Consolidated Financial Statements
December 31, 2020

CABLE & WIRELESS COMMUNICATIONS LIMITED
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CABLE & WIRELESS COMMUNICATIONS LIMITED

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FORWARD-LOOKING STATEMENTS

Certain statements in this annual report constitute forward-looking statements. To the extent that statements in this annual report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding: our business, product, foreign currency and finance strategies; our property and equipment additions; grants or renewals of licenses; subscriber growth and retention rates; changes in competitive, regulatory and economic factors; anticipated changes in our revenue, costs or growth rates; debt levels; our liquidity and our ability to access the liquidity of our subsidiaries; credit risks; the impacts associated with the phasing out of LIBOR; internal control over financial reporting; foreign currency risks; compliance with debt, financial and other covenants; our future projected contractual commitments and cash flows; and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates, inflation rates and interest rates;
- our relationships with third-party programming providers and broadcasters and the ability to acquire programming;
- our relationships with suppliers and licensors and the ability to maintain equipment, software and certain services;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- our ability to obtain additional financing and generate sufficient cash to meet our debt obligations;
- the impact of restrictions contained in certain of our subsidiaries' debt instruments;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer viewing preferences and habits, including on mobile devices that function on various operating systems and specifications, limited bandwidth, and different processing power and screen sizes;
- customer acceptance of our existing service offerings, including our video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- the impact of 5G and wireless technologies on broadband internet;
- our ability to maintain or increase the number of subscriptions to our video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household and mobile subscriber;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors;
- our ability to renew necessary regulatory licenses, concessions or other operating agreements and to otherwise acquire future spectrum or other licenses that we need to offer new mobile data or other technologies or services;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;

- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the United Kingdom (**U.K.**) or in other countries in which we operate and the results of any tax audits or tax disputes;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors, including third-party channel providers and broadcasters, to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our network extension and upgrade programs;
- the availability of capital for the acquisition and/or development of telecommunications networks and services, including property and equipment additions;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- piracy, targeted vandalism against our networks and cybersecurity threats or other security breaches, including the leakage of sensitive customer data, which could harm our business or reputation;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- the effect of any strikes, work stoppages or other industrial actions that could affect our operations;
- changes in the nature of key strategic relationships, including with unions, partners and joint venturers;
- our ability to realize the full value of our intangible assets;
- changes in and compliance with applicable data privacy laws, rules, and regulations;
- our ability to recoup insurance reimbursements and settlements from third-party providers;
- our ability to comply with economic and trade sanctions laws, such as the U.S. Treasury Department's Office of Foreign Assets Control; and
- events that are outside of our control, such as political conditions and unrest in international markets, terrorist attacks, malicious human acts, hurricanes and other natural disasters, pandemics, including the COVID-19 pandemic, and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this annual report are subject to a significant degree of risk. These forward-looking statements and the above described 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. Readers are cautioned not to place undue reliance on any forward-looking statement.

DESCRIPTION OF OUR BUSINESS

In this section, unless the context otherwise requires, the terms "we," "our," "our company" and "us" may refer, as the context requires, to C&W or collectively to C&W and our subsidiaries. C&W is a wholly-owned subsidiary of Liberty Latin America Ltd. Unless otherwise indicated, operational and statistical data, including subscriber statistics, are as of December 31, 2020. The capitalized terms used in this section may be defined in the consolidated financial statements, the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a leading communications company with operations in Panama, the Caribbean, including Jamaica, and other parts of Latin America. The communications and entertainment services that we deliver to our residential and business customers include video, broadband internet, telephony and mobile services. In most of our operating footprint, we offer a "triple-play" of bundled services of video, internet and telephony in one subscription. We are also focused on leveraging our full-service product suite to deliver fixed-mobile convergence offerings.

Our business products and services also include enterprise-grade connectivity, data center, hosting and managed solutions, as well as IT solutions with customers ranging from small and medium enterprises to international companies and governmental agencies. We also operate an extensive subsea and terrestrial fiber optic cable network that connects over 40 markets in the region, providing connectivity solutions both within and outside our operating footprint.

We are the largest fixed-line provider of high-speed broadband and video services across a number of our markets, including Jamaica and Trinidad and Tobago. We also operate the largest telephony network in most of our markets where we provide residential communications services. In addition, we offer mobile services throughout most of our operating footprint. We are a mobile network provider, delivering high-speed services in Panama and all but one of our Caribbean markets. As a network provider, we are able to offer a full range of voice and data services, including value-added, data-based and fixed-mobile converged services. For a breakdown of revenue by major category, see note 21 to our consolidated financial statements.

We have expanded our footprint through new build projects and strategic acquisitions. Our new build projects consist of network programs pursuant to which we pass additional homes and businesses with our broadband communications network. We are also upgrading our networks. During 2020, we added or upgraded approximately 170,000 additional homes and commercial premises.

Our operations are provided through various consolidated subsidiaries, including the following subsidiaries where we own less than 100%: The Bahamas Telecommunications Company Limited (**C&W Bahamas**) (a 49%-owned entity that owns all of our operations in the Bahamas); Cable & Wireless Jamaica Limited (**C&W Jamaica**) (a 92%-owned entity that owns the majority of our operations in Jamaica); and Cable & Wireless Panama, S.A. (**CWP**) (a 49%-owned entity that owns most of our operations in Panama).

During the fourth quarter of 2020, Liberty Latin America completed an organizational change relating to the oversight of our operations. For convenience, we have aligned our presentation below to that of Liberty Latin America whereby we separately discuss the CWP subsidiary and "**C&W Caribbean and Networks**", which includes all other operations of C&W.

Our operating brands include the following:

Trends in Market Demand

In December 2019, COVID-19 was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a "pandemic," pointing to the sustained risk of further global spread. To date, confirmed cases of COVID-19 have been experienced in each of the markets in which we operate. During 2020, COVID-19 has negatively impacted our operations due to resulting lockdowns, moratoriums, cancellation of live sporting events, and mobility, travel and tourism restrictions across many of the markets in which we operate. The implications of these restrictions have been (i) the issuance of discounts to customers, (ii) the pause in certain managed service projects, particularly with government agencies, and (iii) delayed or deferred customer payments and increased customer churn. Within our mobile operations, the lockdowns negatively impacted, primarily during the second quarter of 2020, our customers' ability to recharge their prepaid mobile devices. In addition, we experienced declines in inbound roaming activity as a result of travel restrictions and reduced tourism activities in the markets in which we operate. These factors collectively resulted in declines in revenue within our B2B and mobile operations and lower ARPU (as defined below) associated with our residential fixed subscription services. Given the impacts of COVID-19 continue to rapidly evolve, the extent to which COVID-19 may further impact our financial condition or results of operations continues to be uncertain and cannot be predicted at this time.

Operating Data

The following tables present certain operating data as of December 31, 2020. The tables reflect 100% of the data applicable to our subsidiaries, regardless of our ownership percentage. For additional information regarding terms used in the following tables, see the ***Operating Data Glossary*** below.

	Homes Passed	Two-way Homes Passed	Customer Relationships	Total RGUs	Video RGUs	Internet RGUs	Telephony RGUs	Total Mobile Subscribers (c)
Panama (a) (b)	687,900	687,900	184,700	405,500	89,900	155,900	159,700	1,461,900
Jamaica	613,700	613,700	296,700	634,200	128,400	259,600	246,200	992,300
The Bahamas	120,900	120,900	35,300	68,200	7,400	26,400	34,400	181,100
Trinidad and Tobago	334,600	334,600	157,000	332,500	106,200	140,100	86,200	—
Barbados	140,400	140,400	82,400	174,200	33,700	69,400	71,100	118,600
Other	331,700	311,900	233,900	374,100	77,800	177,300	119,000	394,500
Total	2,229,200	2,209,400	990,000	1,988,700	443,400	828,700	716,600	3,148,400

(a) RGU balances do not include 58,600 RGUs that, due to the impact of COVID-19, have not been disconnected in accordance with our normal disconnect policy for non-payment and continue to receive services.

(b) During the fourth quarter of 2020, we announced that we would shut down our direct-to-home (DTH) operations in Panama, which went into effect in January 2021, and as such, the associated customer relationships and RGUs are no longer included in our subscriber count.

(c) Mobile subscribers comprise the following:

	Prepaid	Postpaid	Total
Panama (a)	1,338,900	123,000	1,461,900
Jamaica	970,000	22,300	992,300
The Bahamas	150,800	30,300	181,100
Barbados	88,400	30,200	118,600
Other	346,500	48,000	394,500
Total	2,894,600	253,800	3,148,400

(a) RGU balances do not include 12,400 mobile subscribers that, due to the impact of COVID-19, have not been disconnected in accordance with our normal disconnect policy for non-payment and continue to receive services.

Operating Data Glossary

Customer Relationships – The number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. Customer relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two customer relationships. We exclude mobile-only customers from customer relationships.

Homes Passed – Homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Certain of our homes passed counts are based on census data that can change based on either revisions to the data or from new census results.

Internet (Broadband) RGU – A home, residential multiple dwelling unit or commercial unit that receives internet services over our network.

Mobile Subscribers – Our mobile subscriber count represents the number of active subscriber identification module ("**SIM**") cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity ranging from 30 to 60 days, based on industry standards within the respective country. In a number of countries, our mobile subscribers receive mobile services pursuant to prepaid contracts.

Revenue Generating Unit (RGU) – RGU is separately a video RGU, internet RGU or telephony RGU. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. RGUs are generally counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled video, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as RGUs during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.

Telephony RGU – A home, residential multiple dwelling unit or commercial unit that receives voice services over our network. Telephony RGUs exclude mobile subscribers.

Two-way Homes Passed – Homes passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.

Video RGU – A home, residential multiple dwelling unit or commercial unit that receives our video service over our network primarily via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Video RGUs are generally counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one RGU.

Additional General Notes:

Most of our operations provide telephony, broadband internet, data, video or other B2B services. We generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

While we take appropriate steps to ensure that subscriber and homes passed statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability from country to country in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber and homes passed counting process. We periodically review our subscriber and homes passed counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber and homes passed statistics based on those reviews.

Fixed Network and Product Penetration Data (%)

	Panama	Jamaica	The Bahamas	Trinidad and Tobago	Barbados	Other
Network data:						
Two-way homes passed [(1)]	100 %	100 %	100 %	100 %	100 %	94 %
Homes passed:						
Cable [(2)]	59 %	45 %	31 %	100 %	— %	68 %
FTTx [(2)]	24 %	14 %	35 %	— %	100 %	12 %
VDSL [(2)]	16 %	41 %	34 %	— %	— %	20 %
Product penetration:						
Television [(3)]	13 %	21 %	6 %	32 %	24 %	23 %
Broadband internet [(4)]	23 %	42 %	22 %	42 %	49 %	57 %
Fixed-line telephony [(4)]	23 %	40 %	28 %	26 %	51 %	38 %
Double-play [(5)]	42 %	38 %	52 %	9 %	32 %	32 %
Triple-play [(5)]	39 %	38 %	21 %	51 %	40 %	14 %

(1) Percentage of total homes passed that are two-way homes passed.

(2) Percentage of two-way homes passed served by a cable, fiber-to-the-home/-cabinet/-building/-node (**FTTx**) or digital subscriber line (**DSL**) network, as applicable.“**VDSL**” refers to both our DSL and very high-speed DSL technology networks.

(3) Percentage of total homes passed that subscribe to television services.

(4) Percentage of two-way homes passed that subscribe to broadband internet or fixed-line telephony services, as applicable.

(5) Percentage of total customers that subscribe to two services (double-play customers) or three services (triple-play customers) offered by our operations (video, broadband internet and fixed-line telephony), as applicable.

Video, Broadband Internet & Fixed-Line Telephony and Mobile Services

	Panama	Jamaica	The Bahamas	Trinidad and Tobago	Barbados	Other
Video services:						
Network System [(1)]	VDSL/ HFC/ FTTx	VDSL/ HFC/ FTTx	VDSL/ FTTx	HFC	FTTx	VDSL/ HFC/ FTTx
Broadband internet service:						
Maximum download speed offered (**Mbps**)	600	150	300	500	1,000	100 [(2)]
Mobile services:						
Network Technology [(3)]	LTE	LTE	LTE	—	LTE	LTE / HSPA+

(1) These are the primary systems used for delivery of services in the countries indicated. “**HFC**” refers to hybrid fiber coaxial cable networks.

(2) Represents an average as speeds vary by market.

(3) Fastest available technology. “**LTE**” refers to the Long Term Evolution Standard. “**HSPA+**” refers to Evolved High Speed Packet Access.

Products and Services

We offer our customers a comprehensive set of converged mobile, broadband, video and fixed-line telephony services. In the table below, we identify the services we offer in each of the countries in the Caribbean and Latin America where we have operations.

	Mobile	Broadband internet	Video	Fixed-line telephony
Anguilla	X	X	X	X
Antigua & Barbuda	X	X	X	—
Barbados	X	X	X	X
Bonaire	X	—	—	—
British Virgin Islands	X	X	X	X
Cayman Islands	X	X	X	X
Curaçao	X	X	X	X
Dominica	X	X	X	X
Grenada	X	X	X	X
Jamaica	X	X	X	X
Montserrat	X	X	—	X
Panama	X	X	X	X
Saba	X	—	—	—
St. Eustatius	X	—	—	—
St. Maarten	X	X	—	—
St. Martin	X	—	—	—
St. Kitts & Nevis	X	X	X	X
St. Lucia	X	X	X	X
St. Vincent & the Grenadines	X	X	X	X
The Bahamas	X	X	X	X
Trinidad and Tobago	—	X	X	X
Turks & Caicos	X	X	X	X

We believe that our ability to offer our customers greater choice and selection in bundling their services enhances the attractiveness of our service offerings, improves customer retention, minimizes churn and increases overall customer lifetime value.

Residential Services

Mobile Services. We offer mobile services throughout most of our operating footprint. We are a mobile network provider, delivering high-speed services in Panama and all but one of our Caribbean markets. As a mobile network provider, we are able to offer a full range of voice and data services, including value-added services. Where available, we expect our mobile services will allow us to provide an extensive converged product offering with video, internet and fixed-line telephony, allowing our customers connectivity in and out-of-the-home. We hold spectrum licenses as a mobile network provider, with terms typically ranging from 10 to 15 years.

Subscribers to our mobile services pay varying monthly fees depending on whether the mobile service is bundled with one of our other services or includes mobile data services over their phones, tablets or laptops. Our mobile services are available on a postpaid or prepaid basis, with most customers purchasing a prepaid plan. We offer our customers the option to purchase mobile handsets with purchase terms typically related to whether the customer selects a prepaid or postpaid plan. Customers selecting a prepaid plan or service pay in advance for a pre-determined amount of airtime and/or data and generally do not enter into a minimum contract term. Customers subscribing to a postpaid plan generally enter into contracts ranging from 12 to 24 months. The long-term contracts are often taken with a subsidized mobile handset. Our mobile services include voice, SMS and internet access via data plans.

Broadband Internet Services. To support our customers' expectations for seamless connectivity, we are expanding our networks to make ultrafast broadband available to more people. This includes investment in the convergence of our fixed and mobile data systems and making wireless systems available in the home. During 2020, our Network Extension programs (as defined and described below) added approximately 170,000 homes across our footprint. We provide next generation WiFi and telephony gateway products to our subscribers. These products enable us to maximize the impact of our ultrafast broadband networks by providing reliable wireless connectivity anywhere in the home. These gateway products can be self-installed and have an automatic WiFi optimization function, which selects the best possible wireless frequency.

The internet speeds we offer are one of our differentiators, as customers spend more time streaming video and other bandwidth-heavy services on multiple devices. As a result, we are continuing to invest in additional bandwidth and technologies to increase internet speeds throughout our footprint. We plan to continue the upgrade and expansion of our fixed networks so that we can deploy high-speed internet service to additional customers in the coming years.

Our residential subscribers access the internet via VDSL over our fixed-line telephony networks, FTTx or hybrid fiber coaxial cable networks and with cable modems connected to their internet capable devices, including personal computers, or wirelessly via next generation WiFi and telephony gateway products. In each of our markets, we offer multiple tiers of internet service. The speed of service depends on location and the tier of service selected by our subscribers.

Our value-added services include security measures and online storage. Mobile broadband internet services are also available through our mobile services described above. Subscribers to our internet service pay a monthly fee based on the tier of service selected. In addition to the monthly fee, customers pay an activation service fee upon subscribing to an internet service. This one-time fee may be waived for promotional reasons. We determine pricing for each different tier of internet service through an analysis of speed, market conditions and other factors.

Video Services. We offer video services in most of our residential markets, including Panama, Jamaica, Trinidad and Tobago, Barbados and the Bahamas. To meet the demands of our customers, we have enhanced our video services with next generation, market-leading digital television platforms that enable our customers to control when and where they watch their programming. These advanced services are delivered over our FTTx, VDSL and hybrid fiber coaxial cable networks and include a digital video recorder (**DVR**), a video-on-demand (**VOD**) offering and an advanced electronic programming guide. In most of our markets, customers can pause their programming while a live broadcast is in progress as well as access a selection of channels and VOD content through a mobile application. We have also launched "Replay TV" in many of our markets. Replay TV allows a viewer to watch a TV program from the beginning after it has started or has concluded.

In our Caribbean video markets and Panama, we offer a comprehensive internet streaming video service (branded "Flow ToGo" and "+TV Go") that allows our video customers to stream an increasing number of channels with a broadband connection in and out of the home and on multiple devices.

Our operations with video services offer multiple tiers of digital video programming starting with a basic video service. In addition, subscribers have the option to select extended and/or premium subscription tiers. Fixed digital video services require a set-top box provided by us that also enables access to enhanced features such as VOD. Subscribers to our basic digital video services pay a fixed monthly fee and generally can elect to receive, in most of our markets, a skinny entry tier or a basic tier, including a number of high definition (**HD**) channels.We also offer a variety of premium packages combining linear channels and VOD. In the few markets where our analog service is still available, subscribers to that service typically receive fewer channels than subscribers to our digital services, with the number of channels dependent on their location. Subscribers to our digital services in each case receive the channels available through our analog service. In all of our video operations, we continue to upgrade our systems to expand our digital services and encourage our remaining analog subscribers to convert to a digital or premium digital service. Discounts to our monthly service fees are generally available to a subscriber who selects a bundled service of at least two of the following services: video, internet and fixed-line telephony.

We tailor our video services in each country of operation based on local preferences, culture, demographics and local regulatory requirements. Our channel offerings include the most relevant content to our subscribers, combining general entertainment, sports, movies, documentaries, lifestyle, news, adult, children and foreign channels, as well as local, regional and international broadcast networks. We also operate several channels in the Caribbean, including a leading Caribbean sports network, Flow Sports, and through a consolidated joint venture, RUSH, the channel operating the rights to broadcast the English Premier League across the Caribbean.

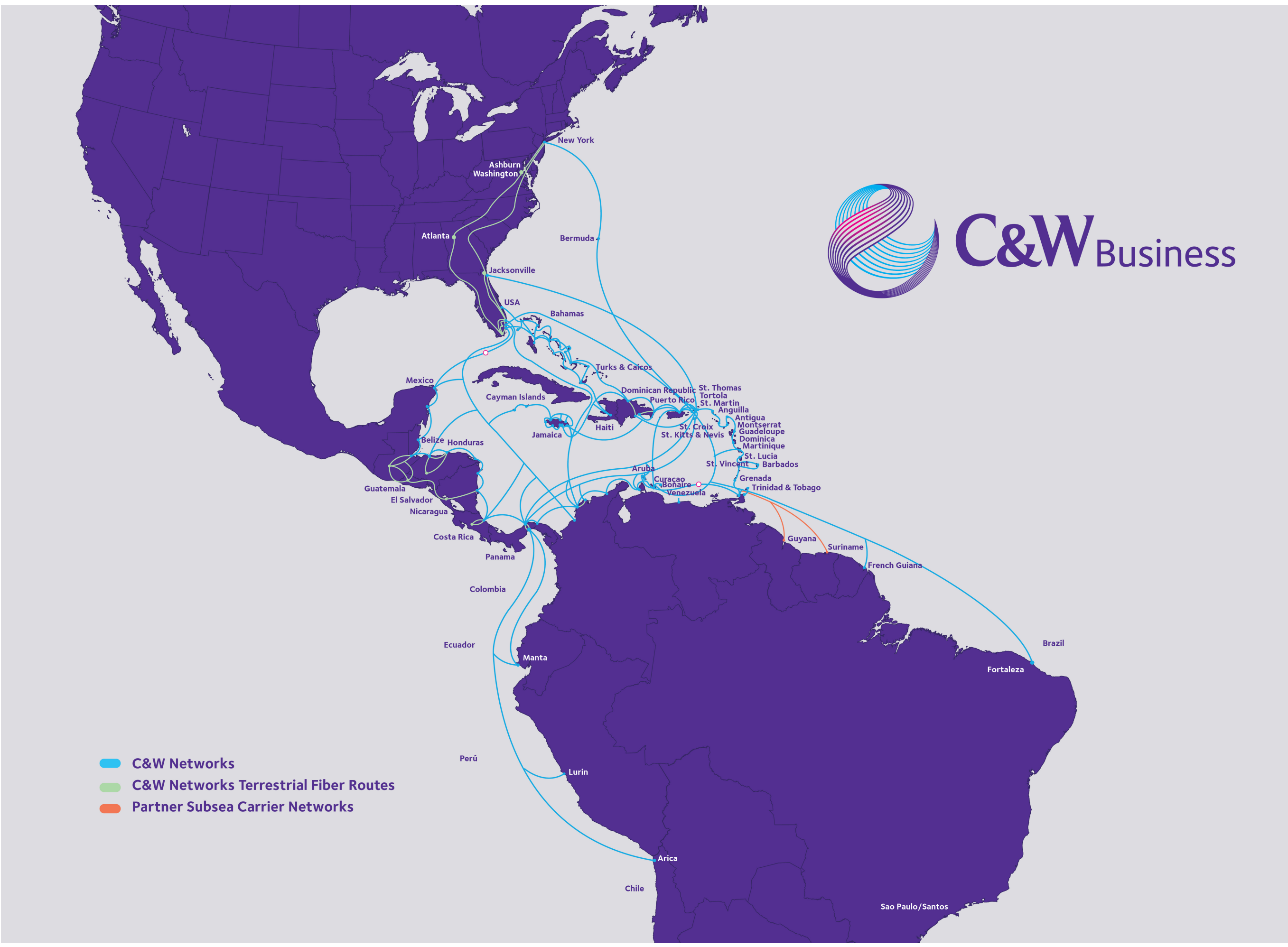
Telephony Services. We are the incumbent fixed-line telephony service provider in many of our Caribbean markets.

We offer multi-feature telephony service over our various fixed networks, including cable, FTTx and copper networks. Depending on location, these services are provided via either circuit-switched telephony or voice-over-internet-protocol (**VoIP**) technology. As we continue to develop and invest in new technologies that will enhance our customers' experiences, we are replacing obsolete switches with VoIP technology and older copper networks with modern fiber optics. These digital telephony services cover international and domestic services.

Business Services

We are one of the largest business service providers in our markets, and business services represent a significant portion of our revenue. We offer cloud-based integrated communication services, connectivity and wholesale solutions to carriers and businesses throughout the Caribbean and in parts of Latin America via our subsea and terrestrial fiber optic cable networks. Our systems include long-haul terrestrial backbone and metro fiber networks that provide access to major commercial zones, wireless carrier cell sites and customers in key markets within our operating footprint. Our networks deliver critical infrastructure for the transit of growing traffic from businesses, governments and other telecommunications operators across the region, particularly to the high-traffic destination of the United States.

Below is a map of our subsea fiber network.



With over 50,000 km of fiber optic cable, and a capacity of over 3 terabits per second (**Tbps**), we are able to carry large volumes of voice and data traffic on behalf of our customers, businesses and carriers. Our networks also allow us to provide point-to-point, clear channel wholesale broadband capacity services and IP transit, superior switching and routing capabilities and local network services to telecommunications carriers, internet service providers (**ISPs**) and large corporations. In the case of outages on portions of the cable systems, our network provides inbuilt resiliency through our traffic re-routing capability. We have received recognition for our wholesale services. In 2020, we were recognized by Frost & Sullivan with the Latin American and Caribbean Hosted IP Telephony and UCaaS Growth Excellence Frost Radar Award. Our Caribbean and Networks business was named the Best Marketing Team and Best Social Media Campaign at the 2020 Global Carrier Awards. We hold several notable certifications including the International ISO 27001 Certification, which reinforces the commitment to customer data safety, as well as CISCO Cloud and Managed Services Partner Master Certification, along with several others, such as SOC 1 Type 2 and SOC 2 Type 2 attestations and PCI-DSS for select services.

We also provide services to business customers across various segments of our business, from small and medium businesses to larger corporate and enterprise organizations, including multi-national companies and governments. We work with our business customers to customize the information and communication services they require. We target specific industry segments, such as financial institutions, the hospitality sector, education institutions and government ministries and agencies. We have agreements to provide our services over fully managed and monitored network bandwidth, dedicated fiber lines and third-party fiber networks. We offer tailored solutions that combine our standard services with value-added features, such as dedicated customer care and enhanced service performance monitoring, to meet specific customer requirements. Our business products and services include voice, broadband, enterprise-grade connectivity, network security, unified communications and a range of cloud based IT solutions, such as Infrastructure as a Service (**IaaS**), disaster recovery and other service offerings. We also offer a range of data, voice and internet services to carriers, ISPs and mobile operators. Our extensive fiber optic cable networks allow us to typically deliver redundant, end-to-end connectivity. Our networks also allow us to provide business customers our services over fiber lines and local networks; thereby, seamlessly connecting businesses anywhere in the region. We continuously enhance our capabilities and offerings to be the preferred provider for the business market.

