Liberty Communications PR Holding LP

Condensed Consolidated Financial Statements
March 31, 2021

Liberty Communications PR Holding LP

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Liberty Communications PR Holding LP

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GLOSSARY OF DEFINED TERMS

Unless the context requires otherwise, references to "**Liberty PR**", "**we**," "**our**," "**our company**" and "**us**" in this quarterly report may refer to Liberty Communications PR Holding LP or collectively to Liberty Communications PR Holding LP and its subsidiaries. We have used several other terms in this quarterly report, most of which are defined or explained below.

2020 Annual Report	Annual Report for the year ended December 31, 2020
2026 SPV Credit Facility	$1.0 billion principal amount of LIBOR + 5.0% term loan facility due October 15, 2026 issued by LCPR Loan Financing (repaid during 2021)
2027 LPR Senior Secured Notes	$1,290 million principal amount of 6.75% senior secured notes due October 15, 2027 issued by LCPR Senior Secured Financing
2028 LPR Term Loan	$500 million principal amount of LIBOR + 3.75% term loan facility due October 15, 2028 issued by LCPR Loan Financing
2029 LPR Senior Secured Notes	$820 million principal amount of 5.125% senior secured notes due July 15, 2029 issued by LCPR Senior Secured Financing
Acquisition Agreement	Stock purchase agreement entered into between Liberty PR and Liberty Latin America and AT&T to acquire the AT&T Acquired Entities
Adjusted OIBDA	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, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.
ARPU	Average monthly subscription revenue per average fixed RGU or mobile subscriber, as applicable
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
AT&T	AT&T Inc.
AT&T Acquired Entities	Collectively, AT&T Mobility Puerto Rico Inc., AT&T Mobility Virgin Islands Inc. and Beach Holding Corporation
AT&T Acquisition	October 31, 2020 acquisition of all of the outstanding shares of the AT&T Acquired Entities
B2B	Business-to-business
B2B Disposal	The United States Department of Justice, as a condition of approval of the AT&T Acquisition, required us to divest certain B2B operations that were a part of our then-existing operations in Puerto Rico
C&W	Cable & Wireless Communications Limited and its subsidiaries
Cayman Holding	LCPR Cayman Holding Inc.
COVID-19	A novel strain of Coronavirus
CPE	Customer premises equipment
FASB	Financial Accounting Standards Board
FCC	United States Federal Communications Commission
LCPR	Liberty Communications of Puerto Rico LLC
LCPR Loan Financing	LCPR Loan Financing LLC, a consolidated special purpose financing entity
LCPR Senior Secured Financing	LCPR Senior Secured Financing Designated Activity Company, a consolidated special purpose financing entity
LCPR Ventures	LCPR Ventures LLC
Liberty Latin America	Liberty Latin America Ltd.
Liberty Mobile	Liberty Mobile Inc. and it subsidiaries
Liberty PR	Liberty Communications PR Holding LP and its subsidiaries, which include LCPR and, as of October 31, 2020, Liberty Mobile and its subsidiaries
LIBOR	London Inter-Bank Offered Rate

GLOSSARY OF DEFINED TERMS

LiLAC Services Receivable	$257 million loan that bears interest at 5.125% per annum, was issued on March 30, 2021 to LiLAC Services Ltd. and has a maturity date of July 15, 2029
LPR Credit Facilities	Senior secured credit facilities comprised of: (i) LPR Revolving Credit Facility; (ii) 2028 LPR Term Loan; and (iii) at December 31, 2020, 2026 SPV Credit Facility
LPR Revolving Credit Facility	$168 million LIBOR + 3.5% revolving credit facility due March 15, 2027
LPR Senior Secured Notes	Senior secured notes comprised of: (i) 2027 LPR Senior Secured Notes and (ii) at March 31, 2021, 2029 LPR Senior Secured Notes
RGU	Revenue generating unit
TSA	Transition services agreement dated October 31, 2020 by and between AT&T and Leo Cable LP, a wholly-owned subsidiary of Liberty Latin America, for a period up to 36 months following the closing of the AT&T Acquisition
U.S.	United States
U.S. GAAP	Generally accepted accounting principles in the United States
Weather Derivative	Weather derivative contract that provides insurance coverage for certain weather-related events

