33,670	9,509	—	—	—	—
Skyhook .....	17,036	(3,689)	14,859	(4,704)	22,256	3,161
Charter .....	48,097,000	18,460,000	45,764,000	16,752,000	43,634,000	15,824,000
Corporate and other .....	—	(19,965)	—	(12,187)	—	(6,689)
	<u>48,147,706</u>	<u>18,445,855</u>	<u>45,778,859</u>	<u>16,735,109</u>	<u>43,656,256</u>	<u>15,820,472</u>
Eliminate equity method affiliate.....	<u>(48,097,000)</u>	<u>(18,460,000)</u>	<u>(45,764,000)</u>	<u>(16,752,000)</u>	<u>(43,634,000)</u>	<u>(15,824,000)</u>
Consolidated Liberty Broadband .....	<u>\$ 50,706</u>	<u>(14,145)</u>	<u>14,859</u>	<u>(16,891)</u>	<u>22,256</u>	<u>(3,528)</u>

### Other Information

	December 31, 2020			December 31, 2019		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in thousands					
GCI Holdings .....	\$ 3,676,511	424	1,775	—	—	—
Skyhook .....	12,336	—	43	18,145	—	500
Charter .....	144,206,000	—	7,415,000	148,188,000	—	7,195,000
Corporate and other .....	17,682,277	16,179,261	—	12,238,197	12,194,674	—
	<u>165,577,124</u>	<u>16,179,685</u>	<u>7,416,818</u>	<u>160,444,342</u>	<u>12,194,674</u>	<u>7,195,500</u>
Eliminate equity method affiliate.....	<u>(144,206,000)</u>	<u>—</u>	<u>(7,415,000)</u>	<u>(148,188,000)</u>	<u>—</u>	<u>(7,195,000)</u>
Consolidated Liberty Broadband.....	<u>\$ 21,371,124</u>	<u>16,179,685</u>	<u>1,818</u>	<u>12,256,342</u>	<u>12,194,674</u>	<u>500</u>

### Revenue by Geographic Area

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
United States .....	\$ 48,529	12,507	19,946
Other countries .....	2,177	2,352	2,310
	<u>\$ 50,706</u>	<u>14,859</u>	<u>22,256</u>

# LIBERTY BROADBAND CORPORATION

## Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and earnings (loss) before income taxes:

	Years ended December 31,		
	2020	2019	2018
	amounts in thousands		
Consolidated segment Adjusted OIBDA. ....	\$ (14,145)	(16,891)	(3,528)
Stock-based compensation . . . . .	(9,134)	(10,511)	(5,707)
Depreciation and amortization . . . . .	(15,227)	(1,875)	(2,779)
Transaction costs . . . . .	(21,149)	—	—
Operating income (loss) . . . . .	(59,655)	(29,277)	(12,014)
Interest expense . . . . .	(28,158)	(25,166)	(23,302)
Share of earnings (loss) of affiliates, net . . . . .	713,329	286,401	166,146
Gain (loss) on dilution of investment in affiliate . . . . .	(183,575)	(79,329)	(43,575)
Realized and unrealized gains (losses) on financial instruments, net . . . . .	(83,070)	1,170	3,659
Other, net . . . . .	2,294	1,359	963
Earnings (loss) before income taxes. ....	<u>\$ 361,165</u>	<u>155,158</u>	<u>91,877</u>

# LIBERTY BROADBAND CORPORATION

## CORPORATE DATA

### Board of Directors

Gregg L. Engles

Julie D. Frist

Richard R. Green

Sue Ann Hamilton

Gregory B. Maffei

John C. Malone  
(Chairman of the Board)

J. David Wargo

John E. Welsh III

### Executive Committee

Gregory B. Maffei

John C. Malone

### Compensation Committee

Julie D. Frist (Co-Chair)

J. David Wargo (Co-Chair)

Richard R. Green

Sue Ann R. Hamilton

### Audit Committee

John E. Welsh III (Chairman)