Our business services fall into five broad categories:

- VoIP and circuit-switch telephony, on-premise and hosted private branch exchange solutions and conferencing options, hosted contact center solutions;
- Data services for internet access, virtual private networks, high capacity point-to-point, point-to-multi-point and multi-point-to-multi-point services, managed networking services such as wide area networks and WiFi networks;
- Wireless services for mobile voice and data;
- Interactive TV service with specialized channel lineups for targeted industries; and
- Value added services, including cloud IT services, such as disaster recovery as a service, backup services, and IaaS; managed network security services; and specialized services such as digital signage, retail analytics and location based marketing.

The extensive reach of our network and assets, as well as our comprehensive set of capabilities positions us to meet the needs of carriers, businesses and government customers that are searching for a capable, progressive provider to manage their ever more complex communications, connectivity and information technology needs.

Technology

In many of our markets, we transmit our broadband internet, video and fixed-line telephony services over an HFC cable network, and increasingly through FTTx networks. An HFC network consists primarily of fiber networks that we connect to the home over the last few hundred meters by coaxial cable and an FTTx uses fiber-to-home/-cabinet/-building/-node. In several of our Caribbean markets, we transmit our services over a fixed network consisting of FTTx, VDSL or DSL copper lines. Over 95% of our networks allow for two-way communications and are flexible enough to support our current services as well as new services.

We closely monitor our network capacity and customer usage. We continue to take actions and explore improvements to our technologies that will increase our capacity and enhance our customers' connected entertainment experience. These actions include:

- recapturing bandwidth and optimizing our networks by:
  - increasing the number of nodes in our markets;
  - increasing the bandwidth of our hybrid fiber coaxial cable networks;
  - converting analog channels to digital;
  - bonding additional data over cable service interface specification (DOCSIS) 3.0 channels;
  - deploying VDSL over our fixed telephony network;
  - replacing copper lines with modern optic fibers; and
  - using digital compression technologies.
- freeing spectrum for high-speed internet, VOD and other services by encouraging customers to move from analog to digital services;

- increasing the efficiency of our networks by moving headend functions (encoding, transcoding and multiplexing) to cloud storage systems;
- enhancing our network to accommodate further business services;
- using our wireless technologies to extend services outside of the home;
- offering remote access to our video services through laptops, smart phones and tablets;
- expanding the availability of next generation decoder and set-top boxes and related products, as well as developing and introducing online media sharing and streaming or cloud-based video; and
- testing new technologies.

We are engaged in network extension and upgrade programs. We collectively refer to these network extension and upgrade programs as the "**Network Extension**." Through the Network Extension, we continue to expand our fixed networks pursuant to which we pass or upgrade homes and businesses with our broadband communications network. In addition, we look for mobile service opportunities where we have established cable networks and have expanded our fixed-line networks where we have a strong mobile offering. This will allow us to offer converged fixed-line and mobile services to our customers.

We deliver high-speed data and fixed-line telephony over our various fixed networks, including cable, FTTx and copper networks. These networks are further connected via our subsea and terrestrial fiber optic cable networks that provide connectivity within and outside the region. Our subsea network cables terminating in the United States carry over 3 Tbps, which represent less than 10% of their potential capacity based on current deployed technology, presenting us with significant growth opportunities.

As noted above, we operate one of the largest subsea fiber networks in the region and our systems include long-haul terrestrial backbone and metro fiber networks that provide access to major commercial zones, wireless carrier cell sites and customers in key markets within our operating footprint. For more information about our subsea network, see —*Business Services* above.

Mobile

We operate mobile networks in all of our consumer markets except Trinidad & Tobago. Our networks deliver high-speed services across our markets, with approximately 91% LTE population coverage. Our primary wireless networks use GSM/EDGE, 3G and 4G LTE technologies, which we offer in most of the countries where we operate. We aim to increase the speed of transmission of our data services and have been expanding our 4G LTE coverage. We transmit wireless calls and data through radio frequencies that we use under spectrum licenses. We have a diversified portfolio of frequencies which support 3G and 4G technologies. While spectrum is a limited resource, and, as a result, we may face spectrum and capacity constraints on our wireless network in certain countries. We believe our current spectrum portfolio will allow us to meet subscribers' needs in the coming years and minimal further investment, although we will continue to evaluate our need to acquire additional frequencies to supplement our existing spectrum portfolio.

We continue to invest significant capital in expanding our network capacity and reach and to address spectrum and capacity constraints on a market-by-market basis.

Supply Sources

Content

With telecommunication companies increasingly offering similar services, content is one of the drivers for customers in selecting a provider of video, broadband and/or wireless services. Therefore, in addition to providing products that allow our customers to consume content whenever and wherever they want, we continue to invest in content that matters the most to our customers. Our programming strategy is based on:

- product (enabling access through home and mobile screens at anytime, including live, restart, catch-up, personal recording, on-demand and third party apps);
- proposition (exceeding our customers' expectations on content and entertainment by offering access to the wider range of channels and third party app services);
- acquisition (investment in the most relevant channels, sports and on-demand); and

- partnering (alliances with content partners and leading distributors to aggregate the best linear, non linear and third party apps content).

Except for Flow Sports and Flow 1 services in the Caribbean, and the RUSH sports channel operated by a consolidated joint venture with the Digicel Group, we license almost all of our programming and on-demand content through distribution agreements with third-party content providers, including broadcasters and leading cable networks. For such licenses, we generally pay a monthly fee on a per subscriber basis through long-term programming licenses. In our distribution agreements, we seek to include the rights to offer the licensed channels and programming to our authenticated customers through multiple delivery platforms including through our apps for IP-connected mobile and fixed devices, and our websites. We also acquire rights to make available, in selected markets, our third-party video services to mobile and/or broadband subscribers that are not subscribers to fixed TV services.

With respect to rights for the sports and entertainment services we operate directly or in a joint-venture in the Caribbean, we seek to license the most locally relevant sports content, such as the English Premier League, UEFA Champions League and Bundesliga soccer, Indian Premier League cricket, and WWE Wrestling. Our latest video device that is distributed to a growing number of markets, including Panama, also enables our customers to access, through its App Store, leading subscription video on demand (**SVOD**) services such as Netflix, HBO Go/Max and Amazon Prime Video.

Mobile Handsets and Customer Premises Equipment

We use a variety of suppliers for mobile handsets to offer our customers mobile services. For other customer premises equipment, we purchase from a number of different suppliers and regularly assess production lead times to ensure supply continuity and implement dual sourcing strategies to mitigate further risks when applicable. Customer premises equipment includes set-top boxes, modems, WiFi routers, extenders and similar devices. For each type of equipment, we retain specialists to provide customer support. For our broadband services, we use a variety of suppliers for our network equipment and the various services we offer.

Software Licenses

We license software products, including email and security software, as well as content, such as news feeds, from several suppliers for our internet services and internal IT platforms. The agreements for these products require us to pay a per subscriber fee or a one-off software license fee and a share of advertising revenue for content licenses. For our mobile network operations and our fixed-line telephony services, we license software products, such as voicemail, text messaging and caller ID, from a variety of suppliers. For these licenses, we seek to enter into long-term contracts, which generally require us to pay based on usage of the services.

Regulatory Matters

Video distribution, broadband internet, fixed-line telephony and mobile businesses are regulated in each of the markets in which we operate, and the scope of regulation varies from market to market. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and type of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing rules and restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

We are subject to universal service obligations in a number of markets. These obligations vary in specificity and extent, but they are generally related to ensuring widespread geographic coverage of networks and that the populations of our individual markets have access to basic telecommunication services at minimum quality standards. In a number of cases, we are required to support universal access/service goals through contributions to universal service funds or participate in universal service-related projects. In Panama, there is a proposal to modify the universal service law to expand its scope to include television services and provide conditions that would diminish the value of the contribution to the fund *vis a vis* projects covered by the law. An additional process in Panama regarding coverage of maintenance cost of universal service law phones is ongoing.

C&W Caribbean and Networks

The video, broadband, telephony and mobile services provided by C&W Caribbean and Networks are subject to regulation and enforcement by various governmental and regulatory entities in each of the jurisdictions where such services are provided. The scope and reach of these regulations are distinct in each market. Generally, C&W Caribbean and Networks provides services in accordance with licenses and concessions granted by national authorities pursuant to national telecommunication legislation and associated regulations. Certain of these regulatory requirements are summarized below.

As the incumbent telecommunications provider in many of its jurisdictions, C&W Caribbean and Networks is subject to significant regulatory oversight with respect to the provision of fixed-line and mobile telephony services. Generally, in these markets, C&W Caribbean and Networks operates under a government issued license or concession that enables it to own and operate its telecommunication networks, including the establishment of wireless networks and the use of spectrum. These licenses and concessions are typically non-exclusive and have renewable multi-year terms that include competitive, qualitative and rate regulation. Licenses and concessions are scheduled to expire over the next two years in the Cayman Islands and Turks and Caicos Islands. We believe we have complied with all local requirements to have existing licenses renewed and have provided all necessary information to enable local authorities to process applications for renewal in a timely manner. In addition, in some of the ECTEL (as defined below) states we are operating under expired licenses and have applied for renewal of such licenses. We expect that such licenses will be granted or renewed, as applicable, on the same or substantially similar terms and conditions in a timely manner. Pending issuance of new or renewed licenses or concessions, we continue to operate on the same terms and conditions as prior to the licenses expiring.

With respect to licenses for mobile spectrum, the initial grant of the spectrum is sometimes subject to an auction process, but in a number of other cases, the license may be granted on the basis of an administrative process at a set level of fees for a fixed period of time, typically to coincide with carrier licenses, subject to the payment of annual fees and compliance with applicable license requirements. In very rare cases, spectrum previously assigned to C&W Caribbean and Networks may be re-allocated by regulatory authorities to other operators in the market. Alternatively, spectrum sought by C&W Caribbean and Networks may not be available for grant, due to prior historical grants or due to the need to avoid interference with neighboring markets particularly in the Caribbean. By and large, spectrum assignments, once granted, remain unchanged for the duration of a license and beyond.

Rate regulation of C&W Caribbean and Networks' telephony services typically includes price caps that set the maximum rates it may charge to customers, or legislation that requires consent from a regulator prior to any price increases. In addition, all regulators determine and set the rates that may be charged by all telephony operators, including C&W Caribbean and Networks, for interconnect charges, access charges between operators for calls originating on one network that are completed through connections with one or more networks of other providers, and charges for network unbundling services. In addition, in certain markets, regulators set, or are seeking to set, mobile roaming rates. Interconnection rates (and primarily mobile termination and roaming rates) in the telecommunications industry worldwide are decreasing, and we are experiencing this trend towards lower interconnection rates in our markets.

In recent years, a number of markets in which C&W Caribbean and Networks operates have demonstrated an increased interest in regulating various aspects of broadband internet services due to the increasing importance of high speed broadband. National regulators have also demonstrated an increased focus on the issues of network resilience, broadband affordability and penetration, quality of services and consumer rights.

Certain regulators are also seeking to mandate third-party access to C&W Caribbean and Networks' network infrastructure, including dark fiber and landing stations, as well as to regulate wholesale services and prices. Any such decision and application to grant access to our network infrastructure may strengthen our competitors by granting them the ability to access our network to offer competing products and services without making the corresponding capital intensive infrastructure investment. In addition, any resale access granted to competitors on favorable economic terms that are not set by the free market could adversely impact our ability to maintain or increase our revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access ultimately afforded to our network, the pricing mandated by regulatory authorities and other competitive factors or market developments.

As an example of infrastructure sharing, the Office of Utilities Regulation in Jamaica has completed a consultation process on telecom facilities sharing rules that would require all licensees to share infrastructure (including dark fiber, ducts, subsea cable landing stations and mobile network towers) with third parties, including competitors, without any requirement of making a corresponding capital intensive infrastructure investment. Once the rules are finalized by the Chief Parliamentary Counsel in Jamaica, they will be formally published and thereafter become law. Our operations in Jamaica intend to appeal to the telecommunications tribunal and finally to the courts for changes to be made to the adverse provisions of the new rules or to revoke them entirely. The process of such a challenge is likely to be long and we cannot at this time determine the possibility of a successful outcome.

In addition, the Eastern Caribbean Telecommunications Authority (**ECTEL**), the regulatory body for telecommunications in five Eastern Caribbean States (Commonwealth of Dominica, Grenada, St. Kitts & Nevis, St. Lucia and St. Vincent and the Grenadines), has adopted an Electronic Communications Bill that may have a material adverse impact on C&W Caribbean and Networks' operations in the ECTEL member states. The proposed Electronic Communications Bill includes provisions relating to:

- net neutrality principles mandating equal access to all content and applications regardless of the source and without favoring, degrading, interrupting, intercepting, blocking access or throttling speeds;
- subscription television rate regulation;
- regulations implementing market dominance rules;
- network unbundling at regulated rates; and
- mandated unbundled access to all landing station network elements at cost-based rates.

We currently cannot determine the impact these provisions will have on our operations because national regulators are required to conduct extensive market reviews before adopting specific measures and these measures might be reconsidered in accordance with the market reviews. It is currently unclear as to when the new legislation will be enacted. We expect that consensus on the final version of the bill will take some time. As such, the timing and ultimate effect of the bill is unclear.

In addition to rate regulation, several markets in which we operate have imposed, or are considering imposing, regulations designed to further encourage competition, including introducing requirements related to unbundling, network access to third parties, and local number portability (**LNP**) for fixed and mobile services. Jurisdictions such as the Bahamas, the Cayman Islands and Jamaica have implemented fixed and mobile LNP and ECTEL has implemented mobile LNP. Other jurisdictions, including Barbados, have considered or begun to implement LNP. Trinidad and Tobago has yet to implement fixed LNP, although mobile LNP rules are already in place.

The pay television service provided in certain of our markets is subject to, among other things, subscriber privacy regulations, data protection laws and regulations, and the must-carry rule (as defined below) and retransmission consent rights of broadcast stations.

In addition to the industry-specific regimes discussed above, our operating companies must comply with both specific and general legislation concerning, among other matters, data retention, consumer protection and electronic commerce. These operating companies are also subject to national level regulations on competition and on consumer protection.

In Trinidad and Tobago, we were required by the Telecommunications Authority of Trinidad and Tobago (**TATT**), in connection with TATT's approval of our acquisition of Columbus International Inc. in March 2015, to dispose of our 49% shareholding in the Telecommunications Services of Trinidad and Tobago Limited (**TSTT**). The disposal of our stake in TSTT is not complete. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT.

With respect to our B2B and networks business in Latin America, we are subject to significantly less regulation in the markets in which we operate compared to our residential businesses described above. We do have the licenses in Latin America and the U.S. necessary to operate wholesale and enterprise services in all countries in which we operate. Although the legal framework in Latin America changes from country to country, we do own international/local carrier and Internet or data services licenses in every jurisdiction in which we operate. Most licenses are granted for a 10 to 15 year term.

The networks business operates over 50,000 km of submarine fiber optic cable systems in the U.S., the Caribbean and Latin America. These sub-systems have cable landing stations and facilities in the U.S. and its territories. These facilities are regulated by the Federal Communications Commission (**FCC**), the Department of Homeland Security and other U.S. governmental agencies that impose additional reporting and licensing obligations on C&W Caribbean and Networks.

CWP

CWP is subject to regulatory entities, principally the National Authority of Public Services (**ASEP**), created in 1996 and modified in 2006 through Decree Law No. 10. ASEP regulates and controls the public services for the supply of drinking water, sanitary sewerage, telecommunications and electricity. Also, CWP is subject to the Authority for Consumer Protection and Defense of Competition (**ACODECO**), guarantor of consumer protection and antitrust, which operates under the direction of the Ministry of Commerce and Industries.

By virtue of the Telecommunications Law 1996, public services in Panama are classified as “Type A services” and “Type B services,” with Mobile Telephony (STMC) and Personal Communication (PCS) services being classified as Type A services. Spectrum. CWP has a total of 65MHz allocated (20 MHz in the 700 MHz band, 20 MHz in the 1900 MHz band and 25 MHz in the 850 MHz band). Due to COVID-19, ASEP granted temporary use from April 2020 and until June 30th, 2021, free of charge, of 30 MHz to each of the 4 operators, between 1710 – 1780 MHz and 2110 – 2180 MHz (AWS Band).

Concessions. CWP holds thirteen concessions renewed for the following twenty years, available until the year 2037, except a pay TV license that was renewed in 2008 for 25 years. CWP decided not to renew the concessions corresponding to discontinued or not provided services (facsimile retransmission service and conventional trunk systems service for public or private use), and the Concession #104 (Pay Phone Services), was renewed under special conditions imposed by the regulator. CWP was obliged to obtain regulator approval to remove public pay phones in places where the service is no longer exclusive and are not profitable; the service can be provided by any other concessionaires in the territory of Panama. CWP filed a legal action within the Supreme Court of the Republic of Panama, opposing the aforementioned condition imposed by the regulator, however in 2019, the Supreme Court confirmed the obligation to obtain regulator approval and the necessity to define a procedure to formalize each disconnection.

Public Telephone Service. By means of Resolution AN No. 11208-Telco of May 3rd, 2017, renewed for the following twenty years the concession for the Public and Semi-Public Terminal Service (identified with No. 104). CWP is the only operator that provides Public Telephone Service in Panama.

Fixed Services (Fixed-Line Telephony, Public and Semipublic Telephone). CWP has a license to provide Basic Local, National and International Telecommunications Services, as well as Public and Semipublic Terminals and Rental of Dedicated Voice Circuits, within the entire territory of Panama until the year 2037. CWP is a Type B concessionaire, with or without use of radio spectrum, subject to compliance with Law No. 31 of February 8th, 1996, Executive Decree No. 73 of 1997 and the Resolutions issued by the regulator regarding the fulfillment of quality goals for the provision of these services, such as the attention to recommendations issued by the International Telecommunications Union (ITU).

Mobile Services. Through Contract DAF-034-2013, dated November 22nd, 2013, CWP is authorized to install, maintain, manage, operate and commercially exploit the Mobile Telephone Service, in the assigned radio spectrum segments, which currently CWP has 65 MHz (32.5MHz uplink + 32.5MHz downlink), under the prepaid and post-paid contract modalities, public and semi-public telephones, including supplementary services and other Mobile Telephony services, throughout Panama, which is valid until 2037.

Pay Television Service. Initially, the concession for the provision of the pay television service was granted to the International Contact Center Company in 2008, and then the rights were transferred in favor of CWP, whose provision is governed by Law No. 24/99, and its regulations in Executive Decree No. 189/99 and No. 111/00. The license was granted to retransmit audio and video signals through coaxial cable and fiber optics in the province of Panama, with a validity of 25 years, which was later extended to other provinces in the coverage area for the provision of paid TV service.

Competition

We operate in an emerging region of the world, where market penetration of telecommunication services such as broadband and mobile data is lower than in more developed markets. Generally, our markets are at a relatively nascent stage of the global shift to a “data-centric” world. Although there has been strong growth in data consumption in our key markets, data consumption in our operating regions still lags significantly when compared to international benchmarks. We believe that we have the opportunity to capitalize upon this underlying growth trend in the majority of our markets, and benefit from increasing penetration of our data services, as well as economic growth, in all of our markets, over time.

However, technological advances and product innovations have increased and are likely to continue to increase giving customers several options for the provision of their communications services. Our customers want access to high quality communication services that allow for seamless connectivity. Accordingly, our ability to offer converged services (video, internet, fixed telephony and mobile) is a key component of our strategy. In many of our markets, we compete with companies that provide converged services, as well as companies that are established in one or more communication products and services. Consequently, our businesses face significant competition. In all markets, we seek to differentiate our communications services by focusing on customer service, competitive pricing and offering quality high-speed connectivity.

Mobile and Telephony Services

In many of our markets, we are either the leading or one of the leading mobile providers. In the markets where we are one of the top mobile providers, we continue to seek additional bandwidth to deliver our wide range of services to our customers and increase our LTE coverage. We also offer various calling plans, such as unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. In addition, we use our bundled offers with our video and high-speed internet services to gain mobile subscribers, where possible. Our ability to offer fixed-mobile convergence services is expected to be a key driver. In several of our markets, we expect to increase focus on converged services, including mobile, fixed-line, broadband and video.

- *C&W Caribbean and Networks.* We typically operate in duopoly mobile market structures and face competition from Digicel Group Ltd. (**Digicel**) in most of our C&W Caribbean and Networks' residential markets, and ALIV in the Bahamas.

- *CWP*. In Panama, our most competitive mobile market, we compete with subsidiaries of Millicom International Cellular S.A. (**Millicom**), América Móvil, S.A.B. de C.V. (**Claro**) and Digicel. Millicom entered the market through the acquisition of Movistar's Panama assets in 2019.

The market for fixed-line telephony services is mature across our markets. Changes in market share are driven by the combination of price and quality of services provided and the inclusion of telephony services in bundled offerings. In most of our C&W Caribbean and Networks' markets, we are the incumbent telecommunications provider with long established customer relationships. In our other markets, our fixed-line telephony services compete against the incumbent telecommunications operator in the applicable market. In these markets, the incumbent operators have substantially more experience in providing fixed-line telephony, greater resources to devote to the provision of such services and long-standing customer relationships. We also compete with VoIP operators offering services across broadband lines and over-the-top (**OTT**) telephony providers, such as WhatsApp. In many countries, our businesses also face competition from other cable telephony providers, FTTx-based providers or other indirect access providers.

Competition exists in both the residential and business fixed-line telephony products due to market trends, the offering of carrier pre-select services, number portability, the replacement of fixed-line with mobile telephony and the growth of VoIP services, as well as continued deregulation of telephony markets and other regulatory action, such as general price competition. Carrier pre-select allows the end user to choose the voice services of operators other than the incumbent while using the incumbent's network. Our fixed-line telephony strategy is focused around value leadership, and we position our services as "anytime" or "any destination." Our portfolio of calling plans includes a variety of innovative calling options designed to meet the needs of our subscribers. In many of our markets, we provide product innovation, such as telephone applications that allow customers to make and receive calls from their fixed-line call packages on smart phones. In addition, we offer varying plans to meet customer needs and, similar to our mobile services, we use our telephony bundle options with our digital video and internet services to help promote our telephony services and flat rate offers are standard.

- *C&W Caribbean and Networks.* We face competition in the provision of fixed-telephony services from Digicel in our Caribbean markets and Cable Bahamas Limited (**Cable Bahamas**) in the Bahamas. These companies all have competitive pricing for similar services, and the intensified level of competition we are experiencing in several of our markets has added increased pressure on the pricing of our services.

- *CWP.* We face competition from a subsidiary of Millicom in Panama. Millicom entered the Panama market through its acquisition of an 80% stake in Cable Onda S.A. (**Cable Onda**) in 2019.

Broadband Internet

With respect to broadband internet services and online content, our businesses face competition in a rapidly evolving marketplace from incumbent and non-incumbent telecommunications companies, mobile operators and cable-based ISPs, many of which have substantial resources. The internet services offered by these competitors include both fixed-line broadband internet services using cable, DSL or FTTx networks and wireless broadband internet services. These competitors have a range of product offerings with varying speeds and pricing, as well as interactive services, data and other non-video services offered to homes and businesses. With the demand for mobile internet services increasing, competition from wireless services using various advanced technologies is a competitive factor. In several of our markets, competitors offer high-speed mobile data via LTE wireless networks. In addition, other wireless technologies, such as WiFi, are available in almost all of our markets. In this intense competitive environment, speed, bundling, and pricing are key drivers for customers.

A key component of our strategy is speed leadership. Our focus is on increasing the maximum speed of our connections as well as offering varying tiers of services and prices, a variety of bundled product offerings and a range of value added services. We update our bundles and packages on an ongoing basis to meet the needs of our customers. Our top download speeds generally range from 50 Mbps to speeds of up to 600 Mbps. In Barbados, we also deliver speeds of up to 1 Gbps for our customers. In many of our markets, we offer the highest download speeds available via our cable and FTTx networks. The focus is on high-speed internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 technology on our cable systems, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures and LTE initiatives on a national level.

In several of our C&W Caribbean and Networks' markets, we are the incumbent phone company offering broadband internet products through a variety of technologies, ranging from DSL to FTTx. In these markets, our key competition for internet services is from cable and IPTV operators and mobile data service providers. To compete effectively, we are expanding our LTE service areas and increasing our download speeds. In most of our markets, we offer our internet service through bundled offerings that include video and fixed-line telephony. We also offer a wide range of mobile products either on a prepaid or postpaid basis.

- *C&W Caribbean and Networks.* Where C&W Caribbean and Networks is the incumbent telecommunications provider, it competes with cable operators, the largest of which are Cable Bahamas in the Bahamas and Digicel in certain of C&W Caribbean and Networks' markets. To distinguish itself from these competitors, C&W Caribbean and Networks is investing in footprint expansion and upgrades and uses its bundled offers with video and telephony to promote its broadband internet services.

- *CWP*. The largest competitor in Panama is Cable Onda.