LIBERTY COMMUNICATIONS PR HOLDING LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2021	December 31, 2020
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 128.1	$ 79.4
Trade receivables, net of allowances of $7.1 million and $9.9 million, respectively	95.1	82.5
Current notes receivable, net of allowances of $9.3 million and $8.3 million, respectively	81.0	77.5
Other current receivables	72.0	65.9
Prepaid expenses	22.5	16.8
Inventories	33.8	19.8
Current income tax receivable	11.4	17.3
Other current assets, net	33.8	49.7
Total current assets	477.7	408.9
Property and equipment, net	1,282.2	1,236.1
Goodwill	595.4	629.9
Intangible assets not subject to amortization	1,435.8	1,435.8
Customer relationships, net	106.4	113.3
Operating lease right-of-use assets	168.7	192.9
Related-party notes receivable	257.4	—
Other assets, net	170.2	166.8
Total assets	$ 4,493.8	$ 4,183.7
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 114.3	$ 95.8
Deferred revenue	48.2	58.1
Accrued capital expenditures	40.6	46.9
Third-party accrued interest	41.5	22.0
Related-party accrued liabilities	16.1	16.3
Derivative instruments	14.7	28.9
Current portion of operating lease liabilities	29.3	31.6
Current portion of third-party debt and finance lease obligations	0.2	0.1
Other accrued and current liabilities	114.8	76.7
Total current liabilities	419.7	376.4
Long-term debt and finance lease obligations	2,580.7	2,261.3
Operating lease liabilities	154.5	161.3
Deferred tax liabilities	405.4	386.3
Other long-term liabilities	75.8	133.0
Total liabilities	3,636.1	3,318.3
Commitments and contingencies		
Partners' capital	857.7	865.4
Total liabilities and partners' capital	$ 4,493.8	$ 4,183.7

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

LIBERTY COMMUNICATIONS PR HOLDING LP

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	2021	2020
	in millions	
Revenue	$ 361.3	$ 104.6
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):		
Programming and other direct costs of services	102.2	24.1
Other operating costs and expenses	112.2	31.4
Related-party fees and allocations	6.3	2.6
Depreciation and amortization	50.5	21.1
Impairment, restructuring and other operating items, net	(7.7)	6.8
	263.5	86.0
Operating income	97.8	18.6
Non-operating income (expense):		
Interest expense	(34.9)	(38.2)
Interest income	—	4.0
Realized and unrealized gains (losses) on derivative instruments, net	24.3	(67.7)
Loss on debt extinguishment	(14.3)	—
Other expense, net	(0.5)	(0.1)
	(25.4)	(102.0)
Earnings (loss) before income taxes	72.4	(83.4)
Income tax benefit (expense)	(21.2)	5.1
Net earnings (loss)	$ 51.2	$ (78.3)

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

LIBERTY COMMUNICATIONS PR HOLDING LP
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
(unaudited)

	Partners' capital
	in millions
Balance at January 1, 2020	$ 287.5
Accounting change	0.3
Balance at January 1, 2020, as adjusted for accounting change	287.8
Net loss	(78.3)
Balance at March 31, 2020	$ 209.5
Balance at January 1, 2021	$ 865.4
Net earnings	51.2
Cash distribution to another subsidiary of Liberty Latin America	(58.9)
Balance at March 31, 2021	$ 857.7

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

LIBERTY COMMUNICATIONS PR HOLDING LP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2021	2020
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 51.2	$ (78.3)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	50.5	21.1
Gain on disposition	(8.7)	—
Amortization of debt financing costs, premiums and discounts, net	0.4	1.1
Realized and unrealized losses (gains) on derivative instruments, net	(24.3)	67.7
Loss on debt extinguishment	14.3	—
Deferred income tax benefit	10.4	(6.0)
Changes in other operating assets and liabilities	15.3	25.1
Net cash provided by operating activities	109.1	30.7
Cash flows from investing activities:		
Capital expenditures	(34.4)	(19.9)
Loans to related-parties	(257.4)	—
Cash received upon disposition	20.3	—
Net cash used by investing activities	(271.5)	(19.9)
Cash flows from financing activities:		
Cash distribution to another subsidiary of Liberty Latin America	(58.9)	—
Borrowings of third-party debt	320.0	62.5
Payment of financing costs	(15.3)	(0.1)
Net cash paid related to derivative instruments	(32.4)	—
Net cash provided by financing activities	213.4	62.4
Net increase in cash, cash equivalents and restricted cash	51.0	73.2
Cash, cash equivalents and restricted cash:		
Beginning of period	79.4	1,306.0
End of period	$ 130.4	$ 1,379.2
Cash paid for interest	$ 15.0	$ 17.3

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

(1) Basis of Presentation

See the Glossary of defined terms at the beginning of this quarterly report for terms used throughout the condensed consolidated financial statements and related notes.

Organization

Liberty PR is an indirect wholly-owned subsidiary of Liberty Latin America and holds a (i) 100% interest in Cayman Holding and (ii) 100% interest in LCPR Ventures. We provide fixed and mobile telecommunications services to residential and business customers in Puerto Rico and the U.S. Virgin Islands through (i) LCPR and (ii) as of October 31, 2020 and as further described in note 4, Liberty Mobile and its subsidiaries.

Basis of Presentation

Our unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2020 Annual Report.

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, expected 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 and useful lives of long-lived assets. Actual results could differ from those estimates.

Liberty PR is treated as a pass-through entity for U.S. federal income tax purposes. Accordingly, our taxable income or loss, which may vary substantially from the net earnings or loss reported in our consolidated statements of operations, is included in the income tax returns of our partners. We record income taxes in the accompanying condensed consolidated financials to reflect the taxable positions taken by our consolidated subsidiaries for U.S. and Puerto Rico purposes.

Certain prior period amounts have been reclassified to conform to the current period presentation. During the second quarter of 2020, we changed the presentation of certain operating costs and expenses on our condensed 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 11. This change in presentation did not have any impact on operating income, 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 10.