Gregg L. Engles

J. David Wargo

### Nominating & Corporate

#### Governance Committee

Richard R. Green (Co-Chair)

Sue Ann R. Hamilton (Co-Chair)

Gregg L. Engles

Julie D. Frist

John E. Welsh III

### Senior Officers

Gregory B. Maffei

President and Chief Executive Officer

Renee L. Wilm

Chief Legal Officer and Chief  
Administrative Officer

Albert E. Rosenthaler

Chief Corporate Development Officer

Courtnee A. Chun

Chief Portfolio Officer

Brian J. Wendling

Chief Accounting Officer and  
Principal Financial Officer

Ben Oren

Senior Vice President and Treasurer

### Corporate Secretary

Katherine C. Jewell

### Corporate Headquarters

12300 Liberty Boulevard  
Englewood, CO 80112  
(720) 875-5700

### Stock Information

Series A Common Stock (LBRDA),  
Series C Common Stock (LBRDK) and Series A  
Cumulative Redeemable Preferred Stock  
(LBRDP) trade on the NASDAQ Global Select  
Market.

Series B Common Stock (LBRDB) is quoted on  
the OTC Markets.

### CUSIP Numbers

LBRDA – 530307 107

LBRDB – 530307 206

LBRDK – 530307 305

LBRDP – 530307 503

### Transfer Agent

Liberty Broadband Corporation  
Shareholder Services  
c/o Broadridge Corporate Issuer Solutions  
P.O. Box 1342  
Brentwood, NY 11717  
Phone: (888) 789-8745  
Toll Free: (303) 562-9277  
<https://shareholder.broadridge.com/lbc>

### Investor Relations

Courtnee A. Chun  
[investor@libertybroadband.com](mailto:investor@libertybroadband.com)  
(844) 826-8735

### On the Internet

Visit the Liberty Broadband Corporation  
website at [www.libertybroadband.com](http://www.libertybroadband.com)

### Financial Statements

Liberty Broadband Corporation financial  
statements are filed with the Securities and  
Exchange Commission. Copies of these  
financial statements can be obtained from  
the Transfer Agent or through the Liberty  
Broadband Corporation website.

## OUR ENVIRONMENT

Liberty believes in working to keep our environment cleaner and healthier. We are proud to have our headquarters overlooking the Colorado Rockies. Every day, Liberty takes steps to preserve the natural beauty of the surroundings that we are privileged to enjoy.

## ELECTRONIC DELIVERY



We encourage Liberty stockholders to voluntarily elect to receive future proxy and annual report materials electronically.

- If you are a registered stockholder, please visit [www.proxyvote.com](http://www.proxyvote.com) for simple instructions.
- Beneficial shareowners can elect to receive future proxy and annual report materials electronically as well as vote their shares online at [www.proxyvote.com](http://www.proxyvote.com).  
► Faster ► Economical ► Cleaner ► Convenient

## SCAN THE QR CODE



to vote using your mobile device, sign up for e-delivery or download annual meeting materials.

► Liberty's initiative in reducing its carbon footprint by promoting electronic delivery of shareholder materials has had a positive effect on the environment. Based upon 2020 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 10.4 fewer tons of wood, or 63 fewer trees



Using approximately 66.3 million fewer BTUs, or the equivalent of the amount of energy used by 79 residential refrigerators operated/year



Using approximately 46,800 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent to 4.3 cars/year



Saving approximately 55,700 gallons of water, or the equivalent of approximately 2.7 swimming pools



Saving approximately 3,060 pounds of solid waste




Reducing hazardous air pollutants by approximately 4.2 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit [www.papercalculator.org](http://www.papercalculator.org).

## 2021 ANNUAL MEETING OF STOCKHOLDERS

 Wednesday, May 26, 2021

 9:00 a.m. Mountain Time

The 2021 Annual Meeting of Stockholders will be held via the Internet as a virtual meeting. See our Proxy Statement for additional information.