Video Distribution

Our video services compete primarily with traditional free-to-air (**FTA**) broadcast television services, DTH satellite service providers and other fixed-line telecommunications carriers and broadband providers, including operations offering (i) services over hybrid fiber coaxial networks, (ii) DTH satellite services, (iii) internet protocol television (**IPTV**) over broadband internet connections using asymmetric DSL or VDSL or an enhancement to VDSL called "vectoring," (iv) IPTV over FTTx networks, or (v) LTE services. Many of these competitors have a national footprint and offer features, pricing and video services individually and in bundles comparable to what we offer. In certain markets, we also compete with other cable or FTTx based providers who have overbuilt portions of our systems.

OTT aggregators and SVOD services utilizing our or our competitors' high-speed broadband connections are also a significant competitive factor as are other video service providers that overlap our service areas. OTT video providers (such as HBO Go/Max, Amazon Prime Video, Disney+ and Netflix in most of our markets, and Hulu, DirecTV Now, Sling, and Digicel Play in selected markets) offer rich VOD catalogues and/or linear channels. In some cases, AVOD services are provided free-of-charge (such as YouTube and Pluto TV). Typically these services are available on multiple devices in and out of the home. To enhance our video offering, we are developing cloud-based, next generation user interfaces based on advanced technologies, and are providing our subscribers with TV Everywhere applications, and in some markets, we feature leading OTT video services in our video platforms, and our users can subscribe to these OTT services, search and discover and consume programs through our UI. Our businesses also compete to varying degrees with other sources of entertainment and information, such as online entertainment, newspapers, magazines, books, live entertainment/concerts and sporting events.

Piracy and other unauthorized uses and distribution of content, including through web-based applications, devices and online platforms, also present challenges for our video business. These platforms illegally stream copyrighted content, for example, English Premier League games that can be viewed with an internet connection. While piracy is a challenge in most jurisdictions in which we operate, it is particularly prevalent in those jurisdictions that lack developed copyright laws and effective enforcement of copyright laws.

We believe that our deep-fiber access, where available, provides us with several competitive advantages. For instance, our cable networks allow us to concurrently deliver internet access, together with real-time television and VOD content, without impairing our high-speed internet service. In addition, our cable infrastructure in most of our footprint allows us to provide triple-play bundled services of broadband internet, television and fixed-line telephony services without relying on a third-party service provider or network. Where mobile is available, our mobile networks, together with our fixed fiber-rich networks, will allow us to provide a comprehensive set of converged mobile and fixed-line services. Our capacity is designed to support peak consumer demand. In serving the business market, many aspects of the network can be leveraged at very low incremental costs given that business demand peaks at a time when consumer demand is low, and peaks at lower levels than consumer demand. In response to the continued growth in OTT viewing, we have launched a number of innovative video services, including Flow ToGo and +TV Go in C&W Caribbean and Networks' markets.

Our ability to attract and retain customers depends on our continued ability to acquire appealing content and services on competitive terms and to make such content available on multiple devices and outside the home. Some competitors have obtained long-term exclusive contracts for certain sports programs, which limits the opportunities for other providers to offer such programs. Other competitors also have obtained long-term exclusive contracts for programs, but our operations have limited access to certain of such programming through select contracts with those companies. If exclusive content offerings increase through other providers, programming options could be a deciding factor for subscribers on selecting a video service.

In this competitive environment, we enhance our offers with converged digital services, such as DVR and replay functionalities, and VOD and multiscreen services. In addition, we offer attractive content packages tailored to particular markets and discounts for bundled services. To improve the quality of the programming in our packages, our operations periodically modify their digital channel offerings. Where we offer mobile, we focus on our converged service offerings. We use these services, as well as bundles of our fixed-line services, as a means of driving video and other products where we can leverage convenience and price across our portfolio of available services.

- *C&W Caribbean and Networks.* C&W Caribbean and Networks competes with a variety of pay TV service providers, with several of these competitors offering double-play and triple-play packages. Fixed-mobile convergence services are not currently a significant factor in most of C&W Caribbean and Networks' residential markets. In several of its other markets, including Jamaica, Trinidad and Tobago and Barbados, C&W Caribbean and Networks is the largest or one of the largest video service providers. In these markets, its primary competition is from (i) IPTV services over VDSL and FTTx, such as Digicel, (ii) HFC, such as Cable Bahamas, and (iii) DTH providers, such as DIRECTV Latin America Holdings, Inc. (DirecTV), which is now called Vrio Corp.

- *CWP.* CWP competes primarily with Cable Onda, which offers video, internet and fixed-line telephony over its cable network, and with the DTH services of Claro.

To compete effectively, we invest in leading mobile and fixed networks and content.

Business and Wholesale Services

We provide a variety of advanced, point-to-point, clear channel broadband capacity, IP, Multiprotocol Label Switching, Ethernet and managed services over our owned and operated, technologically advanced, subsea fiber optic cable network. Our subsea and terrestrial fiber routes combine to form a series of fully integrated networks that typically provide complete operational redundancy, stability and reliability, allowing us in most cases to provide our clients with superior service and minimal network downtime. Given the advanced technical state of the network combined with the challenges in securing the necessary governmental and environmental licenses in all of our operating markets, we believe the network is unlikely to be replicated in the region. Competing networks in the region connect fewer countries than we do and are either linear in design, or if ringed, have high latency protection routes. In addition, our network as of December 31, 2020, utilized less than 10% of its potential design capacity, and we believe that our ability to take advantage of this large unused carrying capacity, as well as the financial and time investment required to build a similar network, and the potential delays associated with acquiring governmental permissions, makes it unlikely that our network will be replicated in the near term.

We compete in the provision of B2B services with residential telecommunications operators, as noted above. We also compete with regional and international service providers, particularly when addressing larger customers.

Employees

As of December 31, 2020, we had an aggregate of approximately 7,200 full-time employees. Certain of our employees belong to organized unions and works council. We believe that our relations with our employees and unions are good.

Legal Proceedings

We are a party to various legal proceedings that arise in the normal course of our business. While the results of such normal course legal proceedings cannot be predicted with certainty, management believes that, based on our current knowledge, the ultimate resolution of these matters would not likely have a material adverse effect on our business, financial condition or results of operations. However, in view of the inherent difficulty of predicting the outcome of legal matters, we cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to any such pending matter may be.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with our consolidated financial statements, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the years ended December 31, 2020 and 2019.
- *Liquidity and Capital Resources.* This section provides an analysis of our parent and subsidiary liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that involve uncertainties and require significant judgment in their application.

The capitalized terms used below have been defined in the notes to our consolidated financial statements. In the following text, the terms "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to C&W or collectively to C&W and our subsidiaries.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated, and operational data (including subscriber statistics) are presented, as of December 31, 2020.

Overview

General

We are a subsidiary of Liberty Latin America that provides mobile, broadband internet, video and fixed-line telephony services to residential and business customers and managed services to business and government customers. We provide (i) residential and B2B services in over 20 countries, primarily in Latin America and the Caribbean, (ii) B2B services in certain other countries in Latin America and the Caribbean and (iii) wholesale communication services over our subsea and terrestrial fiber optic cable networks that connect over 40 markets in the region. Our primary markets include Panama, Jamaica, the Bahamas, Barbados, Trinidad and Tobago and Curacao.

We own less than 100% of certain of our consolidated subsidiaries, including C&W Bahamas (a 49%-owned entity that owns all of our operations in the Bahamas), C&W Jamaica (a 92%-owned entity that owns the majority of our operations in Jamaica) and CWP (a 49%-owned entity that owns most of our operations in Panama).

Internal Controls and Procedures

In our 2018 Annual Report, management identified the following material weaknesses in internal control over financial reporting, which continue to exist as of December 31, 2020:

- The Company did not have a sufficient number of trained resources with the appropriate skills and knowledge with assigned responsibilities and accountability for the design and operation of internal controls over financial reporting.
- The Company did not have an effective risk assessment process that successfully identified and assessed risks of misstatement to ensure controls were designed and implemented to respond to those risks. The Company did not adequately communicate the changes necessary in financial reporting and related internal controls throughout its organization and to affected third parties.
- The Company did not have an effective monitoring process to assess the consistent operation of internal control over financial reporting and to remediate known control deficiencies.
- The Company did not have an effective information and communication process to identify, capture and process relevant information necessary for financial accounting and reporting.
- The Company did not i) establish effective general information technology controls (**GITCs**), specifically program change controls and access controls, commensurate with financial and IT personnel job responsibilities that support the consistent operation of the Company's IT operating systems, databases and IT applications, and end user computing over all financial reporting, ii) have policies and procedures through which general information technology controls are deployed across the organization. Automated process-level controls and manual controls dependent upon the

accuracy and completeness of information derived from information technology systems were also rendered ineffective because they are affected by the lack of GITCs.

As a consequence, the Company did not effectively design, implement and operate process-level control activities related to order-to-cash (including revenue, trade receivables, and deferred revenue), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued liabilities), hire-to-pay (including compensation expense and accrued liabilities), long-lived assets, inventory and other financial reporting processes.

Management's Remediation Plan

We continue to implement the remediation plans for the aforementioned material weaknesses in internal control over financial reporting as follows:

- Hire additional individuals and retain employees with appropriate skills and experience and provide further training related to internal control over financial reporting and design and implementation of information technology solutions.
- Design and implement a comprehensive and continuous risk assessment process to identify and assess risks of material misstatement and ensure that the impacted financial reporting processes and related internal controls are properly designed and in place to respond to those risks in our financial reporting.
- Implement monitoring controls to oversee the remediation and the consistent operation of control activities, including those performed by our service providers.
- Design and implement general control activities over IT to support business processes.
- Enhance information and communication processes, including through information technology solutions of which include, but are not limited to, implementing new enterprise resource planning software, to ensure that information needed for financial reporting is accurate, complete, relevant, reliable, and communicated in a timely manner.
- Design and implement GITCs, including the system development lifecycle controls, and ensure they are operating effectively to support process-level automated and manual control activities that are dependent upon information derived from IT systems.
- Enhance the design of existing control activities and implement additional process-level control activities (including controls over the order-to-cash, procure-to-pay, hire-to-pay, long-lived assets, inventory, and other financial reporting processes) and ensure they are properly evidenced and operating effectively.

We believe that these actions and the improvements we expect to achieve, when fully implemented, will strengthen our internal control over financial reporting and remediate the remaining material weaknesses.

We are committed to making further progress in our remediation efforts during 2021; however, if our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses in our internal controls over financial reporting are discovered, we may be required to take additional remedial measures from our plan, as disclosed above.

Operations

At December 31, 2020, we (i) served 3,148,400 mobile subscribers and (ii) owned and operated fixed networks that passed 2,229,200 homes and served 1,988,700 revenue generating units (RGUs), comprising 828,700 broadband internet subscribers, 716,600 fixed-line telephony subscribers and 443,400 video subscribers.

COVID-19

In December 2019, COVID-19 was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a “pandemic,” pointing to the sustained risk of further global spread. To date, confirmed cases of COVID-19 have been experienced in each of the markets in which we operate. During 2020, COVID-19 has negatively impacted our operations due to resulting lockdowns, moratoriums, cancellation of live sporting events, and mobility, travel and tourism restrictions across many of the markets in which we operate. The implications of these restrictions have been (i) the issuance of discounts to customers, (ii) the pause in certain managed service projects, particularly with government agencies, and (iii) delayed or deferred customer payments and increased customer churn. Within our mobile operations, the lockdowns negatively impacted, primarily during the second quarter of 2020, our customers’ ability to recharge their prepaid mobile devices. During the third and fourth quarters of 2020, we witnessed partial recovery. Since March 2020, we experienced declines in inbound roaming activity as a result of travel restrictions and reduced tourism activities in the markets in which we operate. These factors collectively resulted in declines in revenue within our B2B and mobile operations and lower ARPU (as defined below) associated with our residential fixed subscription services. The extent to which COVID-19 continues to impact our operational and financial performance will depend on certain developments, which include, among other factors:

- the duration and spread of the outbreak;
- the ability of governments and medical professionals in our markets to respond further to the outbreak, including securing access to a vaccine and vaccinating citizens;
- the actions by governments to require the extension of services for individuals regardless of payment status;
- the impact of changes to, or new, government regulations imposed in response to the pandemic, including laws and moratoriums;
- the impact on our customers and our sales cycles;
- the impact on actual and expected customer receivable collection patterns, including the impact of such patterns on our allowance for bad debt provisions following the adoption of ASU 2016-13 on January 1, 2020;
- the impact on our employees, including that from labor shortages or work from home initiatives;
- the impacts on foreign currency and interest rate fluctuations; and
- the effect on our vendors, as COVID-19 could have adverse impacts on our supply chain thereby impacting our customers’ ability to use our services.

Given the impacts of COVID-19 continue to rapidly evolve, the extent to which COVID-19 may further impact our financial condition or results of operations continues to be uncertain and cannot be predicted at this time. The heightened volatility of global markets resulting from COVID-19 further expose us to risks and uncertainties.

As COVID-19 continues to spread, we have, and expect to continue to take, a variety of measures to promote the safety and security of our employees, and ensure the availability of our communication services. To this end, we upgraded our network in an effort to handle peak traffic, accelerated our digital transformation efforts, including self-installations for as many of our services and customers as possible, developed innovative pricing plans that meet customers’ needs across our products and services, and changed our cost structure.

Strategy and Management Focus

From a strategic perspective, we are seeking to build or acquire broadband communications and mobile businesses that have strong prospects for future growth.

We strive to achieve “organic” revenue and customer growth in our operations by developing and marketing bundled entertainment, information and communications services, and extending and upgrading the quality of our networks where appropriate. As we use the term, organic growth excludes foreign currency translation effects (**FX**) and the estimated impact of acquisitions and disposals. While we seek to increase our customer base, we also seek to maximize the average revenue we receive from each household by increasing the penetration of our video, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and up-selling.

From an operational perspective, we are focused on our customer experience and increasing efficiencies. Beginning in 2019 and continuing on during 2020, Liberty Latin America has been centralizing key parts of its business, including certain of our operations, into its new operations center in Panama City, Panama. In addition, we embarked on digital transformation efforts across our company.

We are engaged in network extension and upgrade programs. We collectively refer to these network extension and upgrade programs as the "**Network Extension**." The Network Extension will be completed in phases with priority given to the most accretive expansion opportunities. During 2020, our network extension and upgrade programs added approximately 170,000 homes across our footprint. Depending on a variety of factors, including the financial and operational results of the programs, the Network Extension may be continued, modified or cancelled at our discretion. See *Description of Our Business—Products and Services—Residential Services—Internet Services*.

For information regarding our expectation with regard to property and equipment additions as a percent of revenue during 2021, see *Liquidity and Capital Resources—Consolidated Statements of Cash Flows* below.

Competition and Other External Factors

We are experiencing significant competition from other telecommunications operators and other communication service providers in all of our markets. The significant competition we are experiencing, together with macroeconomic factors, has adversely impacted our revenue, RGUs and/or average monthly subscription revenue per average fixed residential RGU or mobile subscriber, as applicable, (ARPU) in a number of our markets. For additional information regarding the revenue impact of changes in our RGUs and ARPU, see discussion below.

Results of Operations

During the fourth quarter of 2020, Liberty Latin America completed an organizational change relating to the oversight of our operations. For convenience, we have aligned our results of operations discussion below to that of Liberty Latin America whereby we separately discuss activity, as applicable, relating to CWP and "**C&W Caribbean and Networks"**, which includes all other operations of C&W. The results for CWP and C&W Caribbean and Networks include intercompany activity that eliminates in consolidation.

The comparability of our operating results during 2020 and 2019 is affected by acquisitions, a disposal and FX effects. As we use the term, "organic" changes exclude FX and the impacts of acquisitions and disposals, each as further discussed below.

In the following discussion, we quantify the estimated impact on our operating results of the periods under comparison that is attributable to acquisitions and disposals. We (i) acquired (a) a small B2B operation in the Cayman Islands in July 2020 and (b) UTS in March 2019 and (ii) disposed of our operations in the Seychelles in November 2019. With respect to acquisitions, organic changes and the calculations of our organic change percentages exclude the operating results of an acquired entity during the first 12 months following the date of acquisition. With respect to disposals, the prior-year operating results of disposed entities are excluded from organic changes and the calculations of our organic change percentages to the same extent that those operations are not included in the current year.

Changes in foreign currency exchange rates may have a significant impact on our operating results as certain subsidiaries have functional currencies other than the U.S. dollar. Our primary exposure to FX risk is to the Jamaican dollar, the Trinidad and Tobago dollar and the Colombian peso. In addition, our operating results are impacted by changes in the exchange rates for other local currencies in Latin America and the Caribbean. The impacts to the various components of our results of operations that are attributable to changes in FX are highlighted below.

The amounts presented and discussed below represent 100% of the revenue and expenses of each subsidiary and our corporate operations. As we have the ability to control certain subsidiaries that are not wholly-owned, we include 100% of the revenue and expenses of these entities in our consolidated statements of operations despite the fact that third parties own significant interests in these entities. During the third quarter of 2019, we completed the UTS NCI Acquisition, as further defined and described in note 19 to our consolidated financial statements. The noncontrolling owners' interests in the operating results of certain subsidiaries are reflected in net earnings or loss attributable to noncontrolling interests in our consolidated statements of operations.

On April 1, 2019, we transferred certain B2B operations in Puerto Rico to another subsidiary of Liberty Latin America, and on January 1, 2020, our captive insurance operation was transferred to Liberty Latin America's corporate operations. These transfers did not have a significant impact on our financial results.

We are subject to inflationary pressures with respect to certain costs and foreign currency exchange risk with respect to costs and expenses that are denominated in currencies other than the respective functional currencies of our subsidiaries (non-functional currency expenses). Any cost increases that we are not able to pass on to our subscribers would result in increased pressure on our operating margins.

Revenue

We derive our revenue primarily from (i) residential fixed services, including broadband internet, video and fixed-line telephony, (ii) residential mobile services and (iii) B2B services, which include our wholesale communication services over our subsea and terrestrial fiber optic cable networks.

While not specifically discussed in the below explanations of the changes in revenue, we are experiencing significant competition in all of our markets. This competition has an adverse impact on our ability to increase or maintain our RGUs and/ or ARPU.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of fixed and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

For the 2020 and 2019 comparison below, revenue variances, including changes in ARPU, were influenced by the impacts of COVID-19, as further discussed below and in the *Overview* above.

Our consolidated revenue is set forth below:

	Year ended December 31,		Decrease	
	2020	2019	$	%
	in millions, except percentages			
C&W Caribbean and Networks	$ 1,706.8	$ 1,812.8	$ (106.0)	(5.8)
CWP	500.2	582.7	(82.5)	(14.2)
Intercompany eliminations	(7.2)	(6.0)	(1.2)	N.M.
Total	$ 2,199.8	$ 2,389.5	$ (189.7)	(7.9)

N.M. — Not Meaningful.

Consolidated. The decrease during 2020, as compared to 2019, includes (i) a decrease of $49 million associated with the impact of a disposal, (ii) an increase of $35 million associated with the impact of acquisitions and (iii) a decrease of $34 million attributable to FX. Excluding the effects of acquisitions, a disposal and FX, revenue decreased $142 million or 5.9%. The organic decrease primarily includes decreases of $58 million and $83 million at C&W Caribbean and Networks and CWP, respectively, as further discussed below.

C&W Caribbean and Networks. C&W Caribbean and Networks' revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2020	2019	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Broadband internet	250.0	225.1	$ 24.9	11.1
Video	142.4	150.1	(7.7)	(5.1)
Fixed-line telephony	74.6	79.5	(4.9)	(6.2)
Total subscription revenue	467.0	454.7	12.3	2.7
Non-subscription revenue	42.2	47.5	(5.3)	(11.2)
Total residential fixed revenue	509.2	502.2	7.0	1.4
Residential mobile revenue:				
Service revenue	294.1	339.1	(45.0)	(13.3)
Interconnect, inbound roaming, equipment sales and other (a)	44.4	65.3	(20.9)	(32.0)
Total residential mobile revenue	338.5	404.4	(65.9)	(16.3)
Total residential revenue	847.7	906.6	(58.9)	(6.5)
B2B revenue:				
Service revenue	600.4	659.3	(58.9)	(8.9)
Subsea network revenue	258.7	246.9	11.8	4.8
Total B2B revenue	859.1	906.2	(47.1)	(5.2)
Total	$ 1,706.8	$ 1,812.8	$ (106.0)	(5.8)

(a) Revenue from inbound roaming was $14 million and $34 million, respectively. For additional information regarding a change in presentation of revenue by product, see note 21 to our consolidated financial statements.

The details of changes in C&W Caribbean and Networks' revenue during 2020, as compared to 2019, is set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 27.7
ARPU (b)	(10.9)
Decrease in residential fixed non-subscription revenue (c)	(3.4)
Total increase in residential fixed revenue	13.4
Decrease in residential mobile service revenue (d)	(29.2)
Decrease in residential mobile interconnect, inbound roaming, equipment sales and other revenue (e)	(20.9)
Decrease in B2B service revenue (f)	(38.0)
Increase in B2B subsea network revenue (g)	16.5
Total organic decrease	(58.2)
Net impact of acquisitions and a disposal	(14.1)
Impact of FX	(33.7)
Total	$ (106.0)

(a) The increase is attributable to higher average broadband internet and video RGUs. The increase in broadband internet RGUs is partially attributable to an increase in telecommuting during COVID-19 due to work-from-home mandates.

(b) The decrease is primarily due to the net effect of (i) lower ARPU from video and fixed-line telephony services and (ii) higher ARPU from broadband internet services.

(c) The decrease is primarily attributable to lower volumes of interconnect revenue across our markets.

(d) The decrease is primarily attributable to (i) lower ARPU from mobile services, as COVID-19 lockdowns and travel restrictions reduced (a) demand for mobile data services and (b) outbound roaming activity, and (ii) lower average prepaid mobile subscribers, primarily due to declines in the Bahamas, as a result of COVID-19 impacts, as further discussed in the *Overview* above.

(e) The decrease is primarily attributable to an organic decrease of $18 million in inbound roaming fees, primarily related to travel restrictions associated with COVID-19.

(f) The decrease is primarily due to (i) lower revenues from mobile and fixed services partially due to discounts and credits related to reduced or suspended service across our markets as a result of the COVID-19 lockdowns and (ii) lower wholesale interconnect revenues.

(g) The increase is primarily attributable to (i) an increase of $7 million associated with revenue recognized on a cash basis for services provided to a significant customer and (ii) an increase in the demand for telecommunications capacity on our subsea network during COVID-19.

CWP. CWP's revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2020	**2019**	**$**	**%**
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Broadband internet	39.0	34.9	$ 4.1	11.7
Video	27.8	31.0	(3.2)	(10.3)
Fixed-line telephony	18.8	22.4	(3.6)	(16.1)
Total subscription revenue	85.6	88.3	(2.7)	(3.1)
Non-subscription revenue	11.8	14.5	(2.7)	(18.6)
Total residential fixed revenue	97.4	102.8	(5.4)	(5.3)
Residential mobile revenue:				
Service revenue	160.1	183.8	(23.7)	(12.9)
Interconnect, inbound roaming, equipment sales and other (a)	41.0	56.8	(15.8)	(27.8)
Total residential mobile revenue	201.1	240.6	(39.5)	(16.4)
Total residential revenue	298.5	343.4	(44.9)	(13.1)
B2B service revenue	201.7	239.3	(37.6)	(15.7)
Total	$ 500.2	$ 582.7	$ (82.5)	(14.2)

(a) Revenue from inbound roaming was $2 million and $3 million, respectively. For additional information regarding a change in presentation of revenue by product, see note 21 to our consolidated financial statements.

The details of changes in CWP*'s* revenue during 2020, as compared to 2019, is set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 8.4
ARPU (b)	(11.1)
Decrease in residential fixed non-subscription revenue (c)	(2.7)
Total decrease in residential fixed revenue	(5.4)
Decrease in residential mobile service revenue (d)	(23.7)
Decrease in residential mobile interconnect, inbound roaming, equipment sales and other revenue (e)	(15.8)
Decrease in B2B service revenue (f)	(37.6)
Total organic decrease	$ (82.5)

(a) The increase is primarily attributable to higher average broadband internet RGUs, partially attributable to an increase in telecommuting during COVID-19 due to work-from-home mandates.

(b) The decrease is primarily due to lower ARPU from fixed-line telephony and video services.

(c) The decrease is primarily attributable to (i) a decrease in payphone revenue and (ii) lower interconnect volumes.

(d) The decrease is primarily attributable to (i) lower ARPU from mobile services, as COVID-19 lockdowns and travel restrictions negatively impacted customers' ability to recharge handset devices, and (ii) lower average mobile subscribers, primarily resulting from the impacts of COVID-19 and competition, as further discussed in the *Overview* above.

(e) The decrease is primarily attributable to (i) lower volumes of handset sales, as COVID-19 related lockdowns negatively impacted customers' ability to purchase handsets and (ii) lower interconnect volumes.

(f) The decrease is primarily due to (i) lower revenues from managed services, primarily driven by certain non-recurring projects that have been put on hold due to the economic uncertainty of the impact of COVID-19, (ii) lower revenues from mobile and fixed services partially due to discounts and credits related to reduced or suspended service as a result of the COVID-19 lockdowns.

Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, commissions, costs of mobile handsets and other devices, and other direct costs related to our operations. Programming and copyright costs, which represent a significant portion of our operating costs, may increase in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, (ii) rate increases or (iii) growth in the number of our video subscribers.

Consolidated. The following table sets forth the organic and non-organic changes in programming and other direct costs of services on a consolidated basis.