These unaudited condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through May 26, 2021, the date of issuance.

(2) Recent Accounting Pronouncements

General

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

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 LIBOR, which regulators in the United Kingdom 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) Current Expected Credit Losses

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

	Three months ended March 31,	
	2021	2020
	in millions	
Balance at beginning of period	$ 9.9	$ 10.7
Provision for expected losses	1.5	1.3
Write-offs and other	(2.0)	(1.2)
Acquisition-related adjustments	(1.7)	—
Other	(0.6)	—
Balance at end of period	$ 7.1	$ 10.8

(4) Acquisition

AT&T Acquisition. On October 31, 2020, we and Liberty Latin America acquired from AT&T all of the outstanding shares of the AT&T Acquired Entities, which following the closing of the AT&T Acquisition are referred to as Liberty Mobile and its subsidiaries. The operations acquired in the AT&T Acquisition provide consumer mobile and B2B services in Puerto Rico and the U.S. Virgin Islands.

We completed the B2B Disposal in January 2021 by divesting those same B2B operations for a stated purchase price of $22 million. During the three months ended March 31, 2021, we recognized a gain on sale of $9 million, which is included in impairment, restructuring and other operating items, net, in our condensed consolidated statement of operations.

AT&T will provide ongoing support to the AT&T Acquired Entities under the TSA for a period up to 36 months following the closing of the AT&T Acquisition. Services under the TSA include, but are not limited to, (i) network operations, (ii) customer service, (iii) finance and accounting, (iv) information technology, (v) sales and marketing and (vi) content-related services. We may terminate any services under the TSA upon sixty business days' notice to AT&T in accordance with the terms and conditions of the TSA.

We have accounted for the AT&T 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 the AT&T Acquired Entities based on assessments of their respective fair values, and the excess of the total purchase price over the fair values of these identifiable net assets was allocated to goodwill. The purchase price allocation to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based on preliminary information. During the measurement period, we will adjust the values attributed to our preliminary opening balance sheet, most notably acquired property and equipment, intangible assets, leases and income taxes, as additional information is obtained about facts and circumstances that existed as of the closing date of the AT&T Acquisition and as we complete our evaluation of valuations provided by a third-party specialist.

The preliminary information available to us to allocate consideration to acquired spectrum intangible assets is impacted by limitations on our ability to obtain all necessary information regarding the assets acquired, resulting in the on-going analysis of market data to establish an estimate. We expect the valuation of the spectrum intangible assets, which are currently based upon the historical values of the AT&T Acquired Entities, will require the anticipated use of either an adjusted "market" approach, which requires the calibration of observable market inputs to reflect the fair value of the assets acquired, or a combination of an adjusted market-based approach with an income-based approach, which requires a wide range of assumptions and inputs, including forecasting costs associated with building a complementary asset base.

The valuation of the customer relationship intangible assets, which is currently based upon a preliminary multi-period excess earnings valuation method, will require updates to assumptions and inputs used, including the determination of contributory asset charges dependent on the valuation of the property and equipment and spectrum intangible assets. For additional information regarding fair value methods used in acquisition accounting, see note 6.

A summary of the preliminary opening balance sheet of the AT&T Acquired Entities at the October 31, 2020 acquisition date is presented in the following table (in millions):

Trade receivables	$ 52.8
Prepaid expenses	0.1
Current notes receivable	67.4
Other current assets	35.3
Goodwill (a)	317.7
Property and equipment	768.6
Customer relationships (b)	82.7
Intangible assets not subject to amortization (c)	894.4
Operating lease right-of-use assets	181.5
Other assets (d)	91.1
Accounts payable	(3.0)
Current portion of operating lease obligations	(32.5)
Current portion of debt and finance lease obligations	(0.2)
Other accrued and current liabilities	(31.8)
Long-term debt and finance lease obligations	(10.6)
Operating lease obligations	(163.3)
Non-current deferred tax liabilities (e)	(313.8)
Other long-term liabilities	(4.0)
Total purchase price (f)	$ 1,932.4

(a) The goodwill recognized in connection with the AT&T Acquisition is primarily attributable to (i) the ability to take advantage of the AT&T Acquired Entities' existing mobile network to gain immediate access to potential customers and (ii) synergies that are expected to be achieved through the integration of the AT&T Acquired Entities with Liberty PR. Due to the nature of the AT&T Acquisition, no tax deductions related to goodwill are expected.

(b) At October 31, 2020 the preliminary assessment of the weighted average useful life of the acquired customer relationship intangible assets was approximately 10 years.

(c) Amount represents the preliminary value of spectrum licenses.

(d) Other assets include $39 million in equipment installment-plan receivables.

(e) Deferred tax liabilities represent the excess of the carrying amounts for book purposes over the tax bases of acquired assets and liabilities excluding goodwill.

(f) Amount excludes $51 million and $5 million of direct acquisition costs, incurred during 2020 and 2019, respectively. Direct acquisition costs are included in impairment, restructuring and other operating items, net, in our condensed consolidated statements of operations.