	Year ended December 31,			Decrease from:		
	2020	2019	Decrease	FX	Acquisition (disposition), net	Organic
	in millions					
Programming and copyright	$ 102.7	$ 119.9	$ (17.2)	$ (1.3)	$ (2.8)	$ (13.1)
Interconnect and commissions (a)	201.9	223.6	(21.7)	(6.8)	(2.6)	(12.3)
Equipment and other (a)	130.7	164.5	(33.8)	(0.9)	(2.2)	(30.7)
Total programming and other direct costs of services	$ 435.3	$ 508.0	$ (72.7)	$ (9.0)	$ (7.6)	$ (56.1)

(a) Amounts are net of intercompany cost eliminations between the C&W Caribbean and Networks operations and CWP.

C&W Caribbean and Networks. The following table sets forth C&W Caribbean and Networks' organic and non-organic changes in programming and other direct costs of services.

	Year ended December 31,			Decrease from:		
	2020	2019	Decrease	FX	Acquisition (disposition), net	Organic
	in millions					
Programming and copyright	$ 88.8	$ 105.3	$ (16.5)	$ (1.3)	$ (2.8)	$ (12.4)
Interconnect and commissions	163.0	174.4	(11.4)	(6.8)	(2.6)	(2.0)
Equipment and other	59.1	75.0	(15.9)	(0.9)	(2.2)	(12.8)
Total programming and other direct costs of services	$ 310.9	$ 354.7	$ (43.8)	$ (9.0)	$ (7.6)	$ (27.2)

- **Programming and copyright:** The organic decrease is primarily due to the net effect of (i) lower sports content costs and (ii) the net negative impact of $9 million, resulting from the reassessment and release of various accruals in certain of our markets during 2020 and 2019.

- **Interconnect and commissions:** The organic decrease is primarily due to the net effect of (i) lower wholesale call volumes and (ii) the negative impact resulting from the reassessment of an accrual during 2019.

- **Equipment and other:** The organic decrease is primarily due to lower volume of mobile handset sales.

CWP. The following table sets forth CWP's organic changes in programming and other direct costs of services.

	Year ended December 31,		Organic decrease
	2020	2019	
	in millions		
Programming and copyright	$ 13.9	$ 14.6	$ (0.7)
Interconnect and commissions	41.1	52.0	(10.9)
Equipment and other	74.0	91.1	(17.1)
Total programming and other direct costs of services	$ 129.0	$ 157.7	$ (28.7)

- **Interconnect and commissions:** The organic decrease is primarily due to lower wholesale call volumes.

- **Equipment and other:** The organic decrease is primarily due to (i) lower volume of mobile handset sales and (ii) a decrease driven by certain non-recurring projects that have been put on hold due to the economic uncertainty of the impact of COVID-19.

Other operating costs and expenses

Other operating costs and expenses set forth in the table below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;

- **Network-related** expenses, which primarily include costs related to network access, system power, core network, and CPE repair, maintenance and test costs;

- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;

- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;

- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, franchise-related fees, bank fees, insurance, travel and entertainment and other operating-related costs; and

- **Share-based compensation** costs that relate to Liberty Latin America share-based incentive awards held by certain of our employees, as further described in note 13 to our consolidated financial statements.

Consolidated. The following table sets forth the organic and non-organic changes in other operating costs and expenses on a consolidated basis.

	Year ended December 31,		Increase (decrease)	Increase (decrease) from:		
	2020	2019		FX	Acquisition (disposition), net	Organic
Personnel and contract labor	$ 325.1	$ 340.8	$ (15.7)	$ (5.1)	$ 0.6	$ (11.2)
Network-related (a)	177.7	188.8	(11.1)	(3.2)	(1.4)	(6.5)
Service-related	83.9	86.4	(2.5)	(0.6)	1.8	(3.7)
Commercial	65.9	79.4	(13.5)	(1.2)	(0.3)	(12.0)
Facility, provision, franchise and other	221.5	226.4	(4.9)	(2.8)	(0.8)	(1.3)
Share-based compensation expense	31.1	17.4	13.7	(0.1)	0.8	13.0
Total other operating costs and expenses	$ 905.2	$ 939.2	$ (34.0)	$ (13.0)	$ 0.7	$ (21.7)

(a) Amounts are net of intercompany cost eliminations between the C&W Caribbean and Networks operations and CWP.

C&W Caribbean and Networks. The following table sets forth C&W Caribbean and Networks' organic and non-organic changes in other operating costs and expenses.

	Year ended December 31,		Increase (decrease)	Increase (decrease) from:		
	2020	2019		FX	Acquisition (disposition), net	Organic
			in millions			
Personnel and contract labor	$ 254.2	$ 270.6	$ (16.4)	$ (5.1)	$ 0.6	$ (11.9)
Network-related	140.5	147.3	(6.8)	(3.2)	(1.4)	(2.2)
Service-related	70.6	70.6	—	(0.6)	1.8	(1.2)
Commercial	45.4	57.4	(12.0)	(1.2)	(0.3)	(10.5)
Facility, provision, franchise and other	171.9	180.0	(8.1)	(2.8)	(0.8)	(4.5)
Share-based compensation expense	28.4	16.5	11.9	(0.1)	0.8	11.2
Total other operating costs and expenses	$ 711.0	$ 742.4	$ (31.4)	$ (13.0)	$ 0.7	$ (19.1)

- **Personnel and contract labor:** The organic decrease is primarily due to the net effect of (i) lower salaries and other personnel costs, primarily associated with the benefit of certain ongoing restructuring activities, (ii) $7 million of estimated bonus-related expenses that have been recognized as share-based compensation expense, as certain 2020 bonuses will be paid in the form of Liberty Latin America equity, as further discussed below under S*hare-based compensation expense*, and (iii) lower capitalized labor costs due to the curtailment of certain projects as a result of the impact of COVID-19.

- **Commercial:** The organic decrease is primarily due to lower marketing and sales costs, largely due to reductions in promotional and sponsorship costs, as a result of certain adverse economic impacts caused by the COVID-19 pandemic across our markets.

- **Facility, provision, franchise and other costs:** The organic decrease is primarily due to the net effect of:
    - lower (i) travel and entertainment costs and (ii) office-related expenses due to the curtailment of such costs as a result of the impact of COVID-19;

- an increase due to the negative impact of a $10 million decline in 2019 associated with withholding taxes on third-party supplier services, primarily related to the expiration of statute of limitations;
- lower insurance costs of $4 million due in part to our Weather Derivative, as further described below and in notes 3 and 5 to our consolidated financial statements; and
- bad debt expense, which remained relatively unchanged, as (i) higher bad debt provisions due to the impacts of COVID-19, which have generally resulted in (a) delays in collections, (b) higher expected credit losses associated with certain B2B customers and (c) changes in our general expectations related to our customers' ability to pay, were offset by (ii) the beneficial impacts of (a) a $3 million provision in 2019 related to certain B2B customers and (b) a $2 million provision in 2019 related to the impact of Hurricane Dorian.

CWP. The following table sets forth CWP's organic changes in other operating costs and expenses.

	Year ended December 31, 2020	Year ended December 31, 2019	Increase (decrease)
		in millions	
Personnel and contract labor	$ 70.9	$ 70.2	$ 0.7
Network-related	39.7	43.0	(3.3)
Service-related	13.3	15.8	(2.5)
Commercial	20.5	22.0	(1.5)
Facility, provision, franchise and other	49.6	46.4	3.2
Share-based compensation expense	2.7	0.9	1.8
Total other operating costs and expenses	$ 196.7	$ 198.3	$ (1.6)

- **Personnel and contract labor:** The organic increase is net of the impact of $1 million of estimated bonus-related expense that has been recognized as share-based compensation expense, as certain 2020 bonuses will be paid in the form of Liberty Latin America equity, as further discussed below under S*hare-based compensation expense.*
- **Facility, provision, franchise and other costs:** The organic increase is primarily due to the net effect of (i) higher bad debt provisions during 2020, as the impacts of COVID-19 have generally resulted in (a) delays in collections, (b) higher expected credit losses associated with certain B2B customers and (c) changes in our general expectations related to our customers' ability to pay, and (ii) the beneficial impact of a $2 million increase to the bad debt provision during 2019, primarily related to certain government customers.

Share-based compensation expense

We recognized share-based compensation expense of $31 million and $17 million during 2020 and 2019, respectively. The increase is primarily due to certain estimated bonus-related expenses that will be paid in the form of Liberty Latin America equity. Accordingly, such expenses have been included in share-based compensation expense effective January 1, 2020.

For additional information regarding our share-based compensation, see note 13 to our consolidated financial statements.

Related-party fees and allocations

We recorded related-party fees and allocations of $39 million and $30 million during 2020 and 2019, respectively. These amounts include charges for services provided to our company by Liberty Latin America or subsidiaries of Liberty Latin America.

For additional information regarding our related-party fees and allocations, see note 13 to our consolidated financial statements.

Depreciation and amortization

Our depreciation and amortization expense increased $20 million or 3.3% during 2020, as compared to 2019. Excluding the net impacts of FX, acquisitions and a disposition, depreciation and amortization expense increased $24 million or 4.0%, primarily due to the net effect of (i) property and equipment additions, mainly associated with the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, and baseline-related additions and (ii) decreases associated with certain assets becoming fully depreciated.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of $298 million and $231 million during 2020 and 2019, respectively.

The 2020 amount primarily includes (i) impairment charges of $280 million and (ii) restructuring charges of $18 million. The impairment charges, which are primarily due to the economic impacts associated with COVID-19, include (i) $177 million related to an impairment of goodwill at CWP and (ii) $99 million related to impairments of goodwill of various other reporting units. The restructuring charges include employee severance and termination costs related to certain reorganization activities and contract termination and other related charges, primarily at C&W Bahamas, CWP and UTS.

The 2019 amount primarily includes (i) impairment charges of $199 million, (ii) restructuring charges of $26 million, (iii) $3 million of direct acquisition and disposition costs and (iv) a $3 million loss due to the Seychelles Disposition. The impairment charges primarily include (i) $182 million related to an impairment of goodwill of our Panamanian reporting unit and (ii) $16 million, primarily related to charges to reduce the carrying value of property and equipment as a result of the impact of Hurricane Dorian. The restructuring charges primarily comprise employee severance and termination costs related to reorganization activities, primarily at CWP and C&W Bahamas.

For additional information regarding our impairment and restructuring charges, see notes 9 and 12 to our consolidated financial statements.

Interest expense

Our interest expense decreased $28 million or 10.1% during 2020, as compared to 2019, primarily attributable to (i) the net effect of (a) lower weighted-average interest rates and (b) higher average outstanding debt balances and (ii) higher amortization of deferred financing costs and discounts and premiums, net.

For additional information regarding our outstanding indebtedness, see note 10 to our consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to our consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest income

We recognized interest income of $11 million and $13 million during 2020 and 2019, respectively. The amounts primarily relate to (i) our loans receivable due from LGE Coral Holdco, which were settled during the third quarter of 2020, and (ii) cash, cash equivalents and restricted cash.

Realized and unrealized losses on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments primarily include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts.

We recognized realized and unrealized losses on derivative instruments, net, of $120 million and $73 million during 2020 and 2019, respectively.

The loss during 2020 is primarily attributable to the net effect of (i) changes in interest rates and (ii) changes in FX rates. In addition, the loss during 2020 includes a net gain of $10 million resulting from changes in our credit risk valuation adjustments, which are primarily due to increased credit risk stemming from market reaction to the COVID-19 outbreak. The loss during 2019 is primarily attributable to the net effect of (i) changes in interest rates and (ii) changes in FX rates. In addition, the loss during 2019 includes a net gain of $2 million resulting from changes in our credit risk valuation adjustments.

The realized and unrealized losses on derivative instruments, net, in our consolidated statements of operations include charges of $20 million and $5 million for the year ended December 31, 2020 and 2019, respectively, related to amortization of the premium associated with our Weather Derivative, which we initially entered into during the second quarter of 2019.

For additional information concerning our derivative instruments, see notes 5 and 6 to our consolidated financial statements.

Foreign currency transaction losses, net

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction losses, net, are as follows:

	Year ended December 31,	
	2020	2019
	in millions	
Intercompany payables and receivables denominated in a currency other than the entity's functional currency	$ (40.8)	$ (19.1)
Cash denominated in a currency other than the entity's functional currency	(6.5)	(5.5)
British pound sterling-denominated debt issued by a U.S. dollar functional currency entity	—	(3.7)
Other	(3.5)	1.5
Total	$ (50.8)	$ (26.8)

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of $3 million and $13 million during 2020 and 2019, respectively. The loss during 2020 is associated with the write-off of unamortized discounts and deferred financing costs related to the repayment of the C&W Term Loan B-4 Facility during the first quarter. The loss during 2019 primarily relates to the payment of redemption premiums.

For additional information concerning our losses on debt modification and extinguishment, see note 10 to our consolidated financial statements.

Other expense, net

We recognized other expense, net, of $8 million and $1 million during 2020 and 2019, respectively. The amount for 2020 relates to the net effect of individually insignificant items.

Income tax expense

We recognized income tax expense of $15 million and $17 million during 2020 and 2019, respectively.

The income tax expense during 2020 differs from the expected income tax benefit of $99 million (based on the U.K. income tax rate of 19%), primarily due to the detrimental effects of (i) increases in valuation allowances, (ii) non-deductible goodwill impairment, (iii) inclusion of withholding taxes on cross-border payments and (iv) net unfavorable permanent items. These negative impacts to our effective tax rate were partially offset by the beneficial effects of (i) changes in enacted tax laws (but which are nearly offset by valuation allowance), and (ii) international rate differences.

The income tax expense during 2019 differs from the expected income tax benefit of $56 million (based on the U.K. income tax rate of 19%), primarily due to the detrimental effects of (i) non-deductible goodwill impairments, (ii) increases in valuation allowances and (iii) net unfavorable permanent differences, partially offset by the beneficial effects of (i) international rate differences, (ii) enacted tax law changes and (iii) reductions to deferred tax liabilities maintained on unremitted earnings.

For additional information regarding our income taxes, see note 16 to our consolidated financial statements.

Net loss

The following table sets forth selected summary financial information of our net loss:

	Year ended December 31,	
	2020	2019
	in millions	
Operating income (loss)	$ (97.3)	$ 82.1
Net non-operating expenses	$ (421.3)	$ (379.1)
Income tax expense	$ (14.7)	$ (17.3)
Net loss	$ (533.3)	$ (314.3)

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings is largely dependent on our ability to increase our Adjusted OIBDA to a level that more than offsets the aggregate amount of our (i) share-based compensation expense, (ii) depreciation and amortization, (iii) related-party fees and allocations, (iv) impairment, restructuring and other operating items, (v) interest expense, (vi) other non-operating expenses and (vii) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect to maintain our debt at current levels relative to Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Net loss attributable to noncontrolling interests

We reported net losses attributable to noncontrolling interests of $124 million and $103 million during 2020 and 2019, respectively. The increase during 2020, as compared to 2019, is primarily attributable to net increases in losses incurred by our less-than-wholly-owned subsidiaries.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash and cash equivalents

At December 31, 2020, we had cash and cash equivalents of $486 million, most of which was held by our subsidiaries. In addition, we had restricted cash of $18 million.

Liquidity of C&W

At the C&W parent level, our current sources of liquidity include loans or contributions from our parent, interest income received on our investments and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments. Our ability to access the liquidity of these and our other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests, foreign currency exchange restrictions and other factors.

The ongoing cash needs of C&W include (i) corporate general and administrative expenses and (ii) other liquidity needs that may arise from time to time. In addition, C&W may require cash in connection with (i) the funding of loans or distributions to our parent (and ultimately to Liberty Latin America or other Liberty Latin America subsidiaries), (ii) the satisfaction of contingent liabilities, (iii) acquisitions and other investment opportunities, (iv) the repurchase of debt securities or (v) any funding requirements of our consolidated subsidiaries. No assurance can be given that funding from Liberty Latin America or other Liberty Latin America subsidiaries, our subsidiaries or external sources would be available on favorable terms, or at all.

In addition, the amount of cash we receive from certain of our subsidiaries to satisfy U.S. dollar-denominated liquidity requirements is impacted by fluctuations in exchange rates. In this regard, the strengthening (weakening) of the U.S. dollar against these currencies will result in decreases (increases) in the U.S. dollars received from the applicable subsidiaries to fund U.S. dollar-denominated liquidity requirements.

From time to time, we or our respective affiliates may, to the extent permitted under applicable law, acquire or repay any third-party or related-party debt through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in our respective indenture agreements).

Liquidity of our subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations and borrowing availability under the C&W Revolving Credit Facility and C&W Regional Facilities. For the details of our borrowing availability at December 31, 2020, see note 10 to our consolidated financial statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Latin America and its unrestricted subsidiaries. The liquidity of our subsidiaries generally is used to fund property and equipment additions, debt service requirements and income tax payments. From time to time, our subsidiaries may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to C&W and/or Liberty Latin America or other Liberty Latin America subsidiaries, (iii) capital distributions to C&W (and ultimately to Liberty Latin America) and other equity owners or (iv) the satisfaction of contingent liabilities. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all. For information regarding our subsidiaries' commitments and contingencies, see note 20 to our consolidated financial statements.

For additional information regarding our cash flows, see the discussion under *Consolidated Statements of Cash Flows* below.

Capitalization

For the quarter ended December 31, 2020, our consolidated net leverage ratio was 4.5x, as specified in, and calculated in accordance with our credit agreements.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements is dependent primarily on our ability to maintain Covenant EBITDA, and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in our various debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At December 31, 2020, we were in compliance with our debt covenants. We do not anticipate any instances of non-compliance with respect to our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At December 31, 2020, the outstanding principal amount of our third-party debt, together with our finance lease obligations, aggregated $4,194 million, including $62 million that is classified as current in our consolidated balance sheet and $3,782 million that is not due until 2026 or thereafter. All of our debt and finance lease obligations have been borrowed or incurred by our subsidiaries at December 31, 2020. Included in the outstanding principal amount of our third-party debt at December 31, 2020 is $66 million of vendor financing, which we use to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year, other than for certain licensing arrangements that generally are due over the term of the related license. For additional information concerning our debt, including our debt maturities, see note 10 to our consolidated financial statements.

The weighted average interest rate in effect at December 31, 2020 for all borrowings outstanding pursuant to each third-party debt instrument, including any applicable margin, was 4.9%. The interest rate is based on stated rates and does not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. The weighted average impact of the derivative instruments, excluding forward-starting derivative instruments, on our borrowing costs at December 31, 2020 was an increase of 67 basis points. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our third-party indebtedness was 5.6% at December 31, 2020.

We believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political, economic and social conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit markets we access and our future financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Consolidated Statements of Cash Flows

General. Our cash flows are subject to variations due to FX.

Summary. Our 2020 and 2019 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2020	2019	Change
	in millions		
Net cash provided by operating activities	$ 417.6	$ 534.9	$ (117.3)
Net cash used by investing activities	(343.7)	(511.9)	168.2
Net cash provided (used) by financing activities	(14.9)	8.2	(23.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7.6)	(6.3)	(1.3)
Net increase in cash, cash equivalents and restricted cash	$ 51.4	$ 24.9	$ 26.5

Operating Activities. The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease from our working capital items, including changes related to insurance receipts as discussed below, (ii) a decrease from our Adjusted OIBDA, (iii) a decrease related to derivative activities, (iv) lower interest payments and (v) lower tax payments. During 2019, $12 million of the cash received associated with the final insurance settlement for Hurricanes Irma, Maria and Matthew was reflected as an operating cash inflow. For additional information regarding our insurance receipts, see note 8 to our consolidated financial statements.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) $161 million of cash used for the UTS Acquisition in March 2019, (ii) $78 million of cash received in connection with the Seychelles Disposition in 2019, (iii) a net decrease in cash used of $72 million from related-party loans, (iv) a decrease in cash used for capital expenditures, as further discussed below, (v) the impact of $25 million of cash received during 2019 related to the recovery on damaged or destroyed property and equipment resulting from Hurricanes Irma, Maria and Matthew and (vi) $16 million of cash received related to the Puerto Rico Transfer in 2019. For additional information regarding the UTS Acquisition, see note 4 to our consolidated financial statements. For additional information regarding the settlement of our insurance claims associated with the hurricanes, see note 8 to our consolidated financial statements. For additional information regarding the Puerto Rico Transfer, see note 19 to our consolidated financial statements.

The capital expenditures that we report in our consolidated statements of cash flows, which include cash paid for property and equipment acquired not part of an acquisition, do not include amounts that are financed under capital-related vendor financing or finance lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures, as reported in our consolidated statements of cash flows, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements.

A reconciliation of our property and equipment additions to our capital expenditures, as reported in our consolidated statements of cash flows, is set forth below:

	Year ended December 31,	
	2020	2019
	in millions	
Property and equipment additions	$ 317.2	$ 395.5
Assets acquired under capital-related vendor financing arrangements	(67.7)	(62.7)
Assets acquired under finance leases	—	(0.2)
Changes in current liabilities related to capital expenditures	33.9	6.2
Capital expenditures	$ 283.4	$ 338.8

The decrease in our property and equipment additions during 2020, as compared to 2019, is primarily due to a decrease in (i) new builds and upgrades, (ii) customer premises equipment and (iii) support-related equipment. During 2020 and 2019, our property and equipment additions represented 14.4% and 16.6% of revenue, respectively.

We expect the percentage of revenue represented by our aggregate 2021 property and equipment additions to be between 14% and 16%. The actual amount of the 2021 consolidated property and equipment additions may vary from expected amounts for a variety of reasons, including (i) potential impacts from COVID-19, (ii) changes in (a) the competitive or regulatory environment, (b) business plans, (c) our expected future operating results and (d) foreign currency exchange rates and, (iii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property and equipment additions will not vary materially from our expectations.

Financing Activities. During 2020, we used $15 million of cash from financing activities, due primarily to the net effect of (i) $100 million of related-party borrowings, (ii) $63 million of net repayment of third-party debt, (iii) $26 million related to payments of financing costs and debt premiums and (iv) $16 million in distributions to the noncontrolling interest owner of CWP. During 2019, we generated $8 million in net cash from financing activities, due primarily to $82 million of net borrowings of third-party debt, which was partially offset by (i) $35 million in distributions to the noncontrolling interest owner of CWP and (ii) $32 million related to payments of financing costs and debt premiums.

Off Balance Sheet Arrangements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Contractual Commitments

The following table sets forth the U.S. dollar equivalents of our third-party commitments as of December 31, 2020:

	Payments due during:						
	2021	2022	2023	2024	2025	Thereafter	Total
	in millions						
Third-party debt (excluding interest)	$ 59.9	$ 17.6	$ 124.3	$ 62.2	$ 146.0	$ 3,782.3	$4,192.3
Finance leases (excluding interest)	1.6	0.1	—	—	—	—	1.7
Operating leases	29.7	22.5	17.9	15.0	12.2	40.4	137.7
Purchase commitments	86.3	5.6	0.8	—	—	—	92.7
Network and connectivity commitments	31.3	11.3	10.0	9.1	6.3	9.5	77.5
Programming commitments	24.5	7.5	1.0	0.2	0.1	—	33.3
Other commitments	5.5	0.1	0.1	—	—	—	5.7
Total (a)	$ 238.8	$ 64.7	$ 154.1	$ 86.5	$ 164.6	$ 3,832.2	$4,540.9
Projected cash interest payments on third-party debt and finance lease obligations (b)	$ 210.1	$ 209.4	$ 204.8	$ 203.1	$ 196.4	$ 365.1	$1,388.9

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2020 consolidated balance sheet other than (i) third-party debt and (ii) finance and operating lease obligations. Our liability for uncertain tax positions, including accrued interest, in the various jurisdictions in which we operate ($29 million at December 31, 2020) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation. For additional information regarding our liability for uncertain tax positions, see note 16 to our consolidated financial statements.

(b) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of December 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our derivative contracts.

For information concerning our debt and finance lease obligations, operating leases and commitments, see notes 10, 11 and 20, respectively, to our consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with our derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2020 and 2019, see note 5 to our consolidated financial statements. For information regarding our defined benefit plans, see note 17 to our consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The U.S. dollar equivalents presented below are based on interest rates and exchange rates that were in effect as of December 31, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to our consolidated financial statements.

	Payments (receipts) due during:						
	2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Total**
				in millions			
Projected derivative cash payments (receipts), net:							
Interest-related (a)	$ 30.2	$ 27.4	$ 14.7	$ 14.7	$ 14.7	$ 76.8	$ 178.5
Principal-related (b)	—	(1.5)	—	—	—	1.1	(0.4)
Total	$ 30.2	$ 25.9	$ 14.7	$ 14.7	$ 14.7	$ 77.9	$ 178.1

(a) Includes the interest-related cash flows of our cross-currency and interest rate derivative contracts.

(b) Includes the principal-related cash flows of our cross-currency derivative contracts.

Critical Accounting Policies, Judgments and Estimates

In connection with the preparation of our consolidated financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Critical accounting policies are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which would potentially result in materially different results under different assumptions and conditions. We believe the following accounting policies are critical in the preparation of our consolidated financial statements because of the judgment necessary to account for these matters and the significant estimates involved, which are susceptible to change:

- Impairment of property and equipment and intangible assets (including goodwill);
- Costs associated with construction and installation activities;
- Fair value measurements in acquisition accounting; and
- Income tax accounting.

For additional information concerning our significant accounting policies, see note 3 to our consolidated financial statements.

Impairment of Property and Equipment and Intangible Assets

The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that was held for use comprised 80% of our total assets at December 31, 2020.