Supplemental Pro Forma Information

The following unaudited pro forma financial information for the three months ended March 31, 2020 (in millions) is based on the historical carve-out financial statements of the AT&T Acquired Entities and is intended to provide information about how the AT&T Acquisition may have affected Liberty PR's historical condensed consolidated financial statements if it had closed as of January 1, 2019. The pro forma financial information below is based on available information and assumptions that we believe are reasonable. The pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our results of operations would have been had the AT&T Acquisition occurred on the date indicated nor should it be considered representative of our future financial condition or results of operations.

Revenue	$ 573.3
Net earnings	$ 78.7

The pro forma information set forth in the table above includes tax-effected pro forma adjustments primarily related to:

i. the impact of estimated costs associated with the TSA that replaced parent-company allocations included in the historical financial statements of the AT&T Acquired Entities;

ii. the impact of new rate agreements associated with roaming, subsea and ethernet services;

iii. the alignment of accounting policies;

iv. interest expense related to additional borrowings in conjunction with the AT&T Acquisition; and

v. the elimination of direct acquisition costs.

(5) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt.

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

	March 31, 2021			December 31, 2020		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Liabilities (b)	$ 14.7	$ 19.2	$ 33.9	$ 28.9	$ 74.8	$ 103.7

(a) Our long-term derivative liabilities are included in other long-term liabilities in our condensed 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 interest rate derivative contracts resulted in net gains (losses) of ($5 million) and $12 million during the three months ended March 31, 2021 and 2020, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

The table above excludes our Weather Derivative, as it is not accounted for at fair value. The Weather Derivative is included in other current assets, net, in our condensed consolidated balance sheets.

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

	Three months ended March 31,	
	2021	2020
	in millions	
Interest rate derivative contracts	$ 25.5	$ (67.3)
Weather Derivative	(1.2)	(0.4)
Total	$ 24.3	$ (67.7)

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

	Three months ended March 31,	
	2021	2020
	in millions	
Operating activities	$ (11.7)	$ (1.2)
Financing activities (a)	(32.4)	—
Total	$ (44.1)	$ (1.2)

(a) The amount relates to the settlement of interest rate swaps in connection with the refinancing of the LPR Credit Facilities. For additional information regarding our debt refinancing activity, see note 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 this credit risk through the evaluation and monitoring of the creditworthiness of our counterparties. Collateral has not been posted by either party under our derivative instruments. At March 31, 2021, 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

Interest Rate Derivative Contracts

Interest Rate Swap

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 March 31, 2021, the outstanding notional amount of our interest rate swap contracts was $500 million and the related weighted average remaining contractual life was 7.5 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 March 31, 2021, the outstanding notional amount of our basis swap contracts was $500 million and the related weighted average remaining contractual life was 0.8 years.

Interest Rate Floors

Interest rate floors provide protection against interest rates falling below a pre-set level. During the first quarter of 2021, we entered into a forward-starting interest rate floor associated with the refinancing of the LPR Credit Facilities. At March 31, 2021, the total notional amount of our interest rate floor was $500 million with a weighted average remaining contractual life of 7.5 years.

(6) Fair Value Measurements

General

We use the fair value method to account for our derivative instruments. The reported fair values of our derivative instruments as of March 31, 2021 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.

Recurring Fair Value Measurements - Derivatives

In order to manage our interest rate 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. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our interest rate derivative contracts are quantified and further explained in note 5.

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 property and equipment, customer relationships and spectrum licenses, as further described below:

- *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.

- *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.

- *Spectrum intangible assets.* The valuation of spectrum intangible assets may use either an adjusted market-based approach, which requires the calibration of observable market inputs to reflect the fair value of the assets acquired, or a combination of an adjusted market-based approach with other methods, such as an income-based approach (e.g. the "greenfield" valuation method), which requires a wide range of assumptions and inputs, including forecasting costs associated with building a complementary asset base.

During the three months ended March 31, 2021 we performed a nonrecurring valuation related to the preliminary acquisition accounting for the AT&T Acquisition. For information related to the status of valuation work associated with assets acquired in connection with the AT&T Acquisition, see note 4.

Impairment Assessments

Fair value measurements are also used for purposes of nonrecurring valuations performed in connection with impairment assessments. The nonrecurring valuations associated with impairment assessments use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the three months ended March 31, 2021, we did not perform any significant fair value measurements associated with impairment assessments.

(7) Long-lived Assets

Goodwill

The carrying amount of our goodwill was $595 million and $630 million as of March 31, 2021 and December 31, 2020, respectively. The decrease in goodwill is attributable to updates made to the preliminary opening balance sheet valuation related to the AT&T Acquisition. For additional information, see notes 4 and 6.