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) the impact of natural disasters, such as hurricanes, (ii) an expectation of a sale or disposal of a long-lived asset or asset group, (iii) adverse changes in market or competitive conditions, (iv) an adverse change in legal factors or business climate in the markets in which we operate and (v) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever facts and circumstances indicate that the fair value of a reporting unit may be less than its carrying value. We first make a qualitative assessment to determine if the goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment. Goodwill impairment is recorded as the excess of a reporting unit's carrying value over its fair value and is charged to operations as an impairment loss.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived and indefinite-lived assets. We typically determine fair value using a market value approach or an income-based approach (discounted cash flows) based on assumptions in our long-range business plans, or a combination of an income-based and market value approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates of, among other items, subscriber growth and retention rates, rates charged per product, expected gross margins and Adjusted OIBDA margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects certain risks inherent in the future cash flows. With respect to a market value approach, the fair value of a reporting unit is estimated based upon a market multiple typically applied to the reporting unit's Adjusted OIBDA. We determine the market multiple for each reporting unit taking the following into consideration: (i) public company trading multiples for entities with similar business characteristics as the respective reporting unit, adjusted to reflect an appropriate control premium or discount, a "trading multiple;" and (ii) multiples derived from the value of recent transactions for businesses with similar operations and in geographically similar locations, a "transaction multiple." Changes in the underlying assumptions used in both the income-based and market-value valuation methods can result in materially different determinations of fair value.

During 2020, we recorded goodwill impairments of $177 million related to our Panamanian reporting unit and $99 million related to various other reporting units. During 2019, we recorded goodwill impairments of $182 million related to our Panamanian reporting unit. A hypothetical increase/(decrease) of 0.1% in the discount rate used in the goodwill impairment assessment that resulted in our 2020 goodwill impairment charges would have resulted in an increase/(decrease) of approximately $33 million/($30 million) in aggregate to the goodwill impairment. For additional information regarding impairments recorded during 2020 and 2019, see notes 6 and 9 to our consolidated financial statements.

Costs Associated with Construction and Installation Activities

We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities, the installation of new cable services and the development of software supporting our operations. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed.

Fair Value Measurements in Acquisition Accounting

The application of acquisition accounting requires that we make fair value determinations as of the applicable valuation date. In making these determinations, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, market comparables and discount rates, remaining useful lives of long-lived assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. To assist us in making these fair value determinations, we may engage third-party valuation specialists. Our estimates in this area impact, among other items, the amount of depreciation and amortization and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions we believe to be reasonable, but which are inherently uncertain. A significant portion of our long-lived assets were initially recorded through the application of acquisition accounting. For additional information, including the specific weighted average discount rates we used to complete certain nonrecurring valuations, see note 6 to our consolidated financial statements. For information regarding our acquisitions and long-lived assets, see notes 4 and 9, respectively, to our consolidated financial statements.

Income Tax Accounting

We are required to estimate the amount of tax payable or refundable for the current year and the deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. This process requires our management to make assessments regarding the timing and probability of the ultimate tax impact of such items.

Net deferred tax assets are reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2020, the aggregate valuation allowance provided against deferred tax assets was $1,502 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2020 consolidated balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any such factors could have a material effect on our current and deferred tax positions. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we have a presence are subject to varied interpretation, and tax positions we may take could be subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the more-likely-than-not threshold is not met and, accordingly, the amount of tax benefit recognized in our consolidated financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2020, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken in our tax returns, was $16 million, all of which would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

We are required to continually assess our tax positions, and the results of tax examinations or changes in judgment can result in substantial changes to our unrecognized tax benefits.

For additional information concerning our income taxes, see note 16 to our consolidated financial statements.

Independent Auditors' Report

The Board of Directors
Cable & Wireless Communications Limited:

We have audited the accompanying consolidated financial statements of Cable & Wireless Communications Limited and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cable & Wireless Communications Limited and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
March 31, 2021

CABLE & WIRELESS COMMUNICATIONS LIMITED
CONSOLIDATED BALANCE SHEETS

	December 31, 2020	December 31, 2019
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 485.5	$ 434.7
Trade receivables, net of allowances of $71.5 million and $60.6 million, respectively	381.1	463.8
Prepaid expenses	33.8	44.2
Other current assets, net	186.7	216.8
Total current assets	1,087.1	1,159.5
Goodwill	3,729.1	4,110.8
Property and equipment, net	2,810.0	2,973.3
Intangible assets subject to amortization, net	704.9	876.1
Other assets, net	719.5	873.4
Total assets	$ 9,050.6	$ 9,993.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 124.4	$ 187.6
Current portion of deferred revenue	92.1	115.5
Current portion of debt and finance lease obligations	161.5	86.0
Accrued interest	69.5	64.9
Accrued payroll and employee benefits	47.7	54.7
Accrued capital expenditures	23.7	38.3
Other accrued and current liabilities	469.9	475.5
Total current liabilities	988.8	1,022.5
Long-term debt and finance lease obligations	4,104.3	4,090.9
Deferred tax liabilities	182.8	206.3
Deferred revenue	182.2	210.2
Pension liabilities	272.2	234.9
Other long-term liabilities	265.5	222.4
Total liabilities	5,995.8	5,987.2
Commitments and contingencies		
Equity:		
Parent equity:		
Share capital	0.1	0.1
Accumulated net contributions	4,074.7	4,407.1
Accumulated deficit	(1,515.6)	(1,105.3)
Accumulated other comprehensive loss, net of taxes	(211.2)	(142.9)
Total parent equity	2,348.0	3,159.0
Noncontrolling interests	706.8	846.9
Total equity	3,054.8	4,005.9
Total liabilities and equity	$ 9,050.6	$ 9,993.1

The accompanying notes are an integral part of these consolidated financial statements.

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Revenue	$ 2,199.8	$ 2,389.5
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services	435.3	508.0
Other operating costs and expenses	905.2	939.2
Related-party fees and allocations	39.2	29.8
Depreciation and amortization	619.0	599.3
Impairment, restructuring and other operating items, net	298.4	231.1
	2,297.1	2,307.4
Operating income (loss)	(97.3)	82.1
Non-operating income (expense):		
Interest expense	(249.9)	(278.1)
Interest income	11.3	13.0
Realized and unrealized losses on derivative instruments, net	(120.2)	(73.2)
Foreign currency transaction losses, net	(50.8)	(26.8)
Losses on debt modification and extinguishment, net	(3.4)	(13.2)
Other expense, net	(8.3)	(0.8)
	(421.3)	(379.1)
Loss before income taxes	(518.6)	(297.0)
Income tax expense	(14.7)	(17.3)
Net loss	(533.3)	(314.3)
Net loss attributable to noncontrolling interests	123.5	103.0
Net loss attributable to parent	$ (409.8)	$ (211.3)

The accompanying notes are an integral part of these consolidated financial statements.

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31, 2020	2019
	in millions	
Net loss	$ (533.3)	$ (314.3)
Other comprehensive earnings (loss), net of taxes:		
Foreign currency translation adjustments	(81.9)	(31.0)
Pension-related adjustments	11.4	(2.1)
Unrealized gains on available-for-sale investments	1.4	1.8
Other comprehensive loss	(69.1)	(31.3)
Comprehensive loss	(602.4)	(345.6)
Comprehensive loss attributable to noncontrolling interests	124.3	103.3
Comprehensive loss attributable to parent	$ (478.1)	$ (242.3)

The accompanying notes are an integral part of these consolidated financial statements.

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF EQUITY

	Parent equity						
	Share capital	Accumulated net contributions	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total parent equity	Non-controlling interests	Total equity
				in millions			
Balance at January 1, 2019	$ 0.1	$ 4,400.6	$ (894.0)	$ (111.9)	$ 3,394.8	$ 985.6	$ 4,380.4
Net loss	—	—	(211.3)	—	(211.3)	(103.0)	(314.3)
Other comprehensive loss	—	—	—	(31.0)	(31.0)	(0.3)	(31.3)
Impact of the UTS Acquisition	—	—	—	—	—	11.6	11.6
UTS NCI Acquisition	—	0.1	—	—	0.1	(11.7)	(11.6)
Excess of consideration received over carrying value for the Puerto Rico Transfer (as defined in note 13)	—	6.4	—	—	6.4	—	6.4
Distributions to noncontrolling interest owners	—	—	—	—	—	(35.3)	(35.3)
Balance at December 31, 2019	$ 0.1	$ 4,407.1	$ (1,105.3)	$ (142.9)	$ 3,159.0	$ 846.9	$ 4,005.9
Balance at January 1, 2020	$ 0.1	$ 4,407.1	$ (1,105.3)	$ (142.9)	$ 3,159.0	$ 846.9	$ 4,005.9
Accounting change (note 2)	—	—	(0.5)	—	(0.5)	0.2	(0.3)
Balance at January 1, 2020, as adjusted for accounting change	0.1	4,407.1	(1,105.8)	(142.9)	3,158.5	847.1	4,005.6
Net loss	—	—	(409.8)	—	(409.8)	(123.5)	(533.3)
Other comprehensive loss	—	—	—	(68.3)	(68.3)	(0.8)	(69.1)
In-kind dividend (note 19)	—	(333.3)	—	—	(333.3)	—	(333.3)
UTS NCI Acquisition	—	0.9	—	—	0.9	—	0.9
Distributions to noncontrolling interest owners	—	—	—	—	—	(16.0)	(16.0)
Balance at December 31, 2020	$ 0.1	$ 4,074.7	$ (1,515.6)	$ (211.2)	$ 2,348.0	$ 706.8	$ 3,054.8

The accompanying notes are an integral part of these consolidated financial statements.

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2020	2019
	in millions	
Cash flows from operating activities:		
Net loss	$ (533.3)	$ (314.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	619.0	599.3
Impairment	279.9	199.1
Amortization of debt financing costs, premiums and discounts, net	6.4	0.4
Realized and unrealized losses on derivative instruments, net	120.2	73.2
Foreign currency transaction losses, net	50.8	26.8
Losses on debt modification and extinguishment	3.4	13.2
Loss on the Seychelles Disposition	—	2.8
Deferred income tax benefit	(24.6)	(34.0)
Changes in operating assets and liabilities, net of the effect of acquisitions and a disposition:		
Receivables and other operating assets	57.4	(36.8)
Payables and accruals	(161.6)	5.2
Net cash provided by operating activities	417.6	534.9
Cash flows from investing activities:		
Capital expenditures	(283.4)	(338.8)
Cash paid in connection with acquisitions, net of cash acquired	(0.1)	(161.2)
Loans to affiliates and other related parties	(116.6)	(133.0)
Repayments of loans to affiliates and other related parties	55.9	—
Proceeds from the Seychelles Disposition, net	—	77.5
Recovery on damaged or destroyed property and equipment	—	25.4
Consideration received in connection with the Puerto Rico Transfer	—	16.1
Other investing activities, net	0.5	2.1
Net cash used by investing activities	$ (343.7)	$ (511.9)

The accompanying notes are an integral part of these consolidated financial statements.

	Year ended December 31,	
	2020	2019
	in millions	
Cash flows from financing activities:		
Borrowings of third-party debt	$ 412.5	$ 1,221.6
Borrowings of related-party debt	100.0	—
Payments of principal amounts of debt and finance lease obligations	(475.6)	(1,140.1)
Payments of financing costs and debt premiums	(25.9)	(31.8)
Distributions to noncontrolling interest owners	(16.0)	(35.3)
Cash payments for the acquisition of noncontrolling interests	(5.6)	(5.1)
Net cash paid related to derivative instruments	(2.4)	(0.3)
Other financing activities, net	(1.9)	(0.8)
Net cash provided (used) by financing activities	(14.9)	8.2
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7.6)	(6.3)
Net increase in cash, cash equivalents and restricted cash	51.4	24.9
Cash, cash equivalents and restricted cash:		
Beginning of year	452.1	427.2
End of year	$ 503.5	$ 452.1
Cash paid for interest	$ 221.5	$ 251.3
Net cash paid for taxes	$ 41.0	$ 57.6

The accompanying notes are an integral part of these consolidated financial statements.

(1) Basis of Presentation

Organization

Cable & Wireless Communications Limited (**C&W**) is a provider of mobile, fixed and subsea telecommunications services. We provide residential and business-to-business (**B2B**) services in over 20 countries across Latin America and the Caribbean. Through our "**Networks & LatAm**" business, we also provide (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over our subsea and terrestrial fiber optic cable networks that connect over 40 markets in the region. C&W is a wholly-owned subsidiary of LGE Coral Holdco Limited (**LGE Coral Holdco**), a subsidiary of Liberty Latin America Ltd. (**Liberty Latin America**).

We own less than 100% of certain of our consolidated subsidiaries, including The Bahamas Telecommunications Company Limited (**C&W Bahamas**), Cable & Wireless Jamaica Limited (**C&W Jamaica**) and Cable & Wireless Panama, S.A. (**CWP**). For information regarding the percentages of certain of our less than wholly-owned consolidated subsidiaries, see *Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview.*

In these notes, the terms "C&W," "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to C&W or collectively to C&W and our subsidiaries.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (**U.S. GAAP**). Unless otherwise indicated, ownership percentages and convenience translations into United States (**U.S.**) dollars are calculated as of December 31, 2020.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through March 31, 2021, the date of issuance.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

ASU 2019-12

In December 2019, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (**ASU 2019-12**), which (i) simplifies the accounting for income taxes by removing certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocations and calculating income taxes in interim periods, and (ii) reduces the complexity in certain areas of existing tax guidance, including the recognition of deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. We early adopted ASU 2019-12 effective December 31, 2020 and it did not have a material impact on our consolidated financial statements.

ASU 2018-15

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software—Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (***ASU 2018-15***)*. ASU 2018-15 provides additional guidance on ASU No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software—Customer's Accounting for Fees Paid in a Cloud Computing Arrangement,* which was issued to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The guidance (i) provides criteria for determining which implementation costs to capitalize as an asset related to the service contract and which costs to expense, (ii) requires an entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement and (iii) clarifies the presentation requirements for reporting such costs in the entity's financial statements. We adopted ASU 2018-15 effective January 1, 2020 on a prospective basis for all implementation costs incurred after the date of adoption and it did not have a material impact on our consolidated financial statements.

ASU 2016-13

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses—Measurement of Credit Losses on Financial Instruments (***ASU 2016-13**), as amended by (i) ASU No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which amended certain effective dates, and (ii) ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which clarifies guidance around how to report expected recoveries. ASU 2016-13 replaces the incurred loss impairment methodology for recognizing credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. We are required to use a forward-looking expected credit loss model for accounts receivables, loans and other financial instruments. We adopted ASU 2016-13 effective January 1, 2020 using a modified retrospective approach through a cumulative-effect adjustment to retained earnings to align our credit loss methodology with the new standard. The comparative information has not been restated and continues to be reported under the accounting standards in effect for that period.

Under the new model, we segment our receivables, unbilled revenue and contract assets based on days past due and generally record an allowance for current expected credit losses using average rates applied against each account's applicable aggregate balance for each aging bucket. We establish the average rates based on consideration of the actual credit loss experience, typically over the prior 12-month period, recent collection trends, current economic conditions and reasonable expectations of future payment delinquency. For certain pooled groups, the allowance for expected credit losses is based on historical write-off experience and individual customer credit risk, if applicable.

The cumulative effect of the changes to our consolidated balance sheet as of January 1, 2020 was not material.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (**ASU 2016-02**), as amended by ASU No. 2018-11, *Targeted Improvements*, which provides an option to use one of two modified retrospective approaches in the adoption of ASU 2016-02. ASU 2016-02, for most leases, results in lessees recognizing right-of-use assets and lease liabilities on the balance sheet and additional disclosures. We adopted ASU 2016-02 effective January 1, 2019 using the effective date transition method. A number of optional practical expedients were applied in transition, as further described below.

The main impact of the adoption of this standard was the recognition of right-of-use assets and lease liabilities in our consolidated balance sheet as of January 1, 2019 for those leases classified as operating leases under ASU 2016-02. We did not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less, as permitted by the short-term lease practical expedient in the standard. In transition, we applied the practical expedients that permit us not to reassess (i) whether expired or existing contracts are or contain a lease under the new standard, (ii) the lease classification for expired or existing leases, (iii) whether previously-capitalized initial direct costs would qualify for capitalization under the new standard and (iv) whether existing or expired land easements that were not previously accounted for as leases are or contain a lease. We also applied the practical expedient that permits us to account for customer service revenue contracts that include both non-lease and lease components as a single component in all instances where the non-lease component is the predominant component of the arrangement and the other applicable criteria are met. In addition, we did not use hindsight during the transition.

For information regarding our accounting policies for leases following the adoption of ASU 2016-02, see note 3.

Recent Accounting Pronouncements

General

We expect to adopt the following accounting pronouncements in conjunction with Liberty Latin America.

ASU 2018-14

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans* (**ASU 2018-14**), which removes and modifies certain existing disclosure requirements and adds new disclosure requirements related to employer sponsored defined benefit pension or other postretirement plans. ASU 2018-14 is effective for annual reporting periods after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. ASU 2018-14 will not have a material impact on our consolidated financial statements.

ASU 2020-04 and ASU 2021-01

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (**ASU 2020-04**), which provides optional guidance for a limited time to ease the potential accounting burden associated with transitioning away from reference rates, such as the London Inter-Bank Offered Rate (**LIBOR**), which regulators in the United Kingdom (**U.K.**) have announced will be phased out by the end of 2021. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848)* (**ASU 2021-01**), which clarifies certain optional expedients and exceptions in ASC 848. The expedients and exceptions provided by ASU 2020-04 and ASU 2021-01 are for the application of U.S. GAAP to contracts, hedging relationships and other transactions affected by the rate reform, and will not be available after December 31, 2022, other than for certain hedging relationships entered into before December 31, 2022. We do not currently expect that the phase out of LIBOR will have a material impact on our consolidated financial statements.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. 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. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for credit losses, programming and copyright expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. During 2020, we changed the presentation of certain operating costs and expenses in our consolidated statements of operations in order to better align with management's approach to monitoring and evaluating such costs. Specifically, we have combined the costs previously reported in the consolidated statement of operations' captions "other operating" and "selling, general and administrative" into one line, which is now referred to as "other operating costs and expenses." In conjunction with this change, we have provided additional disclosure of the nature of other operating costs and expenses by function, as set forth in note 15. This change in presentation did not have any impact on operating income or loss, net loss or any of our key performance metrics. In addition, we have provided additional disclosure of the nature of our programming and other direct costs of services, as set forth in note 14.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our company is the primary beneficiary. Intercompany accounts have been eliminated in consolidation.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of money market funds and other investments that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market funds at the net asset value as there are no restrictions on our ability, contractual or otherwise, to redeem our investments.

Restricted cash consists of cash held in restricted accounts, including cash held as collateral for debt, acquisitions and other compensating balances, as applicable. Cash that is restricted to a specific use is classified as current or long-term based on, among other things, the expected use and timing of disbursement of the restricted cash. At December 31, 2020 and 2019, our current and long-term restricted cash balances aggregated $18 million and $17 million, respectively. Our current and long-term restricted cash balances are included in other current assets, net, and other assets, net, in our consolidated balance sheets.

Trade Receivables

Our trade receivables are reported net of an allowance for credit losses. The allowance is established using our best estimates of current expected credit losses based upon, among other things, actual credit loss experience, typically over the prior

12-month period, recent collection trends, prevailing and anticipated economic conditions and specific customer credit risk. For certain pooled groups, the allowance for expected credit losses is based on historical write-off experience and individual customer credit risk, if applicable. Receivables outstanding greater than 30 days are considered past due and we generally write-off receivables after they become past due for 365 days, with the exception of amounts due from certain governments.

The changes in our allowance for credit losses are set forth below:

	Year ended December 31,	
	2020	**2019**
	in millions	
Balance at beginning of year	$ 60.6	$ 106.2
Provision for expected losses	41.9	36.8
Write-offs	(36.3)	(77.5)
Foreign currency translation adjustments and other	5.3	(4.9)
Balance at end of year	$ 71.5	$ 60.6

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries, with the exception of $72 million and $89 million at December 31, 2020 and 2019, respectively, due from a single government.

Investments

We hold an equity security in Telecommunications Services of Trinidad and Tobago Limited (**TSTT**) for which the fair value is not readily determinable. Accordingly, we measure this investment at cost minus impairment, plus or minus changes resulting from observable price changes. When indicators of impairment exist, we estimate the fair value and record an impairment charge if the carrying value of the investment exceeds its estimated fair value. Any impairment charges are recorded in other income (expense), net, in our consolidated statements of operations.

We account for our investment in United Kingdom (**U.K.**) Government Gilts using the available-for-sale method. Available-for-sale securities are measured at fair value. Changes in the fair value of available-for-sale securities are reflected in other comprehensive income or loss until sold or other-than-temporarily impaired, at which time the amounts are reclassified from accumulated other comprehensive income or loss into non-operating income or expense in our consolidated statements of operations.

For additional information regarding our fair value measurements, see note 6. For additional information regarding our investment in TSTT and the U.K. Government Gilts, see notes 7 and 17, respectively.

Financial Instruments

Due to the short maturities of cash and cash equivalents, trade and other receivables, other current assets, accounts payable, accrued liabilities and other accrued and current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of our derivative and debt instruments, see notes 5 and 10, respectively. For information regarding how we arrive at certain of our fair value measurements, see note 6.

Derivative Instruments

Derivative Instruments Recorded at Fair Value

Our derivative instruments, excluding our weather derivative contract (**Weather Derivative**), as discussed below, are recorded on our consolidated balance sheets at fair value, whether designated as a hedge or not. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings. If the derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are recorded in other comprehensive earnings or loss and subsequently reclassified into our consolidated statements of operations when the hedged forecasted transaction affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in realized and unrealized gains or losses on derivative instruments in our consolidated statements of operations. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments in our consolidated statements of operations.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows, as follows:

- **Cross-currency and interest rate derivative contracts:** The net cash paid or received related to principal and current interest is classified as a financing or operating activity, respectively.
- **Derivative contracts that are terminated prior to maturity:** The cash paid or received upon termination that relates to future periods is classified as a financing activity.

Weather Derivative

Our Weather Derivative provides us with insurance coverage for certain weather-related events and is not accounted for at fair value. The premium paid associated with the Weather Derivative is recorded in other current assets, net, in our consolidated balance sheets, and the amortization of the premium is included in realized and unrealized gains or losses on derivative instruments, net, in our consolidated statements of operations. The cash paid associated with the premium is classified as an operating activity in our consolidated statements of cash flows. In the event of a payout under our Weather Derivative, the cash received would be classified as an operating activity in our consolidated statements of cash flows.

The insurance coverage associated with the Weather Derivative is underwritten by a related-party captive insurance entity, as further described in notes 13 and 19.

For information regarding our derivative instruments, see note 5.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

We capitalize internal and external costs directly associated with the development of internal-use software. Capitalized internal-use software is included as a component of property and equipment. We also capitalize costs associated with the purchase of software licenses. Costs associated with software obtained in a hosting arrangement are expensed over the life of the service contract, unless we have the right to take possession of the software at any time without significant penalty and it is feasible to run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Equipment under finance leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset and is included in depreciation and amortization in our consolidated statements of operations. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable and mobile distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 9.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are expensed as incurred.

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations primarily relate to assets placed on leased wireless towers and other premises. Asset retirement obligations of $40 million and $38 million at December 31, 2020 and 2019, respectively, are included in other long-term liabilities in our consolidated balance sheets.

Intangible Assets

Our primary intangible assets relate to goodwill and customer relationships. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships are initially recorded at their fair values.

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values and reviewed for impairment.

For additional information regarding the useful lives of our intangible assets, see note 9.

Impairment of Property and Equipment and Intangible Assets

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets (other than goodwill) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) the impact of natural disasters, such as hurricanes, (ii) an expectation of a sale or disposal of a long-lived asset or asset group, (iii) adverse changes in market or competitive conditions, (iv) an adverse change in legal factors or business climate in the markets in which we operate and (v) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill for impairment at least annually on October 1 and whenever facts and circumstances indicate that the fair value of a reporting unit may be less than its carrying value. We first make a qualitative assessment to determine if the goodwill may be impaired. If it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). Goodwill impairment is recorded as the excess of a reporting unit's carrying value over its fair value and is charged to operations as an impairment loss. For additional information regarding the fair value measurements of our property and equipment and intangible assets, see note 6. For additional information regarding impairments, see note 9.

Contract Assets

When we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets are reclassified to trade receivables, net, in our consolidated balance sheet at the point in time we have the unconditional right to payment. Our contract assets were $61 million and $22 million as of December 31, 2020 and 2019, respectively. The current and long-term portion of contract assets are included in other current assets, net, and other assets, net, respectively, in our consolidated balance sheets.

Deferred Contract Costs

Incremental costs to obtain a contract with a customer, such as incremental sales commissions, are recognized as an asset and amortized to other operating costs and expenses over the applicable period benefited, which is the longer of the contract life or the economic life of the commission. If, however, the amortization period is one year or less, we expense such costs in the period incurred. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred. Our deferred contract costs were $11 million and $7 million as of December 31, 2020 and 2019, respectively. The current and long-term portion of deferred contract costs are included in other current assets, net, and other assets, net, respectively, in our consolidated balance sheets.

Deferred Revenue

We record deferred revenue when we have received payment prior to transferring goods or services to a customer. Deferred revenue primarily relates to (i) advanced payments on fixed subscription services, mobile airtime services and long-term capacity contracts and (ii) deferred installation and other upfront fees. Our aggregate current and long-term deferred revenue as of December 31, 2020 and 2019 was $274 million and $326 million, respectively. Long-term deferred revenue is included in other long-term liabilities in our consolidated balance sheets.

Operating Leases

Our operating leases primarily consist of (i) property leases for mobile tower locations that generally have initial terms of five to ten years with one or more renewal options and (ii) lease commitments for (a) retail stores, offices and facilities, (b) other network assets and (c) other equipment. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases. For additional information regarding our leases, see note 11.

We classify leases with a term of greater than 12 months where substantially all risks and rewards incidental to ownership are retained by the third-party lessors as operating leases. We record a right-of-use asset and an operating lease liability at inception of the lease at the present value of the lease payments plus certain other payments, including variable lease payments and amounts probable of being owed by us under residual value guarantees. Payments made under operating leases, net of any incentives received from the lessors, are recognized to expense on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging operating leases are recognized to expense when incurred. Contingent rental payments are recognized to expense when incurred. Our right-of-use assets are included in other assets, net, in our consolidated balance sheets. Our current and non-current operating lease liabilities are included in other accrued and current liabilities and other long-term liabilities, respectively, in our consolidated balance sheets.

We use a credit-adjusted discount rate to measure our operating lease liabilities. We derive the discount rates associated with each of our markets, as applicable, starting with a risk free rate, generally the U.S. Treasury Bill rate. To determine credit risk, we create an industry benchmark credit default swap (**CDS**) curve from an observable high-yield debt index using comparable telecommunication companies as a proxy. We then determine the maximum curve shift against this CDS curve derived from our own tradable debt, and make adjustments to correct for the collateralized interest rate spread by comparing unsecured debt to asset-backed securities (secured debt) trades, which is based on the spread between the BB- and B+ industrial curves. We determine the discount factor from this adjusted curve.

Income Taxes

The income taxes of C&W are presented on a standalone basis, and each tax paying entity or group within C&W is presented on a separate return basis. Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is more-likely-than-not that such net deferred tax assets will not be realized. Certain of our valuation allowances and tax uncertainties are associated with entities that we acquired in business combinations. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Deferred tax liabilities related to investments in foreign entities and foreign corporate joint ventures that are essentially permanent in duration are not recognized until it becomes apparent that such amounts will reverse in the foreseeable future. In order to be considered essentially permanent in duration, sufficient evidence must indicate that the foreign entity has invested or will invest its undistributed earnings indefinitely, or that earnings will be remitted in a tax-free liquidation. Interest and penalties related to income tax liabilities are included in income tax benefit or expense in our consolidated statements of operations. For additional information regarding our income taxes, see note 16.

Employee Benefit Plans

Certain of our subsidiaries maintain various employee defined benefit plans. Defined benefit pension plan costs are determined using actuarial methods and are accounted for using the projected unit credit method, which incorporates management's best estimates of future salary levels, other cost escalations, retirement ages of employees, and other actuarial factors. Our net asset or liability in respect of defined benefit pension plans represents the fair value of the plan assets, less the present value of the defined benefit obligations. The fair value of plan assets and the projected benefit obligation for each plan is calculated annually by independent qualified actuaries. Defined benefit assets are only recognized to the extent they are deemed recoverable. For additional information regarding our defined benefit plans, see note 17.

Certain of our subsidiaries participate in externally managed defined contribution pension plans. A defined contribution plan is a pension plan under which we have no further obligation once the fixed defined contribution has been paid to the third-party administrator of the plan. Contributions under our defined contribution pension plans are recognized as incurred in other operating costs and expenses in our consolidated statements of operations.

Foreign Currency Translation and Transactions

The reporting currency of our company is the U.S. dollar. The functional currency of our foreign operations is the applicable local currency for each foreign entity. Assets and liabilities of our foreign subsidiaries (including intercompany balances for which settlement is not anticipated in the foreseeable future) are translated at the spot rate in effect at the applicable reporting date. With the exception of certain material transactions, the amounts reported in our consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings or loss in our consolidated statements of equity. With the exception of certain material transactions, the cash flows from our operations in foreign countries are translated at the average rate for the applicable period in our consolidated statements of cash flows. The impacts of material transactions generally are recorded at the applicable spot rates in our consolidated statements of operations and cash flows. The effect of exchange rates on cash balances held in foreign currencies are separately reported in our consolidated statements of cash flows.

Transactions denominated in currencies other than our or our subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these non-functional currency transactions result in transaction gains and losses that are reflected in our consolidated statements of operations as unrealized (based on the applicable period end exchange rates) or realized upon settlement of the transactions.

Revenue Recognition

We categorize revenue into two major categories: (i) residential revenue, which includes revenue from fixed and mobile services provided to residential customers, and (ii) B2B revenue, which includes B2B service and subsea network revenue. For additional information regarding our revenue by major category, see note 21. Our revenue recognition policies are as follows.

General. Most of our fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts. We account for customer service revenue contracts that include both non-lease and lease components as a single component in all instances where the non-lease component is the predominant component of the arrangement and the other applicable criteria are met.

Residential Fixed and B2B Service Revenue – Fixed Networks. We recognize revenue from video, broadband internet and fixed-line telephony services over our fixed networks to customers in the period the related residential fixed or B2B services are provided. Installation or other upfront fees related to services provided over our fixed networks are generally deferred and recognized as subscription revenue over the contractual period, or longer if the upfront fee results in a material renewal right. We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

We may also sell video, broadband internet and fixed-line telephony services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Arrangement consideration from bundled packages generally is allocated proportionally to the individual service based on the relative standalone price for each respective product or service.

Mobile Revenue – General. Consideration from mobile contracts is allocated to airtime services and handset sales based on the relative standalone prices of each performance obligation.

Mobile Revenue – Airtime Services. We recognize revenue from mobile services in the period the related services are provided. Payments received from prepay customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile Revenue – Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been transferred to the customer.

B2B Subsea Network Revenue – Long-term Capacity Contracts. We enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. We assess whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and generally recognized on a straight-line basis over the life of the contract. As of December 31, 2020, we have approximately $410 million of unfulfilled performance obligations relating to our long-term capacity contracts, primarily subsea contracts, that generally will be recognized as revenue over an average remaining life of six years.

Sales, Use and Other Value-Added Taxes (**VAT**). Revenue is recorded net of applicable sales, use and other value-added taxes.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Acquisition and Disposition

2019 Acquisition

UTS. Effective March 31, 2019, we completed the acquisition of an 87.5% interest in United Telecommunication Services N.V (**UTS**) for an initial cash purchase price of $162 million, which was subject to certain potential post-closing adjustments, based on an enterprise value of $189 million (the **UTS Acquisition**). As noted below, during the first quarter of 2020, the purchase price was reduced by $6 million due to certain post-closing working capital adjustments. During the third quarter of 2019, we increased our ownership interest in UTS from 87.5% to 100%. UTS provides fixed and mobile services to the island nations of Curaçao, St. Maarten, St. Martin, Bonaire, St. Barths, St. Eustatius and Saba. The UTS Acquisition was funded through a $170 million draw on the C&W Revolving Credit Facility, as defined in note 10.

We have accounted for the UTS Acquisition as a business combination using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of UTS based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet of UTS at the effective March 31, 2019 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash	$ 2.7
Trade receivables	19.0
Other current assets	6.7
Property and equipment	158.4
Goodwill (a)	17.1
Intangible assets subject to amortization	24.0
Other assets	18.2
Accounts payable	(27.9)
Other accrued and current liabilities	(31.9)
Other long-term liabilities	(18.8)
Noncontrolling interest (b)	(11.6)
Total purchase price (c) (d)	$ 155.9

(a) The goodwill recognized in connection with the UTS Acquisition is primarily attributable to (i) the ability to take advantage of UTS's existing broadband communications and mobile networks to gain immediate access to potential customers and (ii) synergies that are expected to be achieved through the integration of UTS with our existing business in Curacao.

(b) Amount represents the estimated aggregate fair value of the noncontrolling interest in UTS as of March 31, 2019.

(c) Excludes $3 million of direct acquisition costs, including $1 million incurred during 2018. Direct acquisition costs are included in impairment, restructuring and other operating items, net, in our consolidated statements of operations.

(d) Pursuant to the purchase agreement, which permits certain post-closing working capital adjustments, the UTS Acquisition purchase price was reduced by $6 million during 2020 and is included in investing activities in our consolidated statement of cash flow.

Our consolidated statement of operations for the year ended December 31, 2019 includes revenue of $96 million and net earnings of $4 million attributable to UTS. Supplemental pro forma information related to the UTS Acquisition has not been included as it would not have had a significant impact on our results of operations during 2019.

2019 Disposition

During the fourth quarter of 2019, we disposed of our operations in the Seychelles (the **Seychelles Disposition**) at an enterprise value of $104 million. As a result of the Seychelles Disposition, we received $78 million of net cash inflows and recorded a loss on disposition of $3 million.

(5) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar (**$**), the Colombian peso (**COP**) and the Jamaican dollar (**JMD**). We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments in our consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2020			December 31, 2019		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets – cross-currency and interest rate derivative contracts (b)	$ —	$ 1.8	$ 1.8	$ 5.4	$ 3.3	$ 8.7
Liabilities – cross-currency and interest rate derivative contracts (b)	$ 30.2	$ 106.2	$ 136.4	$ 18.5	$ 56.7	$ 75.2

(a) Our current derivative assets, current derivative liabilities, long-term derivative assets and long-term derivative liabilities are included in other current assets, net, other accrued and current liabilities, other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.

(b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains of $10 million and $2 million during 2020 and 2019, respectively. The gain during the 2020 period is primarily due to increased credit risk stemming from market reaction to the COVID-19 outbreak, as further described and defined in note 9. These amounts are included in realized and unrealized losses on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

The derivative assets set forth in the table above exclude our Weather Derivative, as it is not accounted for at fair value.

The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Year ended December 31,	
	2020	2019
	in millions	
Cross-currency and interest rate derivative contracts	$ (100.5)	$ (68.6)
Weather Derivative	(19.7)	(4.6)
Total	$ (120.2)	$ (73.2)

The following table sets forth the classification of the net cash outflows of our derivative instruments:

	Year ended December 31,	
	2020	2019
	in millions	
Operating activities	$ (50.0)	$ (11.5)
Financing activities	(2.4)	(0.3)
Total	$ (52.4)	$ (11.8)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under our derivative instruments. At December 31, 2020, our exposure to counterparty credit risk resulting from our net derivative position was not material.

We have entered into derivative instruments under agreements with our counterparties that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

As noted above, we are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to service, repay or refinance such debt. Although we generally seek to match the denomination of our borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and when cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at December 31, 2020:

Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
in millions				in years
$	14.3	JMD	1,817.5	2.0
$	56.3	COP	197,014.1	5.6

Interest Rate Derivative Contracts

Interest Rate Swaps

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At December 31, 2020, the U.S. dollar equivalent of the notional amounts of our interest rate swap contracts was $2,250 million, which includes forward-starting derivative instruments, and the related weighted average remaining contractual life was 6.7 years.

Basis Swaps

Basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At December 31, 2020, the U.S. dollar equivalent of the notional amounts of our basis swaps was $1,510 million and the related weighted average remaining contractual life was 0.7 years.

(6) Fair Value Measurements

General

We use the fair value method to account for most of our derivative instruments and the available-for-sale method to account for our investment in U.K. Government Gilts. The reported fair values of our derivative instruments as of December 31, 2020 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the 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.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (non-interest rate curves and credit spreads) are obtained from pricing services.

These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

Recurring Fair Value Measurements

Derivatives

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 5. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data mostly includes interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. Notwithstanding the impact of COVID-19 on our credit risk, we generally would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments. As a result, we have determined that these valuations continue to fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our interest rate and cross-currency derivative contracts are quantified and further explained in note 5. Due to the lack of Level 2 inputs for the valuation of the U.S. dollar to the Jamaican dollar cross-currency swaps (the **Sable Currency Swaps**) held periodically by Sable International Finance Limited (**Sable**), a wholly-owned subsidiary, we believe this valuation falls under Level 3 of the fair value hierarchy. The Sable Currency Swaps are our only Level 3 financial instruments. The fair values of the Sable Currency Swaps at December 31, 2020 and 2019 were $1 million and ($30 million), respectively, which are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets. The change in the fair values of the Sable Currency Swaps resulted in net gains of $31 million and $6 million during 2020 and 2019, respectively, which are reflected in realized and unrealized losses on derivative instruments, net, in our consolidated statements of operations.

Available-for-sale Investments

Our investment in U.K. Government Gilts falls under Level 1 of the fair value hierarchy. At December 31, 2020 and 2019, the carrying values of our investment in U.K. Government Gilts, which are included in other assets, net, in our consolidated balance sheets, were $38 million and $37 million, respectively.

Nonrecurring Fair Value Measurements

Fair value measurements are also used for purposes of nonrecurring valuations performed in connection with acquisition accounting and impairment assessments.

Acquisition Accounting

The nonrecurring valuations associated with acquisition accounting, which use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy, primarily include the valuation of customer relationships and property and equipment, as further described below:

- *Customer relationships.* The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology for customer relationship intangible assets requires us to estimate the specific cash flows expected from the acquired customer relationships, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationships, contributory asset charges and other factors.

- *Property and equipment*. The valuation of property and equipment may use an indirect cost approach, which utilizes trends based on historical cost information, or a combination of indirect cost approach, market approach and direct replacement cost method, which considers factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence.

In March 2020, we performed a nonrecurring valuation related to the final acquisition accounting for the UTS Acquisition. The weighted average discount rate used in the valuation of the customer relationships acquired was approximately 13.5%.

Impairment Assessments

The nonrecurring valuations associated with impairment assessments, which use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy, primarily include the valuation of reporting units for the purpose of testing for goodwill impairment. Unless a reporting unit has a readily determinable fair value, we estimate the fair value of the reporting unit using either a market-based or income-based approach.

As part of our annual goodwill impairment assessment in the fourth quarter of 2020, we first made a qualitative assessment to determine potential impairment and concluded that no events or circumstances indicated that the fair value of any of our reporting units is less than its carrying amount.

During the second quarter of 2020, primarily due to the ongoing economic impacts associated with COVID-19 and organizational restructuring of certain markets, we performed goodwill impairment analyses of several reporting units. We used an income approach to determine the estimated fair values of these reporting units. Under this approach, we utilized a discounted cash flow model as the valuation technique to estimate the fair values of the reporting units from a market participant's perspective. This approach uses certain inputs and assumptions that require estimates and judgments, including forecasted cash flows and appropriate discount rates. Forecasts of future cash flows are largely based on our assumptions using Level 3 inputs, which we consider to be consistent with a market participant's approach. We used the weighted-average cost of capital for each reporting unit as the basis for the discount rate to establish the present value of the expected cash flows for the respective reporting unit. The inputs for our weighted average cost of capital calculations include Level 2 and Level 3 inputs, generally derived from third-party pricing services. We used discount rates ranging from 8.9% to 10.3% in the valuation of the various reporting units.

During the third quarter of 2019, based on declines in the operating results at CWP, our Panamanian reporting unit, we conducted a goodwill impairment assessment of that reporting unit. We used a market-based valuation approach to determine the fair value of this reporting unit. The fair value of a reporting unit using a market-based approach is estimated based upon a market multiple typically applied to the reporting unit's Adjusted OIBDA, as defined below. We determined the market multiple for each reporting unit taking the following into consideration: (i) public company trading multiples for entities with similar business characteristics as the respective reporting unit, adjusted to reflect an appropriate control premium or discount, a "trading multiple," and (ii) multiples derived from the value of recent transactions for businesses with similar operations and in geographically similar locations, a "transaction multiple."

For additional information regarding goodwill impairment charges resulting from these impairment analyses, see note 9.

As we use the term, "**Adjusted OIBDA**" is defined as operating income or loss before share-based compensation, depreciation and amortization, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration, and (iv) certain related-party insurance losses and recoveries.

(7) Investments

We hold a 49% interest in TSTT. Our investment in TSTT is included in other assets, net, in our consolidated balance sheets. Pursuant to certain conditions to the regulatory approval of the acquisition of Columbus International, Inc. in 2015, we are required to dispose of our investment in TSTT, subject to certain terms and conditions. As of December 31, 2020 and 2019, the carrying value of our investment in TSTT was $77 million. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT.

(8) Insurance Recoveries

In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. In October 2016, our operations in the Bahamas were significantly impacted by Hurricane Matthew.

In December 2018, we settled our insurance claims for Hurricanes Irma, Maria and Matthew, as follows: (i) $35 million for Hurricanes Maria and Irma, after deducting $21 million of self-insurance, and (ii) $12 million for Hurricane Matthew, after deducting $15 million of self-insurance.

During the first quarter of 2019, we received the then outstanding insurance settlement amount of $37 million, of which $12 million and $25 million have been presented as operating and investing activities, respectively, in our 2019 consolidated statement of cash flows.

(9) Long-lived Assets

Impairment Charges

The following table sets forth the details of our impairment charges:

	Year ended December 31,	
	2020	2019
	in millions	
Goodwill	$ 276.0	$ 181.9
Property and equipment and other	3.9	17.2
Total impairment charges	$ 279.9	$ 199.1

We evaluate goodwill for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable as further outlined in note 3. Based upon our October 1, 2020 evaluation, we did not identify any impairments of such assets. However, declines in the estimated fair value of certain of our reporting units could result in the need to record goodwill impairment charges. If, among other factors, (i) Liberty Latin America's equity values were to decline significantly, (ii) our enterprise value were to decline or (iii) the adverse impacts stemming from COVID-19 (as defined below), competition, economic, regulatory or other factors, including macro-economic and demographic trends, were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of the goodwill and, to a lesser extent, other long-lived assets of our reporting units. Any such impairment charges could be significant.

COVID-19 During the first quarter of 2020, the World Health Organization declared the outbreak of a novel strain of Coronavirus (**COVID-19**) a "pandemic," pointing to the sustained risk of further global spread. COVID-19 has negatively impacted our results of operations and resulted in systemic disruption of the worldwide equity markets, and the market values of Liberty Latin America's publicly-traded equity declined significantly beginning in late February 2020. As a result of the impact of COVID-19 on our results of operations, we evaluated whether the facts and circumstances and available information resulted in the need for an impairment assessment for any of our long-lived assets, including goodwill, and during the second quarter of 2020 concluded assessments were required with respect to our goodwill, which resulted in goodwill impairments in Panama and certain other reporting units.

In 2019, we recorded a goodwill impairment charge based on deterioration in our Panamanian reporting unit's operating results. This impairment primarily resulted from the impact of a significant increase in competition, particularly with respect to our prepaid mobile business. The accumulation of prepaid mobile subscriber losses, together with associated adverse impacts to average monthly subscription revenue per mobile subscriber, negatively impacted the actual results during the period and the then-expected future financial performance of the Panamanian reporting unit.

Hurricane Dorian. In September 2019, our operations in the Bahamas were impacted by Hurricane Dorian resulting in significant damage to homes, businesses and infrastructure. Based on our initial estimates of the impacts of the hurricane to our operations, during the third quarter of 2019, we recorded an impairment charge of $16 million to write-off the net carrying amount of property and equipment that was damaged beyond repair.

For additional information regarding the fair value methods and related assumptions used in our impairment assessments, see note 6.

Goodwill

Changes in the carrying amount of our goodwill during 2020 and 2019 are set forth below:

	2020	2019
	in millions	
Balance at January 1	$ 4,110.8	$ 4,325.6
Impairments (a)	(276.0)	(181.9)
Acquisitions and related adjustments	(12.0)	37.1
Foreign currency translation adjustments	(93.7)	(36.4)
Disposition	—	(33.6)
Balance at December 31	$ 3,729.1	$ 4,110.8

(a) The amount in 2020 represents impairment charges associated with various reporting units based primarily on the economic impacts associated with COVID-19, as further described above. The amount in 2019 primarily represents the impairment charge associated with our Panamanian reporting unit.

At December 31, 2020 and 2019, our accumulated goodwill impairments were $1,503 million and $1,227 million, respectively.

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	Estimated useful life at December 31, 2020	December 31, 2020	December 31, 2019
		in millions	
Distribution systems	3 to 25 years	$ 2,909.4	$ 2,827.1
Customer premises equipment (CPE)	3 to 5 years	562.4	590.4
Support equipment, buildings and land	3 to 40 years	987.5	1,015.0
		4,459.3	4,432.5
Accumulated depreciation		(1,649.3)	(1,459.2)
Net carrying amount		$ 2,810.0	$ 2,973.3

Depreciation expense related to our property and equipment was $454 million and $452 million during 2020 and 2019, respectively.

We recorded non-cash increases to our property and equipment related to vendor financing arrangements of $68 million and $63 million during 2020 and 2019, respectively.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization, which had estimated useful lives ranging from 4 to 15 years at December 31, 2020, are set forth below:

	December 31, 2020	December 31, 2019
	in millions	
Gross carrying amount:		
Customer relationships	$ 1,275.5	$ 1,283.7
Licenses and other	156.0	166.5
Total gross carrying amount	1,431.5	1,450.2
Accumulated amortization:		
Customer relationships	(685.1)	(536.2)
Licenses and other	(41.5)	(37.9)
Total accumulated amortization	(726.6)	(574.1)
Net carrying amount	$ 704.9	$ 876.1

Amortization expense related to intangible assets with finite useful lives was $165 million and $147 million during 2020 and 2019, respectively.

Based on our amortizable intangible asset balance at December 31, 2020, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2021	$ 154.1
2022	138.0
2023	131.1
2024	96.1
2025	52.4
Thereafter	133.2
Total	$ 704.9

(10) Debt and Finance Lease Obligations

The U.S. dollar equivalents of the components of our third-party debt are as follows:

	December 31, 2020			Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)		December 31,		December 31,	
		Borrowing currency	US $ equivalent	2020	2019	2020	2019
				in millions			
C&W Notes	6.74 %	$ —	$ —	$ 2,435.8	$ 2,270.9	$ 2,270.0	$ 2,120.0
C&W Credit Facilities	2.81 %	(d)	769.7	1,834.7	2,017.1	1,856.2	2,006.1
Vendor financing (e)	2.89 %	—	—	66.1	71.3	66.1	71.3
Total third-party debt before premiums, discounts and deferred financing costs	4.94 %		$ 769.7	$ 4,336.6	$ 4,359.3	$ 4,192.3	$ 4,197.4

The following table provides a reconciliation of total third-party debt before premiums, discounts and deferred financing costs to total debt and finance lease obligations:

	December 31, 2020	December 31, 2019
	in millions	
Total third-party debt before premiums, discounts and deferred financing costs	$ 4,192.3	$ 4,197.4
Premiums, discounts and deferred financing costs, net	(28.2)	(22.7)
Total carrying amount of third-party debt	4,164.1	4,174.7
Finance lease obligations	1.7	2.2
Total third-party debt and finance lease obligations	4,165.8	4,176.9
Related-party debt	100.0	—
Total debt and finance lease obligations	4,265.8	4,176.9
Less: Current maturities of debt and finance lease obligations	(161.5)	(86.0)
Long-term debt and finance lease obligations	$ 4,104.3	$ 4,090.9

(a) Represents the weighted average interest rate in effect at December 31, 2020 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing.

(b) Unused borrowing capacity under the C&W Credit Facilities includes $625 million under the C&W Revolving Credit Facility, which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2020, the full amount of unused borrowing capacity under the C&W Credit Facilities was available to be borrowed, both before and after completion of the December 31, 2020 compliance reporting requirements.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 6.

(d) The C&W Credit Facilities unused borrowing capacity comprise certain U.S. dollar and Trinidad & Tobago dollar revolving credit facilities. For further information, see *C&W Credit Facilities* below.

(e) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Our operating expenses include $47 million and $55 million for the years ended December 31, 2020 and 2019, respectively, that were financed by an intermediary and are reflected on the borrowing date as a hypothetical cash outflow within net cash provided by operating activities and a hypothetical cash inflow within net cash provided (used) by financing activities in our consolidated statements of cash flows. Repayments of vendor financing obligations are included in payments of principal amounts of debt and finance lease obligations in our consolidated statements of cash flows.

General Information

Credit Facilities. We have entered into one or more credit facility agreements with certain financial institutions. Each of these credit facilities contain certain covenants, the more notable of which are as follows:

- Our credit facilities contain certain net leverage ratios, as specified in the relevant credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facilities contain certain restrictions which, among other things, restrict the ability of the members of the borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions,

(iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions, and (iv) make certain restricted payments to their direct and/or indirect parent companies (and indirectly to C&W or Liberty Latin America) through dividends, loans or other distributions, subject to compliance with applicable covenants;

- Our credit facilities require that certain entities of the borrowing group guarantee the payment of all sums payable under the relevant credit facility and such entities are required to have first-ranking security granted over their shares, over certain intercompany loans and, in certain cases, over substantially all of their assets to secure the payment of all sums payable thereunder;

- In addition to certain mandatory prepayment events, the instructing group of lenders under the relevant credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);

- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;

- Our credit facilities require entities of the borrowing group to observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and

- In addition to customary default provisions, our credit facilities generally include certain cross-default and cross-acceleration provisions with respect to other indebtedness of entities of the borrowing group, subject to agreed minimum thresholds and other customary and agreed exceptions.