Property and Equipment, Net

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

	March 31, 2021	December 31, 2020
	in millions	
Distribution systems	$ 1,323.6	$ 1,227.1
CPE	313.6	305.2
Support equipment, buildings and land	212.4	227.7
	1,849.6	1,760.0
Accumulated depreciation	(567.4)	(523.9)
Total	$ 1,282.2	$ 1,236.1

Customer Relationships, Net

The details of our customer relationships and the related accumulated amortization are set forth below:

	March 31, 2021	December 31, 2020
	in millions	
Gross carrying amount	$ 231.8	$ 231.8
Accumulated amortization	(125.4)	(118.5)
Net carrying amount	$ 106.4	$ 113.3

(8) Debt

Our debt obligations are as follows:

	March 31, 2021		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
			in millions			
LPR Senior Secured Notes	6.12 %	$ —	$ 2,212.1	$ 1,389.4	$ 2,110.0	$ 1,290.0
LPR Credit Facilities	3.86 %	167.5	500.0	1,002.5	500.0	1,000.0
Total debt before premiums, discounts and deferred financing costs	5.69 %	$ 167.5	$ 2,712.1	$ 2,391.9	$ 2,610.0	$ 2,290.0

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

	March 31, 2021	December 31, 2020
	in millions	
Total debt before premiums, discounts and deferred financing costs	$ 2,610.0	$ 2,290.0
Premiums, discounts and deferred financing costs, net	(39.9)	(39.1)
Total carrying amount of debt	2,570.1	2,250.9
Finance lease obligations	10.8	10.5
Total debt and finance lease obligations	2,580.9	2,261.4
Less: Current maturities of debt and finance lease obligations	(0.2)	(0.1)
Long-term debt and finance lease obligations	$ 2,580.7	$ 2,261.3

(a) Represents the weighted average interest rate in effect at March 31, 2021 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent the 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 represents the maximum availability under the LPR Revolving Credit Facility, at March 31, 2021 without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2021, the full amount of unused borrowing capacity was available to be borrowed under the LPR Revolving Credit Facility, both before and after completion of the March 31, 2021 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). For additional information regarding fair value hierarchies, see note 6.

Financing Activity

The general terms of the notes we issued and credit facilities we entered into or amended during 2021 are as follows:

Instrument	Issued at	Maturity	Interest rate	Borrowing	Non-cash component (a)
				in millions	
2029 LPR Senior Secured Notes	100%	July 15, 2029	5.125%	$ 820.0	$ 500.0
2028 LPR Term Loan	100%	October 15, 2028	LIBOR + 3.75%	$ 500.0	$ 500.0
LPR Revolving Credit Facility	N/A	March 15, 2027	LIBOR + 3.5%	(b)	N/A

N/A — Not applicable

(a) Represents the non-cash component of the financing, if any. Non-cash activity relates to cash borrowed that did not pass through our bank accounts, as financing proceeds from the issuance of debt were used to directly repay some or all of outstanding debt instruments.

(b) Total commitments under the LPR Revolving Credit Facility were increased by $43 million.

During 2021, we made repayments on the following debt instruments:

Instrument	Redemption price	Amount repaid	Non-cash component (a)	Loss on debt extinguishment
			in millions	
2026 SPV Credit Facility	100%	$ 1,000.0	$ 1,000.0	$ 14.3

(a) Represents the non-cash component of the repayment, if any. Non-cash activity relates to cash repayments that did not pass through our bank accounts, as financing proceeds from the issuance of debt were use to directly repay some or all of outstanding debt instruments.

Maturities of Debt

As of March 31, 2021, $1,290 million, $500 million and $820 million of our debt matures in 2027, 2028 and 2029, respectively.

(9) Leases

The following table provides details of our operating lease expense:

	Three months ended March 31, 2021	Three months ended March 31, 2020
	in millions	
Operating lease expense:		
Operating lease cost	$ 11.4	$ 0.3
Short-term lease cost	0.5	0.1
Total operating lease expense	$ 11.9	$ 0.4

Our operating lease expense is included in facility, provision, franchise and other expense, in other operating costs and expenses, in our condensed consolidated statements of operations.

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

	March 31, 2021	December 31, 2020
	in millions	
Operating lease right-of-use assets	$ 168.7	$ 192.9
Operating lease liabilities:		
Current	$ 29.3	$ 31.6
Noncurrent	154.5	161.3
Total operating lease liabilities	$ 183.8	$ 192.9
Weighted-average remaining lease term	7.7 years	7.7 years
Weighted-average discount rate	4.9 %	4.9 %

Our cash outflows related to operating leases during the three months ended March 31, 2021 and 2020 were $11 million and nil, respectively, and are classified as operating activities in our condensed consolidated statements of cash flows.

Maturities of Operating Leases

Maturities of our operating lease liabilities as of March 31, 2021 are presented below (in millions).

Years ending December 31:	
2021 (remainder of year)	$ 28.8
2022	32.1
2023	27.3
2024	24.2
2025	20.9
2026	19.4
Thereafter	70.7
Total operating lease liabilities on an undiscounted basis	223.4
Amount representing interest	(39.6)
Present value of operating lease liabilities	$ 183.8

(10) Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, 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.

	Three months ended March 31,	
	2021	2020
	in millions	
Programming and copyright	$ 27.2	$ 22.0
Interconnect	11.5	2.1
Equipment and other	63.5	—
Total programming and other direct costs of services	$ 102.2	$ 24.1

(11) 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, 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 14.

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

	Three months ended March 31,	
	2021	2020
	in millions	
Personnel and contract labor	$ 32.4	$ 10.8
Network-related	9.2	1.2
Service-related	10.4	3.0
Commercial	12.0	2.6
Facility, provision, franchise and other	45.2	12.4
Share-based compensation expense	3.0	1.4
Total other operating costs and expenses	$ 112.2	$ 31.4

(12) Income Taxes

Liberty PR is not a separate tax-paying entity for U.S. federal or state income tax purposes. Accordingly, the taxable income of Liberty PR is included in the income tax returns of our partners. Income taxes reflected in our financial statements relate to the U.S. and Puerto Rico taxable activities of our subsidiaries.

We evaluate and update our estimated annual effective income tax rate on a quarterly basis based on current and forecasted operating results and tax laws. For interim tax reporting, we estimate an annual effective tax rate that is applied to year-to-date ordinary income or loss. The tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

Our interim estimate of our annual effective tax rate and our interim tax provision are subject to volatility due to factors such as jurisdictions in which our deferred taxes and/or tax attributes are subject to a full valuation allowance, relative changes in unrecognized tax benefits and changes in tax laws. Based upon the mix and timing of our actual annual earnings or loss compared to annual projections, as well as changes in the factors noted above, our effective tax rate may vary quarterly and may make quarterly comparisons not meaningful.

Income tax benefit (expense) was ($21 million) and $5 million during the three months ended March 31, 2021 and 2020, respectively. This represents an effective income tax rate of (29.3%) and (6.1%) for the three months ended March 31, 2021 and 2020, respectively, including items treated discretely.

For the three months ended March 31, 2021, the income tax expense attributable to our earnings before income taxes differs from the amount computed using the statutory tax rate, primarily due to the negative effects of jurisdictional rate differences.

For the three months ended March 31, 2020, the income tax benefit attributable to our loss before income taxes differs from the amount computed using the statutory tax rate, primarily due to the negative effects of jurisdictional rate differentials, increases in valuation allowances and changes in uncertain tax positions.

(13) Partners' Capital

In March 2021, we made a distribution of $59 million to another subsidiary of Liberty Latin America which is reflected as a financing outflow in our condensed consolidated statement of cash flows.

(14) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended March 31,	
	2021	2020
	in millions	
Revenue	$ 0.4	$ 0.3
Programming and other direct costs of services	$ 1.8	$ 1.6
Other operating costs and expenses	$ 0.8	$ 0.5
Share-based compensation expense	$ 3.0	$ 1.4
Related-party fees and allocations:		
Other operating costs and expenses	$ 4.0	$ 1.6
Share-based compensation	2.1	0.8
Management fee	0.2	0.2
Total fees and allocations	$ 6.3	$ 2.6
Realized and unrealized gains (losses) on derivative instruments, net	$ 1.2	$ —

Revenue. These amounts represent services provided to C&W.

Programming and other direct costs of services. These amounts represent network capacity services provided by C&W.

Other operating costs and expenses. The amounts include (i) our estimated share of costs charged to our company by Liberty Latin America, primarily related to personnel costs, (ii) insurance costs allocated to us by a subsidiary of C&W and (iii) various services provided by subsidiaries of Liberty Latin America.

Share-based compensation expense. These amounts represent share-based compensation expense that Liberty Latin America charged 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 related-party accrued liabilities in our condensed consolidated balance sheets. These amounts include estimated bonus-related expenses 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 condensed 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 (exclusive of depreciation and share-based compensation)*. The amounts included in this category represent our estimated share of certain centralized technology, management, marketing, finance, legal and other operating costs of Liberty Latin America's operations whose activities benefit multiple operations, including operations within and outside 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.

- *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.

Realized and unrealized gains (losses) on derivative instruments, net. These amounts represent amortization of the premium associated with our Weather Derivative contract, which is underwritten by another subsidiary of Liberty Latin America.

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

	March 31, 2021	December 31, 2020
	in millions	
Assets:		
Other current assets (a)	$ 10.8	$ 9.2
Related-party notes receivable (b)	257.4	—
Other assets, net (c)	1.7	1.5
Total assets	$ 269.9	$ 10.7
Liabilities:		
Accounts payable (d)	$ 8.9	$ 7.7
Related-party accrued liabilities (e)	16.1	16.3
Total liabilities	$ 25.0	$ 24.0

(a) The amounts represent related-party receivables that are expected to be cash settled.

(b) The amount relates to the LiLAC Services Receivable. Interest on the LiLAC Services Receivable accrues and is (i) payable on the first day of January and December each year and on the date of each full or partial repayment of the outstanding principal or (ii) transferred to the principal balance of the loan on January 1 of each year.

(c) The amounts primarily represent various related-party receivables that are expected to be cash settled.

(d) The amounts represent various non-interest bearing related-party payables that are expected to be cash settled.

(e) The amounts primarily represent related-party liabilities associated with (i) related-party fees and allocations, (ii) allocated share based compensation expense and (iii) liabilities associated with mobile handset insurance service provided to us by another subsidiary of Liberty Latin America. These liabilities are non-interest bearing and will be cash settled.