Senior and Senior Secured Notes. In general, our senior and senior secured notes (i) are senior obligations of each respective issuer within the borrowing group that rank equally with all of the existing and future debt of such issuer and, in the case of our senior secured notes, are senior to all existing and future subordinated debt of each respective issuer within the borrowing group, (ii) contain, in most instances, guarantees from other entities of the borrowing group (as specified in the applicable indenture) and (iii) are secured by pledges over the shares of certain entities of the borrowing group and, in certain instances, over substantially all of the assets of those entities. In addition, the indentures governing our senior and senior secured notes contain certain covenants, the more notable of which are as follows:

- Our notes contain certain customary incurrence-based covenants. In addition, our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of the issuer or certain other members of the borrowing group, over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;

- Our notes contain certain restrictions that, among other things, restrict the ability of the entities of the borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to its direct and/or indirect parent companies (and indirectly to C&W or Liberty Latin America) through dividends, loans or other distributions, subject to compliance with applicable covenants; and

- If the relevant issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%.

C&W Notes

The details of our outstanding notes as of December 31, 2020 are summarized in the following table:

C&W Notes	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: U.S. $ equivalent	Carrying value (a)
				in millions	
Senior Secured Notes:					
2027 C&W Senior Secured Notes	September 7, 2027	5.750 %	$ 550.0	$ 550.0	$ 548.8
Senior Notes:					
2026 C&W Senior Notes	October 15, 2026	7.500 %	$ 500.0	500.0	494.8
2027 C&W Senior Notes	September 15, 2027	6.875 %	$ 1,220.0	1,220.0	1,217.1
Total				$ 2,270.0	$ 2,260.7

(a) Amounts are inclusive or net of original issue premiums, discounts and deferred financing costs, as applicable.

Financing and Refinancing Transactions – C&W Notes

In January 2020, C&W completed a series of transactions contemplated by and permitted under our existing debt agreements (the **C&W Borrowing Group Refinancing Transactions**) that ultimately resulted in the 2026 C&W Senior Notes and the 2027 C&W Senior Notes (previously issued by C&W Senior Financing Designated Activity Company) instead being directly issued by a wholly-owned subsidiary of C&W, C&W Senior Finance Limited (**C&W Senior Finance**). In connection with the C&W Borrowing Group Refinancing Transactions, the loans previously made by C&W Senior Financing Designated Activity Company are no longer outstanding. The terms and conditions applicable to the 2026 C&W Senior Notes and the 2027 C&W Senior Notes otherwise remain substantively unchanged.

2027 C&W Senior Secured Notes. In April 2019, Sable issued $400 million principal amount of 5.750% senior secured notes, at 99.195% of par, due September 7, 2027 (the **2027 C&W Senior Secured Notes**). Interest on the 2027 C&W Senior Secured Notes is payable semi-annually on January 7 and July 7.

The net proceeds from the 2027 C&W Senior Secured Notes were primarily used to (i) redeem $150 million of aggregate principal amount under the 2022 C&W Senior Notes, as further described below, according to the redemption terms of the indenture, comprising (a) the 105.156% redemption price and (b) accrued and unpaid interest on the redeemed notes, and (ii) repay $235 million of aggregate principal amount under the then outstanding C&W Term Loan B-4 Facility. In connection with this transaction, we recognized a net loss on debt modification and extinguishment of $6 million, which primarily includes the net effect of redemption premiums paid and the write-off of unamortized premiums and discounts.

2027 C&W Senior Secured Notes Add-on. In January 2020, Sable issued an additional $150 million aggregate principal amount, at 106.0% of par, under the existing 2027 C&W Senior Secured Notes indenture (the **2027 C&W Senior Secured Notes Add-on**). The terms and conditions of the 2027 C&W Senior Secured Notes Add-on are consistent with the original indenture.

The net proceeds from the C&W Term Loan B-5 Facility (as defined and described below) and the 2027 C&W Senior Secured Notes Add-on were primarily used to repay in full the $1,640 million principal amount under the then outstanding C&W Term Loan B-4 Facility, including accrued and unpaid interest. In connection with these transactions, we recognized a loss on debt modification and extinguishment of $3 million, which primarily includes the write-off of unamortized discounts and deferred financing costs.

2027 C&W Senior Notes Add-on A. In April 2019, an additional $300 million aggregate principal amount was issued, at 99.205% of par, under the existing 2027 C&W Senior Notes indenture (the **2027 C&W Senior Notes Add-on A**).

The net proceeds from the 2027 C&W Senior Notes Add-on A were primarily used to (i) repay in full the $170 million outstanding principal amount under the C&W Revolving Credit Facility and (ii) redeem $115 million of aggregate principal amount of the 2022 C&W Senior Notes according to the redemption terms of the related indenture, comprising (a) a 105.156% redemption price and (b) accrued and unpaid interest on the redeemed notes. In connection with this transaction, we recognized a net loss on debt modification and extinguishment of $4 million, which includes the net effect of redemption premiums paid and the write-off of unamortized premiums.

2027 C&W Senior Notes Add-on B. In July 2019, an additional $220 million aggregate principal amount was issued, at 103.625% of par, under the existing 2027 C&W Senior Notes indenture (the **2027 C&W Senior Notes Add-on B**).

The net proceeds from the 2027 C&W Senior Notes Add-on B were primarily used to redeem the remaining aggregate principal amount of the 2022 C&W Senior Notes of $210 million according to the redemption terms of the related indenture, comprising (a) a 103.438% redemption price and (b) accrued and unpaid interest on the redeemed notes. In connection with this transaction, we recognized a net loss on debt modification and extinguishment of $4 million, which primarily includes the net effect of redemption premiums paid and the write-off of unamortized premiums.

Redemption Rights. Subject to the circumstances described below:

- The 2026 C&W Senior Notes, 2027 C&W Senior Notes and 2027 C&W Senior Secured Notes are non-callable until October 15, 2021, September 15, 2022 and September 7, 2022, respectively.
- At any time prior to (i) October 15, 2021 in the case of the 2026 C&W Senior Notes, (ii) September 15, 2022 in the case of the 2027 C&W Senior Notes and (iii) September 7, 2022 in the case of the 2027 C&W Senior Secured Notes, Sable and C&W Senior Finance (as applicable) may redeem some or all of the applicable notes by paying a price equal to 100% of the principal amount of the applicable notes redeemed plus accrued and unpaid interest and a "make-whole" premium, which is generally the present value of all remaining scheduled interest payments to October 15, 2021, September 15, 2022 or September 7, 2022 (as applicable) using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.
- At any time prior to (i) October 15, 2021 in the case of the 2026 C&W Senior Notes, (ii) September 15, 2022 in the case of the 2027 C&W Senior Notes and (iii) September 7, 2022 in the case of the 2027 C&W Senior Secured Notes, subject to certain restrictions (as specified in the applicable indenture), up to 40% of each of the 2026 C&W Senior Notes, 2027 C&W Senior Notes and 2027 C&W Senior Secured Notes may be redeemed with the net proceeds of one or more specified equity offerings at a redemption price equal to 107.500%, 106.875% and 105.750%, respectively, of the principal amount redeemed, plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date.
- Prior to September 7, 2022, during each 12-month period commencing on April 5, 2019, up to 10% of the principal amount of the 2027 C&W Senior Secured Notes may be redeemed at a redemption price equal to 103% of the principal amount redeemed plus accrued and unpaid interest to the redemption date.

Sable and C&W Senior Finance (as applicable) may redeem some or all of the 2026 C&W Senior Notes, 2027 C&W Senior Notes and 2027 C&W Senior Secured Notes, respectively, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the indenture), if any, to the applicable redemption date, as set forth below:

	Redemption Price		
	2026 C&W Senior Notes	**2027 C&W Senior Notes**	**2027 C&W Senior Secured Notes**
12-month period commencing:	October 15	September 15	September 7
2021	103.750%	N.A.	N.A.
2022	101.875%	103.438%	102.875%
2023	100.000%	101.719%	101.438%
2024	100.000%	100.859%	100.000%
2025 and thereafter	100.000%	100.000%	100.000%

In March 2019, we repaid in full the outstanding principal amount under the then outstanding 2019 C&W Senior Notes for total consideration of £91 million ($120 million at the transaction date), including accrued interest of £7 million ($9 million at the transaction date).

C&W Credit Facilities

The C&W Credit Facilities are the senior secured credit facilities of certain of our subsidiaries. The details of our borrowings under the C&W Credit Facilities as of December 31, 2020 are summarized in the following table:

			Unused borrowing capacity		Outstanding principal amount		
C&W Credit Facilities	**Maturity**	**Interest rate**	**Borrowing currency**	**US $ equivalent**	**Borrowing currency**	**US $ equivalent**	**Carrying value (a)**
					in millions		
C&W Revolving Credit Facility (b)	January 30, 2026	LIBOR (c) + 3.25%	$ 625.0	$ 625.0	$ —	$ —	$ —
C&W Term Loan B-5 Facility	January 31, 2028	LIBOR + 2.25%	$ —	—	$ 1,510.0	1,510.0	1,492.2
C&W Regional Facilities (d)	various dates ranging from 2021 to 2038	4.60% (e)	(f)	144.7	(g)	346.2	345.1
Total				$ 769.7		$ 1,856.2	$ 1,837.3

(a) Amounts are net of discounts and deferred financing costs, as applicable.

(b) Includes $50 million that matures on June 30, 2023. The C&W Revolving Credit Facility has a fee on unused commitments of 0.5% per year. Subsequent to December 31, 2020, the commitments under the C&W Revolving Credit Facility were increased by $5 million.

(c) London Interbank Offered Rate.

(d) Primarily represents credit facilities at CWP, C&W Jamaica and Columbus Communications Trinidad Limited (collectively, the **C&W Regional Facilities**).

(e) Represents a weighted average rate for all C&W Regional Facilities.

(f) The unused borrowing capacity on the C&W Regional Facilities comprise certain U.S. dollar and Trinidad & Tobago dollar denominated revolving credit facilities.

(g) The outstanding principal amount on the C&W Regional Facilities comprise certain U.S. dollar, JMD and East Caribbean dollar denominated credit facilities.

Financing and Refinancing Transactions – C&W Credit Facilities

C&W Term Loan B-5 Facility. In January 2020, Coral-US Co-Borrower LLC, a wholly-owned subsidiary, entered into a LIBOR plus 2.25% $1,510 million principal amount term loan facility (the **C&W Term Loan B-5 Facility**), issued at par, due January 31, 2028. Interest is payable monthly beginning on February 28, 2020. As further described above, the net proceeds from the C&W Term Loan B-5 Facility and the 2027 C&W Senior Secured Notes Add-on were primarily used to repay in full the $1,640 million principal amount under the then outstanding C&W Term Loan B-4 Facility, including accrued and unpaid interest.

C&W Revolving Credit Facility. In January 2020, the maturity date associated with $575 million of the existing $625 million C&W Revolving Credit Facility was extended to January 30, 2026. All other terms and conditions of the revolving credit facility remain unchanged.

In March 2020, we borrowed $313 million under the C&W Revolving Credit Facility. This drawdown was fully repaid in 2020.

In connection with the UTS Acquisition during the first quarter of 2019, we borrowed $170 million under the C&W Revolving Credit Facility. The outstanding principal amount of the C&W Revolving Credit Facility, including accrued interest, was repaid in 2019.

C&W Regional Facilities. In June 2020, CWP refinanced a $100 million principal amount term loan facility to extend the maturity to March 17, 2025. All other terms and conditions of this facility remain unchanged.

In August 2019, we entered into a JMD $6,800 million ($50 million at the transaction date) principal amount term loan facility in Jamaica that bears interest at 6.75%, payable on a quarterly basis, and matures in August 2024. The proceeds from the term loan will be primarily used for general corporate purposes.

Related-party Debt

Represents a non-interest bearing loan payable to LiLAC Services Ltd. (**LiLAC Services**), a wholly-owned subsidiary of Liberty Latin America, due September 2021, which was used to fund a $100 million repayment of the outstanding balance on the C&W Revolving Credit Facility during the fourth quarter of 2020.

Maturities of Debt

Maturities of our debt as of December 31, 2020 are presented below. Amounts presented below represent U.S. dollar equivalents based on December 31, 2020 exchange rates:

	Third-party	Related-party	Total
		in millions	
Years ending December 31:			
2021	$ 59.9	$ 100.0	$ 159.9
2022	17.6	—	17.6
2023	124.3	—	124.3
2024	62.2	—	62.2
2025	146.0	—	146.0
Thereafter	3,782.3	—	3,782.3
Total debt maturities	4,192.3	100.0	4,292.3
Premiums, discounts and deferred financing costs, net	(28.2)	—	(28.2)
Total debt	$ 4,164.1	$ 100.0	$ 4,264.1
Current portion	$ 59.9	$ 100.0	$ 159.9
Noncurrent portion	$ 4,104.2	$ —	$ 4,104.2

(11) Leases

The following table provides details of our operating lease expense:

	Year ended December 31,	
	2020	2019
	in millions	
Operating lease expense:		
Operating lease cost	$ 32.8	$ 33.3
Short-term lease cost	11.9	8.8
Total operating lease expense	$ 44.7	$ 42.1

Certain other details of our operating leases are set forth below:

	December 31,	
	2020	2019
	in millions	
Operating lease right-of-use assets	$ 105.9	$ 109.5
Operating lease liabilities:		
Current	$ 23.7	$ 23.1
Noncurrent	86.3	88.3
Total operating lease liabilities	$ 110.0	$ 111.4
Weighted-average remaining lease term	6.8 years	6.6 years
Weighted-average discount rate	6.6 %	6.5 %

	Year ended December 31,	
	2020	2019
	in millions	
Operating cash flows from operating leases	$ 28.1	$ 34.0
Right-of-use assets obtained in exchange for new operating lease liabilities (a)	$ 28.2	$ 41.9

(a) Represents non-cash transactions associated with operating leases entered into during the year.

Maturities of Operating Leases

Maturities of our operating lease liabilities as of December 31, 2020 are presented below. Amounts presented below represent U.S. dollar equivalents (in millions) based on December 31, 2020 exchange rates.

Years ending December 31:	
2021	$ 29.7
2022	22.5
2023	17.9
2024	15.0
2025	12.2
Thereafter	40.4
Total operating lease liabilities on an undiscounted basis	137.7
Amount representing interest	(27.7)
Present value of operating lease liabilities	$ 110.0

(12) Restructuring Liabilities

A summary of changes in our restructuring liabilities during 2020 and 2019 is set forth in the table below:

	Employee severance and termination	Contract termination and other	Total
		in millions	
Restructuring liability as of January 1, 2020	$ 13.3	$ —	$ 13.3
Restructuring charges	8.2	3.0	11.2
Cash paid	(18.3)	(1.9)	(20.2)
UTS liabilities at acquisition date (a)	2.1	—	2.1
Foreign currency translation adjustments	(3.5)	—	(3.5)
Restructuring liability as of December 31, 2020	$ 1.8	$ 1.1	$ 2.9
Current portion	$ 1.8	$ 0.4	$ 2.2
Noncurrent portion	—	0.7	0.7
Total	$ 1.8	$ 1.1	$ 2.9

(a) Represents an adjustment related to the completion of our purchase price accounting for the UTS Acquisition, as further discussed in note 4.

The current and noncurrent portions of our restructuring liabilities as of December 31, 2020 and 2019 are included in other accrued and current liabilities and other long-term liabilities, respectively, in our consolidated balance sheet.

Our restructuring charges during 2020 primarily relate to reorganization programs at C&W Bahamas, CWP and UTS. Current and noncurrent restructuring liabilities are included in other accrued and current liabilities and other long-term liabilities, respectively, in our consolidated balance sheets.

A summary of changes in our restructuring liabilities during 2019 is set forth in the table below:

	Employee severance and termination	Contract termination and other	Total
		in millions	
Restructuring liability as of January 1, 2019	$ 6.0	$ —	$ 6.0
Restructuring charges	19.2	1.8	21.0
Cash paid	(20.4)	(1.8)	(22.2)
UTS liabilities at acquisition date	8.3	—	8.3
Foreign currency translation adjustments	0.2	—	0.2
Restructuring liability as of December 31, 2019	$ 13.3	$ —	$ 13.3
Current portion	$ 7.4	$ —	$ 7.4
Noncurrent portion	5.9	—	5.9
Total	$ 13.3	$ —	$ 13.3

The restructuring charges during 2019 primarily related to reorganization programs at CWP and C&W Bahamas.

In addition to the restructuring charges set forth in the table above, we also incurred $3 million and $5 million during 2020 and 2019, respectively, in restructuring charges related to employee severance and termination costs, which impacted our net pension liability. For additional information, see note 17.

(13) Related-party Transactions

General. We consider Liberty Latin America and its subsidiaries to be related parties.

Our related-party transactions are as follows:

	Year ended December 31,	
	2020	2019
Revenue	$ 9.5	$ 6.7
Other operating costs and expenses	$ 13.5	$ 0.7
Allocated share-based compensation expense	$ 31.1	$ 17.4
Related-party fees and allocations:		
Other operating costs and expenses	$ 18.7	$ 12.8
Share-based compensation	18.5	15.3
Management fee	2.0	1.7
Total fees and allocations	$ 39.2	$ 29.8
Interest income	$ 8.3	$ 8.1
Realized and unrealized losses on derivative instruments, net	$ 19.7	$ 4.6

Revenue. These amounts represent certain transactions with other subsidiaries of Liberty Latin America that arise in the normal course of business, which include fees for the use of our products and services and network and access charges.

Other operating costs and expenses. These amounts represent (i) insurance costs allocated to us by a subsidiary of Liberty Latin America, and (ii) our estimated share of costs charged to our company by Liberty Latin America or another one of its subsidiaries, which for the 2020 period is primarily related to corporate shared-service center costs, predominantly personnel costs. The premiums and charges are expected to be cash settled.

Allocated share-based compensation expense. These amounts represent share-based compensation expense that Liberty Latin America allocated to our company with respect to share-based incentive awards held by certain of our employees. These charges, which are cash settled, are included in other accrued and current liabilities in our consolidated balance sheets. The 2020 amount includes estimated bonus-related expenses for the 2020 year that will be paid in the form of Liberty Latin America equity.

Related-party fees and allocations. These amounts represent fees charged to our company by Liberty Latin America and are expected to be cash settled. Although we believe the related-party fees and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. The categories of our fees and allocations are as follows:

- *Other operating costs and expenses.* The amounts included in this category represent our estimated share of certain centralized technology, management, marketing, finance and other operating expenses of Liberty Latin America's operations whose activities benefit multiple operations, including operations within and outside of our company, net of certain fees and allocations associated with services performed by certain of our employees on behalf of other subsidiaries of Liberty Latin America. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up. Amounts in this category generally may be deducted to arrive at our "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**).

- *Share-based compensation.* The amounts included in this category represent share-based compensation associated with employees of Liberty Latin America who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up.

- *Management fee.* The amounts included in this category represent our estimated allocable share of the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Interest income. These amounts represent interest income on the notes receivable from LGE Coral Holdco, as further described below.

Realized and unrealized losses on derivative instruments, net. These amounts represent amortization of the premium associated with our Weather Derivative contract, underwritten by another subsidiary of Liberty Latin America, as further described in note 19.

The following table provides details of our significant related-party balances:

	December 31, 2020	December 31, 2019
	in millions	
Assets:		
Trade receivables, net (a)	$ 4.6	$ 1.6
Other current assets, net:		
Note receivable – LGE Coral Holdco Note A (b)	—	42.3
Other current assets (c)	13.0	16.5
Total current assets	17.6	60.4
Note receivable – LGE Coral Holdco Note B (d)	—	219.9
Total assets	$ 17.6	$ 280.3
Liabilities:		
Accounts payable (e)	$ 6.7	$ 4.8
Current portion of debt (f)	100.0	—
Other accrued and current liabilities (e)	54.6	31.3
Total current liabilities	161.3	36.1
Deferred revenue (g)	0.2	0.3
Total liabilities	$ 161.5	$ 36.4

(a) Represents non-interest bearing receivables due from certain other subsidiaries of Liberty Latin America.

(b) Represented the principal amount of a note receivable, bearing interest at 5.51% per annum, due from LGE Coral Holdco (the **LGE Coral Holdco Note A**) and $2 million of accrued interest rolled into the principal balance on January 1, 2020. In July 2020, the LGE Coral Holdco Note A was redeemed in full, as further discussed in note 19.

(c) Represents non-interest bearing receivables due from Liberty Latin America related to fees and allocations associated with our estimate of costs for services performed by certain of our employees on behalf of other subsidiaries of Liberty Latin America.

(d) Represented the principal amount of a note receivable, bearing interest at 6.59% per annum, due from LGE Coral Holdco (the **LGE Coral Holdco Note B**) and $6 million of accrued interest rolled into the principal balance on January 1, 2020. During the first half of 2020, we received $56 million in principal repayments and issued $10 million in an additional note receivable associated with the LGE Coral Holdco Note B. In July 2020, the LGE Coral Holdco Note B was redeemed in full, as further discussed in note 19. The LGE Coral Holdco Note B primarily related to (i) the upstream of cash in 2019, largely associated with the Seychelles Disposition, (ii) certain fees and taxes we paid on our parent company's behalf in 2016 and (iii) cash collections in the first quarter of 2020, associated with revenue recognized on a cash basis for services provided to a significant customer, which was received on our behalf by LGE Coral Holdco due to regulatory restrictions.

(e) Primarily represents amounts due to Liberty Latin America related to the charges noted above for fees and allocations, allocated share-based compensation expense and/or other operating expenses.

(f) Represents a non-interest bearing loan payable to LiLAC Services, as described further in note 10.

(g) Represents deferred revenue associated with certain indefeasible rights of use arrangements with another subsidiary of Liberty Latin America.

During the first quarter of 2020, we transferred our captive insurance operation to Liberty Latin America's corporate operations effective January 1, 2020, as further described in note 19. In connection with the transfer we received a note receivable for a principal amount of $58 million, bearing interest at 4.73% per annum, due from LGE Coral Holdco (the **LGE Coral Holdco Note C**). In July 2020, the LGE Coral Holdco Note C, including accrued interest, was settled in full, as further discussed in note 19.

(14) Programming and Other Direct Costs of Services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, commissions, costs of mobile handsets and other devices, and other direct costs related to our operations.

Our programming and other direct costs of services by major category are set forth below.

	Year ended December 31,	
	2020	2019
	in millions	
Programming and copyright	$ 102.7	$ 119.9
Interconnect and commissions	201.9	223.6
Equipment and other	130.7	164.5
Total programming and other direct costs of services	$ 435.3	$ 508.0

(15) Other Operating Costs and Expenses

Other operating costs and expenses set forth in the table below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;
- **Network-related** expenses, which primarily include costs related to network access, system power, core network, and CPE repair, maintenance and test costs;
- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, franchise-related fees, bank fees, insurance, travel and entertainment and other operating-related costs; and
- **Share-based compensation** costs that relate to Liberty Latin America share-based incentive awards held by certain of our employees, as further described in note 13.

Our other operating costs and expenses by major category are set forth below.

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Personnel and contract labor	$ 325.1	$ 340.8
Network-related	177.7	188.8
Service-related	83.9	86.4
Commercial	65.9	79.4
Facility, provision, franchise and other	221.5	226.4
Share-based compensation expense	31.1	17.4
Total other operating costs and expenses	$ 905.2	$ 939.2

(16) Income Taxes

The components of our loss before income taxes are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Domestic (a)	$ (153.0)	$ (193.7)
Foreign (b) (c)	(365.6)	(103.3)
Total	$ (518.6)	$ (297.0)

(a) C&W is incorporated in the U.K.

(b) The amounts include impairment charges, as further described in note 9.

(c) Material jurisdictions that comprise the "foreign" component of our loss before income taxes include the Bahamas, Barbados, Jamaica, Panama, Trinidad and the U.S.

Income tax benefit (expense) consists of:

	Current	Deferred	Total
		in millions	
Year ended December 31, 2020:			
Domestic	$ (5.1)	$ 0.3	$ (4.8)
Foreign	(34.2)	24.3	(9.9)
Total	$ (39.3)	$ 24.6	$ (14.7)
Year ended December 31, 2019:			
Domestic	$ (2.2)	$ 14.1	$ 11.9
Foreign	(49.1)	19.9	(29.2)
Total	$ (51.3)	$ 34.0	$ (17.3)

Income tax expense attributable to our loss before income taxes differs from the amounts computed by using the applicable tax rate as a result of the following:

	Year ended December 31,	
	2020	2019
	in millions	
Computed expected tax benefit (a)	$ 98.5	$ 56.4
Effect of non-deductible goodwill impairments	(70.3)	(43.8)
International rate differences (a) (b)	31.8	22.6
Basis and other differences in the treatment of items associated with investments in Liberty Latin America entities	0.8	14.9
Enacted tax law and rate changes (c) (d) (e)	138.6	13.1
Permanent differences (f)	(12.6)	(14.2)
Changes in uncertain tax positions	(2.3)	(2.8)
Increases in valuation allowances	(205.3)	(44.1)
Withholding Tax	(13.8)	(12.3)
Other, net	19.9	(7.1)
Total income tax expense	$ (14.7)	$ (17.3)

(a) The applicable statutory tax rate in the U.K. is 19% for the years ended December 31, 2020 and 2019.

(b) The 2020 corporate tax rates applicable to our primary tax jurisdictions are as follows: Barbados 5.5% to 1% (see notes below), Jamaica 33.33%, Panama 25%, Trinidad 30%, and U.S. 21%.

(c) In March 2020, the United Kingdom enacted budget confirmed that its corporate tax rate would maintain at 19% as opposed to a previously announced reduction to 17% which was to be effective from April 1, 2020. While deferred tax assets were re-valued, there is a net nil tax impact of this on total tax result due to a full valuation allowance on all deferred tax items in the U.K.