(15) 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 programming contracts, network and connectivity commitments, franchise authorities and municipalities.

While our programming commitments do not require that we pay any fixed minimum fees, we expect to make significant future payments under these contracts based on the actual number of subscribers to the programming services. 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.

We also have commitments under derivative instruments 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 the three months ended March 31, 2021 and 2020, see note 5.

Legal and Regulatory Proceedings and Other Contingencies

Regulatory Issues. Adverse regulatory developments could subject our business 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 business 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.

(16) 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 late fees, advertising revenue and franchise fees; and

- 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.

	Three months ended March 31,	
	2021	2020
	in millions	
Residential revenue:		
Residential fixed revenue:		
Subscription revenue:		
Video	$ 38.6	$ 35.3
Broadband internet	61.4	45.5
Fixed-line telephony	7.0	5.9
Total subscription revenue	107.0	86.7
Non-subscription revenue	4.2	4.6
Total residential fixed revenue	111.2	91.3
Residential mobile revenue:		
Service revenue	117.4	—
Interconnect, inbound roaming, equipment sales and other (a)	72.1	—
Total residential mobile revenue	189.5	—
Total residential revenue	300.7	91.3
B2B service revenue	52.1	13.3
Other revenue (b)	8.5	—
Total	$ 361.3	$ 104.6

(a) Amount for 2021 includes $19 million of inbound roaming revenue and $50 million of revenue from sales of mobile handsets and other devices.

(b) Amount relates to revenue received from the FCC related to Liberty Mobile following the closing of the AT&T Acquisition.

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

See the Glossary of defined terms at the beginning of this quarterly report.

The following discussion and analysis, which should be read in conjunction with our 2020 Annual Report and the condensed consolidated financial statements and accompanying notes included herein, is intended to assist in providing an understanding of our results of operations, financial condition and changes in financial condition and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2021 and 2020.
- *Material Changes in Financial Condition.* This section provides an analysis of our liquidity, condensed consolidated statements of cash flows and contractual commitments.

Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly 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 and finance strategies; subscriber growth and retention rates; changes in competitive, regulatory and economic factors; anticipated changes in our revenue, expenses or growth rates; debt levels; our liquidity and our ability to access the liquidity of our subsidiaries; credit risks; internal control over financial reporting; interest rate risks; compliance with debt, financial and other covenants; our future projected contractual commitments and cash flows; the AT&T Acquisition, including integration costs; the effects and potential impacts of COVID-19 on our business and results of operations; reductions in operating and capital costs; the remediation of material weaknesses; 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 Puerto Rico;
- the competitive environment in the industries in which we operate in Puerto Rico, including competitor responses to our products and services;
- fluctuations in 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 Puerto Rico and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution network 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 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, such as with respect to the AT&T Acquisition;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in Puerto Rico 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, such as with respect to the AT&T Acquisition;

- the effects of any of the identified material weaknesses in our internal control over financial reporting;
- 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 effects of any strikes, work stoppages or other industrial actions that could affect our operations;
- changes in the nature of key strategic relationships with partners;
- 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, natural disasters, pandemics, including the COVID-19 pandemic, and other similar events.

The broadband distribution and mobile services industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly 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 quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

General

We are a provider of fixed and mobile telecommunications services to residential and business customers in Puerto Rico and the U.S Virgin Islands. On October 31, 2020, we closed the AT&T Acquisition at which point we began to provide mobile services and operate in the U.S. Virgin Islands. As further described in note 1 to our condensed consolidated financial statements, we are an indirect wholly-owned subsidiary of Liberty Latin America.

Internal Controls and Procedures

As disclosed in our 2020 Annual Report, we identified material weaknesses in our internal control over financial reporting. The material weaknesses will not be considered remediated until the applicable new or enhanced controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. As remediation has not yet been completed, these material weaknesses continue to exist in our internal control over financial reporting as of March 31, 2021.

Management's Remediation Plans

Management is continuing to implement the remediation plans as disclosed in our 2020 Annual Report. 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 material weaknesses identified.

Operations

At March 31, 2021, we (i) owned and operated fixed networks that passed 1,140,000 homes and served 930,200 RGUs, comprising 449,500 broadband internet subscribers, 238,400 video subscribers and 242,300 fixed-line telephony subscribers and (ii) served 1,020,700 mobile 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 Puerto Rico. Although we have had some impacts due to resulting lockdowns, COVID-19 has not had a material impact on our financial position, results of operations or liquidity through March 31, 2021. 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 our government and medical professionals to respond further to the outbreak, including securing access to a vaccine and vaccinating citizens;
- 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;
- the impact on our employees, including that from labor shortages or work from home initiatives;
- the impacts on interest rate fluctuations; and
- the effect on our vendors and 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 impact our future 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 taken, 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.

Material Changes in Results of Operations

The comparability of our operating results during the three months ended March 31, 2021 and 2020 is affected by the AT&T Acquisition and the B2B Disposal. As we use the term, "organic" changes exclude the impacts of the AT&T Acquisition and the B2B Disposal, as further discussed below.