(d) During 2019, legislation was enacted that changed the income tax rate in Barbados from 30.0% on Regular Business Companies to a regressive tax rate ranging from 5.5% to 1% applicable to all Barbados companies, dependent upon taxable income levels. Substantially all of the impact of this rate change on our deferred tax balances was recorded during the first quarter of 2019 when the change in law was enacted.

(e) On December 27, 2019, legislation was enacted in Colombia that replaces tax reform which had previously been enacted in 2018 but had been declared unconstitutional due to procedural flaws. The legislation confirms provisions from the original 2018 reform, including a phasing down of the corporate tax rates through 2022, whereby the rate will be 30% going forward. Substantially all of the impact of this rate change on our deferred tax balances was recorded during the fourth quarter of 2019 when the change in law was enacted.

(f) Permanent differences primarily relate to various non-taxable income or non-deductible expenses, such as CARICOM treaty income and limitations on deductible management fees or other intercompany charges, among others.

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. The components of our deferred tax assets (liabilities) are as follows:

	December 31,	
	2020	2019
	in millions	
Deferred tax assets	$ 21.8	$ 20.8
Deferred tax liabilities	(182.8)	(206.3)
Net deferred tax liability	$ (161.0)	$ (185.5)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31, 2020	December 31, 2019
	in millions	
Deferred tax assets:		
Net operating losses, credits and other carryforwards	$ 1,613.1	$ 1,405.8
Unrealized gains and losses	8.9	32.3
Other future deductible amounts	1.6	—
Deferred tax assets	1,623.6	1,438.1
Valuation allowance	(1,501.8)	(1,298.3)
Deferred tax assets, net of valuation allowance	121.8	139.8
Deferred tax liabilities:		
Property and equipment, net	(154.8)	(167.7)
Intangible assets	(118.0)	(148.8)
Accrued expenses	(7.7)	(4.1)
Un-remitted foreign earnings	(2.3)	(3.1)
Other future taxable amounts	—	(1.6)
Deferred tax liabilities	(282.8)	(325.3)
Net deferred tax liability	$ (161.0)	$ (185.5)

The changes in our valuation allowance are summarized below:

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Balance at beginning of year	$ 1,298.3	$ 1,205.0
Net tax expense related to operations	205.3	44.1
Translation adjustments	(6.6)	(2.6)
Business acquisitions and other	4.8	51.8
Balance at end of year	$ 1,501.8	$ 1,298.3

Deferred tax assets related to net operating losses may be used to offset future taxable income. The significant components of our tax loss carryforwards and related tax assets at December 31, 2020 are as follows:

Country	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
U.K.:			
Amount attributable to capital losses	$ 5,031.5	$ 956.0	Indefinite
Amount attributable to net operating losses	1,364.4	258.2	Indefinite
Barbados	1,083.7	29.0	2021-2027
Jamaica	443.0	146.9	Indefinite
Curacao	213.0	48.5	2021-2030
U.S	68.0	17.3	2029-2037
Other	67.5	19.9	Various
Total	$ 8,271.1	$ 1,475.8	

A valuation allowance of $1,450 million on the net operating loss carryforwards as of December 31, 2020 has been recorded where we do not expect to generate future taxable income or where certain losses may be limited in use due to change in control or same-business tests.

Our tax loss carryforwards within each jurisdiction combine all companies' tax losses (both capital and ordinary losses) in that jurisdiction, however, certain tax jurisdictions limit the ability to offset taxable income of a separate company or different tax group with the tax losses associated with another separate company or group. Further, tax jurisdictions restrict the type of taxable income that the above losses are able to offset.

In 2020 and 2019, we have foreign tax credit carryforwards of $1 million, which are primarily available in the U.S. Substantially all credits not utilized will expire at the end of 2027. Other credit carry forwards at the end of 2020 and 2019, in the amounts of $4 million and $2 million at each period end, respectively, predominantly represent alternative minimum tax credits attributable to our operations in Puerto Rico and Colombia for which the current tax law provides no period of expiration.

Through our consolidated subsidiaries, we maintain a presence in many countries. Many of these countries maintain highly complex tax regimes. We have accounted for the effect of these taxes based on what we believe is reasonably expected to apply to us and our consolidated subsidiaries based on tax laws currently in effect and reasonable interpretations of these laws. Because some jurisdictions do not have systems of taxation that are as well established as the system of income taxation used in other major industrialized countries, it may be difficult to anticipate how other jurisdictions will tax our and our consolidated subsidiaries' current and future operations.

Although we intend to take reasonable tax planning measures to limit our tax exposures, no assurance can be given that we will be able to do so.

We file income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

In general, tax returns filed by, or that include, entities comprising C&W for years prior to 2009 are no longer subject to examination by tax authorities. We are currently undergoing income tax audits in Panama, Trinidad and Tobago and certain other jurisdictions within the Caribbean and Latin America. Except as noted below, any adjustments that might arise from the foregoing examinations are not expected to have a material impact on our consolidated financial position or results of operations.

The changes in our unrecognized tax benefits are summarized below:

	Year ended December 31,	
	2020	2019
	in millions	
Balance at beginning of year	$ 16.0	$ 7.5
Lapse of statute of limitations	(1.0)	(2.7)
Additions for tax positions of prior years	1.3	7.2
Effects of business acquisitions	—	3.1
Additions based on tax positions related to the current year	—	1.0
Other	(0.2)	(0.1)
Balance at end of year	$ 16.1	$ 16.0

No assurance can be given that any of these unrecognized tax benefits will be recognized or realized.

As of December 31, 2020, all of our unrecognized tax benefits would have a favorable impact on our effective income tax rate if ultimately recognized.

During 2021, it is reasonably possible that the resolution of ongoing examinations by tax authorities as well as expiration of statutes of limitation could result in reductions to our unrecognized tax benefits related to tax positions taken as of December 31, 2020. Other than the potential impacts of ongoing examinations and the expected expiration of certain statutes of limitation, we do not expect any material changes to our unrecognized tax benefits during 2021. No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2021.

During 2020 and 2019, our income tax expense includes net interest release (expense) of ($2 million) and $4 million, respectively, representing the net release or accrual of interest and penalties during the period. Our other long-term liabilities include accrued interest and penalties of $13 million and $11 million at December 31, 2020 and 2019, respectively.

(17) Pension Plans

Defined Benefit Plans

We maintain various funded defined benefit plans for our employees, including (i) the Cable & Wireless Superannuation Fund (**CWSF**), which is our largest defined benefit plan, and (ii) plans in the Bahamas, Jamaica, Barbados and Curacao. A significant portion of these defined benefit plans are closed to new entrants, and existing participants do not accrue any additional benefits.

We also operate unfunded defined benefit arrangements in the U.K., which are governed by individual trust deeds (the **U.K. unfunded plans**). One arrangement incorporates a covenant requiring that we hold security against the value of the liabilities. The security is in the form of U.K. Government Gilts, which are included in other assets, net, in our consolidated balance sheets. At December 31, 2020 and 2019, the carrying value of our investment in the U.K. Government Gilts was $38 million and $37 million, respectively.

Prior to the UTS Acquisition, UTS had unfunded defined benefit liabilities for certain of its employees. In connection with the UTS Acquisition, an insurance policy was purchased for 64 million Netherlands Antillean Guilders ($36 million). The payments from this policy effectively match the corresponding obligations to the UTS employees.

Annual service cost for these employee benefit plans is determined using the projected unit credit actuarial method. Our subsidiaries that maintain funded plans have established investment policies for plan assets. The investment strategies are long-term in nature and generally designed to meet the following objectives:

- ensure that funds are available to pay benefits as they become due;
- maximize the total returns on plan assets subject to prudent risk taking; and
- preserve or improve the funded status of the trusts over time.

The weighted average assumptions used in determining our benefit obligations and net periodic pension cost are as follows:

	December 31,	
	2020	2019
Expected rate of salary increase	1.0%	0.8%
Discount rate	2.4%	3.0%
Return on plan assets	2.4%	3.0%
Retail price index inflation rate	2.9%	3.0%
Consumer price index inflation rate	2.1%	2.1%

The present value of the CWSF vested benefit obligations has been calculated and, together with the U.K. unfunded plans, represents 77% of the overall projected benefit obligation as of December 31, 2020. Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions related to mortality rates for the CWSF and the U.K. unfunded plans are based upon the third series of Self-Administered Pension Scheme and the actual experience of the plan participants and dependents. In addition, allowance was made for future mortality improvements in line with the 2019 Continuous Mortality Investigation core projections with a long-term rate of improvement of 1.25% per annum. Based on these assumptions, the life expectancies of participants aged 60 at the following dates are as follows:

	December 31,		
	2020	**2030**	**2040**
		years	
Male participants and dependents	27	28	29
Female participants	28	28	29
Female dependents	28	29	30

Risk

Through our defined benefit pension plans, we are exposed to a number of risks, the most significant of which are detailed below. The net pension liability can be significantly influenced by short-term market factors.

The calculation of the net surplus or deficit of the respective plans depends on factors that are beyond our control, principally (i) the value at the balance sheet date of equity securities in which the respective plan has invested and (ii) long-term interest rates, which are used to discount future liabilities. Generally, the long-term interest rates are based on applicable AA corporate bond yields over the period for which the pension obligations are expected to be settled. The funding of the respective plans is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors, including:

- Investment returns: Our net pension assets (liabilities) and contribution requirements are heavily dependent upon the return on the invested assets;
- Longevity: The cost to the company of the pensions promised to members is dependent upon the expected term of these payments. To the extent that members live longer than expected this will increase the cost of these arrangements; and
- Inflation rate risk: In the U.K., pension obligations are impacted by inflation and, as such, higher inflation will lead to higher pension liabilities.

At December 31, 2020, the above risks have been mitigated for approximately 66% of the CWSF's liabilities, 68% of the Jamaican plan's liabilities and 100% of the UTS liabilities through the purchase of insurance policies, the payments from which match the corresponding obligations to employees. The remaining investment risks in the plans have also been mitigated to a reasonable extent by a combination of matching assets and diversification of the return-seeking assets.

Sensitivity analysis

The following table summarizes (i) the impact a 1.0% increase or decrease in the applicable actuarial assumed rate would have on the valuation of our pension plans, (ii) the impact a 1.0% increase or decrease in the assumed inflation rate would have on the valuation of the CWSF and the U.K. unfunded plans and (iii) the impact of plan participants living, on average, one year longer or one year less than assumed would have on the valuation of our pension plans. The sensitivity analysis is based on a standalone change in each assumption while holding all other assumptions constant.

	Increase	Decrease
	in millions	
CWSF and U.K. unfunded arrangements		
Discount rate:		
Effect on defined benefit obligation	$ (233)	$ 290
Effect on defined benefit obligation, net of annuity insurance policies	$ (102)	$ 133
Inflation (and related increases):		
Effect on defined benefit obligation	$ 168	$ (154)
Effect on defined benefit obligation, net of annuity insurance policies	$ 79	$ (70)
Life expectancy:		
Effect on defined benefit obligation	$ 102	$ (99)
Effect on defined benefit obligation, net of annuity insurance policies	$ 24	$ (24)
Other plans		
Effect on defined benefit obligation:		
Discount rate	$ (53)	$ 65
Life expectancy	$ 12	$ (12)

Using the projected unit credit method for the valuation of liabilities, the current service cost is expected to increase when expressed as a percentage of pensionable payroll as the members of the plans approach retirement.

The following tables summarize the activities of the pension plans for 2020 and 2019.

The following is a summary of the funded status of our defined benefit plans:

	December 31, 2020	December 31, 2019
	in millions	
Projected benefit obligation at beginning of period	$ 2,313.4	$ 2,096.7
UTS acquisition (a)	—	36.0
Service cost	4.3	4.6
Prior service cost	2.8	—
Contributions by plan participants	1.3	1.2
Interest cost	63.9	73.5
Actuarial loss	163.1	148.3
Benefits paid	(116.1)	(114.4)
Other	2.4	3.6
Effect of changes in foreign currency exchange rates	45.4	63.9
Projected benefit obligation at end of period	$ 2,480.5	$ 2,313.4
Accumulated benefit obligation at end of period	$ 2,470.2	$ 2,302.5
Fair value of plan assets at beginning of period	$ 2,263.4	$ 2,068.1
UTS acquisition (a)	—	36.0
Actual return on plan assets	214.4	197.0
Contributions by employer	6.5	6.9
Contributions by plan participants	1.3	1.2
Benefits paid	(116.1)	(114.4)
Other	0.6	0.6
Effect of changes in foreign currency exchange rates	48.4	68.0
Fair value of plan assets at end of period	$ 2,418.5	$ 2,263.4
Net pension liability	$ (62.0)	$ (50.0)

(a) 2019 amounts represent the initial projected benefit obligation of the UTS unfunded defined benefit plan at the UTS Acquisition date and a corresponding plan asset associated with the expected cash flows from the insurance policy covering the projected benefit obligation.

During 2018, C&W Bahamas recognized a net pension liability that is largely indemnified by the Commonwealth of The Bahamas. At December 31, 2020 and 2019, the indemnification asset balance was $182 million and $155 million, respectively, which is included in other assets, net, in our consolidated balance sheets. In the first quarter of 2021, C&W Bahamas and the Commonwealth of The Bahamas executed a shortfall funding agreement with regard to their respective future contributions to the C&W Bahamas defined benefit plan.

Defined benefit plan amounts included in our consolidated balance sheets are as follows:

	December 31, 2020	December 31, 2019
	in millions	
Other assets, net	$ 210.2	$ 184.9
Other long-term liabilities	(272.2)	(234.9)
Net pension liability	$ (62.0)	$ (50.0)

The asset allocation by asset category, asset mix and fair value hierarchy level (as further described in note 6) of our defined benefit plan assets are as follows:

	Asset mix (a)	December 31, 2020			
		Total	Level 1	Level 2	Level 3
	%	in millions			
Equity securities	8.9	$ 212.0	$ 155.0	$ 57.0	$ —
Bonds (b)	32.4	784.1	771.6	12.5	—
Insurance annuity contracts (c)	56.2	1,360.0	—	141.2	1,218.8
Real estate	1.1	27.3	12.1	1.1	14.1
Private equity	0.2	4.9	—	—	4.9
Cash	1.2	30.2	30.2	—	—
Total	100.0	$ 2,418.5	$ 968.9	$ 211.8	$ 1,237.8

	Asset mix (a)	December 31, 2019			
		Total	Level 1	Level 2	Level 3
	%	in millions			
Equity securities	11.5	$ 259.1	$ 157.0	$ 102.1	$ —
Bonds (b)	28.6	646.9	633.9	13.0	—
Insurance annuity contracts (c)	56.8	1,285.5	—	142.0	1,143.5
Real estate	1.2	28.0	12.5	1.6	13.9
Private equity	0.4	9.9	—	—	9.9
Cash	1.5	34.0	34.0	—	—
Total	100.0	$ 2,263.4	$ 837.4	$ 258.7	$ 1,167.3

(a) We review the asset allocations within the respective portfolios on a regular basis. Generally, the plans do not have explicit asset mix targets other than for the equity securities and bond portfolios within the CWSF on a consolidated basis. The asset mix is primarily subject to, among other considerations, a de-risking plan related to the CWSF.

(b) Amounts primarily include (i) fixed-interest and index-linked U.K. Government Gilts held by the CWSF and (ii) bonds held by the Bahamas and Jamaica plans.

(c) The trustees of the CWSF, Jamaica plan and UTS unfunded liabilities have each purchased annuity policies pursuant to which the insurer assumed responsibility for the benefits payable to certain participants of the CWSF, Jamaica plan and UTS liabilities. The liabilities in the CWSF, Jamaica plan and at UTS are matched by related annuity policy assets, which reduces our funding risk for these plans, as follows:

	December 31,	
	2020	2019
CWSF	66 %	67 %
Jamaica plan	68 %	66 %
UTS	100 %	100 %

A reconciliation of the beginning and ending balances of our plan assets measured at fair value using Level 3 inputs is as follows:

	December 31, 2020	December 31, 2019
	in millions	
Balance at beginning of year	$ 1,167.3	$ 1,052.9
Gains relating to assets still held at year-end	97.6	94.9
Purchases, sales and settlements of investments, net	(62.2)	(24.9)
Foreign currency translation adjustments	35.1	44.4
Balance at end of year	$ 1,237.8	$ 1,167.3

The components of net periodic pension expense (benefit) recorded in our consolidated statements of operations are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Included in operating income – service costs	$ 2.9	$ 3.4
Other income (expense), net:		
Interest costs	48.3	57.6
Expected return on plan assets	(49.5)	(59.6)
Other	1.1	—
	(0.1)	(2.0)
Total net periodic pension expense	$ 2.8	$ 1.4

In addition to the net periodic pension expense in 2020 and 2019, we incurred (i) administrative expenses of $2 million each year associated with certain of our defined benefit plans and (ii) $3 million and $5 million, respectively, in restructuring charges related to employee severance and termination costs, which impacted our net pension liability. For information on our restructuring charges, see note 12.

The net actuarial gain (loss) recognized in accumulated other comprehensive loss during each period and not yet recognized as a component of net period benefit cost at each period end is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	in millions	
Balance at beginning of year	$ 8.6	$ 10.7
Actuarial loss on projected benefit obligation	(148.3)	(134.5)
Actuarial gain on plan assets (a)	158.7	131.9
Prior service costs and other	1.0	0.5
Balance at end of year	$ 20.0	$ 8.6

(a) Represents the actual less expected return on plan assets.

Based on December 31, 2020 exchange rates, the benefits that we currently expect to pay during the next five years and in the aggregate for the five years thereafter with respect to our defined benefit plans are as follows (in millions):

Year ending December 31:		
2021	$	116.9
2022	$	118.9
2023	$	123.1
2024	$	124.6
2025	$	130.4
2026 – 2030	$	701.8

2021 Expected Contributions

Based on December 31, 2020 foreign exchange rates, we expect to make contributions of $12 million in aggregate to our defined benefit plans in 2021, which includes $3 million associated with the funding shortfall agreement executed between C&W Bahamas and the Commonwealth of The Bahamas during the first quarter of 2021. In connection with the shortfall funding agreement, the Commonwealth of The Bahamas has committed to make contributions to the C&W Bahamas defined benefit plan over an eight-year period.

Defined Contribution Plans

We have established various defined contribution benefit plans for our employees. Our aggregate expense for matching contributions under the various defined contribution employee benefit plans was $10 million during each of 2020 and 2019.

(18) <u>Accumulated Other Comprehensive Loss</u>

Accumulated other comprehensive loss included in our consolidated balance sheets and consolidated statements of equity reflect the aggregate impact of foreign currency translation adjustments, pension-related adjustments and unrealized gains or losses on available-for-sale investments. The changes in the components of accumulated other comprehensive loss, net of taxes, are summarized as follows:

	Parent					
	Foreign currency translation adjustments	Pension-related adjustments	Unrealized gains (losses) on available-for-sale investments	Accumulated other comprehensive loss	Non-controlling interests	Total accumulated other comprehensive loss
	in millions					
Balance at January 1, 2019	$ (115.2)	$ 4.4	$ (1.1)	$ (111.9)	$ (8.5)	$ (120.4)
Other comprehensive loss	(30.7)	(2.1)	1.8	(31.0)	(0.3)	(31.3)
Balance at December 31, 2019	(145.9)	2.3	0.7	(142.9)	(8.8)	(151.7)
Other comprehensive loss	(81.1)	11.4	1.4	(68.3)	(0.8)	(69.1)
Balance at December 31, 2020	$ (227.0)	$ 13.7	$ 2.1	$ (211.2)	$ (9.6)	$ (220.8)

The tax effects associated with pension-related adjustments were nil for 2020 and 2019.

(19) Equity

Distribution to Parent

In July 2020, we made an in-kind distribution of $333 million to LGE Coral Holdco to settle, in aggregate, the outstanding principal amounts plus accrued interest related to the LGE Coral Holdco Note A, the LGE Coral Holdco Note B and the LGE Coral Holdco Note C. For additional information, see note 13.

Captive Transfer

In January 2020, a wholly-owned subsidiary, Coral Re SPC, Ltd. (formerly Cable & Wireless Communications Insurance, Ltd.), which is a captive insurance entity, was transferred to LiLAC Ventures, Ltd., a subsidiary of Liberty Latin America, for consideration of $58 million (the **Captive Transfer**). We accounted for the Captive Transfer as a transfer of assets under common control.

UTS NCI Acquisition

During 2019, we increased our ownership interest in UTS from 87.5% to 100% (the **UTS NCI Acquisition**). We paid $5 million in 2019 and $6 million in 2020 related to the UTS NCI Acquisition.

Puerto Rico Transfer

In April 2019, certain of our B2B operations in Puerto Rico were transferred to Liberty Cablevision of Puerto Rico LLC (**Liberty Puerto Rico**), a subsidiary of Liberty Latin America (the **Puerto Rico Transfer**). In connection with the Puerto Rico Transfer, we received cash of $16 million from Liberty Puerto Rico, which is reflected as an investing cash inflow in our consolidated statement of cash flows, representing the estimated fair value of the net assets transferred. We accounted for the Puerto Rico Transfer as a transfer of assets under common control, and, as such, the excess consideration received over the aggregate carrying value of the net assets transferred has been reflected as an increase to our accumulated net contributions in our consolidated statement of equity.

(20) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to purchases of customer premises and other equipment and services, network and connectivity commitments, programming contracts and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of December 31, 2020:

	Payments due during:						
	2021	2022	2023	2024	2025	Thereafter	Total
	in millions						
Purchase commitments	$ 86.3	$ 5.6	$ 0.8	$ —	$ —	$ —	$ 92.7
Network and connectivity commitments	31.3	11.3	10.0	9.1	6.3	9.5	77.5
Programming commitments	24.5	7.5	1.0	0.2	0.1	—	33.3
Other commitments	5.5	0.1	0.1	—	—	—	5.7
Total (a)	$ 147.6	$ 24.5	$ 11.9	$ 9.3	$ 6.4	$ 9.5	$ 209.2

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2020 consolidated balance sheet.

Purchase commitments include unconditional and legally-binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Network and connectivity commitments include our domestic network service agreements with certain other telecommunications companies. The amounts reflected in the above table with respect to these commitments represent fixed minimum amounts payable under these agreements and, therefore, may be significantly less than the actual amounts we ultimately pay in these periods.

Programming commitments consist of obligations associated with certain contracts including channels, programming and sports rights contracts with a wide range of providers that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2020 and 2019, see note 5. For information concerning our defined benefit plans, see note 17.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

COTT Claim. In 2015, a claim was filed against a subsidiary of Columbus International Inc. by the Copyright Music Organization of Trinidad and Tobago (**COTT**) for damages of copyright infringement related to musical works transmitted by the subsidiary. We had recorded a provision based on our best estimate of the potential liability associated with this claim. In March 2021, the COTT claim was settled and did not have a material impact on our results of operations, cash flows or financial position.

Regulatory. The acquisition of C&W by Liberty Global plc in 2016 triggered regulatory approval requirements in certain jurisdictions in which we operate. The regulatory authority in Trinidad and Tobago has not completed its review of the acquisition or granted its approval. While we expect to receive the outstanding approval, such approval may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

Other Regulatory Issues. Video distribution, broadband internet, fixed-line telephony and mobile businesses are regulated in each of the countries in which we operate. The scope of regulation varies from country to country. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(21) Revenue by Product

Our revenue by major category, set forth in the table below, includes the following categories:

- residential fixed subscription and residential mobile services revenue include amounts received from subscribers for ongoing fixed and airtime services, respectively;
- residential fixed non-subscription revenue primarily includes interconnect revenue;
- B2B service revenue primarily includes broadband internet, video, fixed-line telephony, mobile and managed services (including equipment installation contracts) offered to small (including small or home office), medium and large enterprises and, on a wholesale basis, other telecommunication operators; and
- B2B subsea network revenue includes long-term capacity contracts with customers where the customer either pays a fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time.

	Year ended December 31,	
	2020	2019 (a)
	in millions	
Residential revenue:		
Residential fixed revenue:		
Subscription revenue:		
Broadband internet	$ 289.0	$ 260.0
Video	170.2	181.1
Fixed-line telephony	93.4	101.9
Total subscription revenue	552.6	543.0
Non-subscription revenue	54.0	62.0
Total residential fixed revenue	606.6	605.0
Residential mobile revenue:		
Service revenue	454.2	522.9
Interconnect, inbound roaming, equipment sales and other (b)	85.4	122.1
Total residential mobile revenue	539.6	645.0
Total residential revenue	1,146.2	1,250.0
B2B revenue:		
Service revenue (c)	799.5	896.2
Subsea network revenue	254.1	243.3
Total B2B revenue	1,053.6	1,139.5
Total	$ 2,199.8	$ 2,389.5

(a) The amounts presented exclude the pre-acquisition revenue of UTS, which was acquired effective March 31, 2019.

(b) During 2020, we changed our presentation of inbound roaming revenue whereby we no longer include it in “mobile services revenue” and now present it within “mobile interconnect, inbound roaming, equipment sales and other” to better align with how management evaluates the business. Revenue from inbound roaming was $16 million in 2020. We reclassified $37 million of inbound roaming revenue in 2019. The total amounts also include revenue from sales of mobile handsets and other devices of $25 million and $35 million during 2020 and 2019, respectively.

(c) These amounts include revenue from sales of mobile handsets and other devices of $11 million and $26 million during 2020 and 2019, respectively.