In the following discussion, we quantify the estimated impact on the operating results of the periods under comparison that is attributable to the AT&T Acquisition and the B2B Disposal. With respect to the AT&T Acquisition, organic changes and the calculations of organic change percentages exclude the operating results of the acquired entity during the first 12 months following the date of acquisition. With respect to the B2B Disposal, the prior-year period operating results of the disposed entity is excluded from organic changes and the calculations of organic change percentages to the same extent that those operations are not included in the current-year period.

We are subject to inflationary pressures with respect to certain costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Adjusted OIBDA

Adjusted OIBDA is a non-U.S. GAAP measure. As we use the term, “Adjusted OIBDA” is defined as operating income before depreciation and amortization, share-based compensation, 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. A reconciliation of total operating income, the nearest U.S. GAAP measure, to Adjusted OIBDA is presented below.

	Three months ended March 31,	
	2021	**2020**
	in millions	
Operating income	$ 97.8	$ 18.6
Share-based compensation expense	3.0	1.4
Related-party fees and allocations	6.3	2.6
Depreciation and amortization	50.5	21.1
Impairment, restructuring and other operating items, net	(7.7)	6.8
Adjusted OIBDA	$ 149.9	$ 50.5

The following table sets forth organic and non-organic changes in Adjusted OIBDA for the period indicated (in millions):

Adjusted OIBDA for the three months ending:	
March 31, 2020	$ 50.5
Organic changes related to:	
Revenue	21.1
Programming and other direct costs	(2.9)
Other operating costs and expenses	(1.8)
Non-organic increase:	
Acquisition/disposition, net	83.0
March 31, 2021	$ 149.9

Revenue

We derive our revenue primarily from (i) residential fixed services, including video, broadband internet and fixed-line telephony, (ii) beginning in November 2020, residential mobile services, including inbound roaming and equipment sales, following the close of the AT&T Acquisition, and (iii) B2B services.

While not specifically discussed in the below explanations of the changes in our revenue, we are experiencing significant competition in our market. 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 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 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 and fixed-line telephony products.

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

Our revenue by major category is set forth below:

	Three months ended March 31,		Increase (decrease)	
	2021	2020	$	%
	in millions, except percentages			
Residential fixed revenue:				
Subscription revenue:				
Video	$ 38.6	$ 35.3	$ 3.3	9
Broadband internet	61.4	45.5	15.9	35
Fixed-line telephony	7.0	5.9	1.1	19
Total subscription revenue	107.0	86.7	20.3	23
Non-subscription revenue	4.2	4.6	(0.4)	(9)
Total residential fixed revenue	111.2	91.3	19.9	22
Residential mobile revenue:				
Service revenue	117.4	—	117.4	N.M.
Interconnect, inbound roaming, equipment sales and other (a)	72.1	—	72.1	N.M.
Total residential mobile revenue	189.5	—	189.5	N.M
Total residential revenue	300.7	91.3	209.4	229
B2B service revenue	52.1	13.3	38.8	292
Other revenue (b)	8.5	—	8.5	N.M.
Total	$ 361.3	$ 104.6	$ 256.7	245

N.M. — Not Meaningful.

(a) Revenue from inbound roaming was $19 million during the three months ended March 31, 2021.

(b) Amount relates to funds received from the FCC related to Liberty Mobile following the closing of the AT&T Acquisition.

The details of the changes in our revenue during the three months ended March 31, 2021, as compared to the corresponding period in 2020, are set forth below (in millions):

Increase in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 8.1
ARPU (b)	12.2
Decrease in residential fixed non-subscription revenue	(0.4)
Total increase in residential fixed revenue	19.9
Increase in B2B service	1.2
Total organic increase	21.1
Impact of an acquisition	235.6
Total	$ 256.7

(a) The increase is primarily attributable to higher average broadband internet and video RGUs. The higher average broadband internet RGUs are partially due to higher demand as a result of COVID-19 work-from-home mandates, which subsequently led to increased purchases of video products as a result of bundling efforts.

(b) The increase is primarily due to (i) higher ARPU from broadband internet and video services and (ii) the impact to the comparison resulting from $2 million of credits provided to customers during 2020 in connection with the earthquakes that impacted Puerto Rico in January 2020.

Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, 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.

The following tables set forth the organic and non-organic changes of our programming and other direct costs of services.

	Three months ended March 31,			Increase from:	
	2021	**2020**	**Increase**	**Acquisition (disposition), net**	**Organic**
			in millions		
Programming and copyright	$ 27.2	$ 22.0	$ 5.2	$ 3.0	$ 2.2
Interconnect and commissions	11.5	2.1	9.4	8.7	0.7
Equipment and other	63.5	—	63.5	63.5	—
Total programming and other direct costs of services	$ 102.2	$ 24.1	$ 78.1	$ 75.2	$ 2.9

- **Programming and copyright:** The organic increase is primarily attributable to (i) higher programming rates and (ii) a higher average number of video subscribers.

Other operating costs and expenses

Other operating costs and expenses set forth in the tables 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, 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 share-based incentive awards held by certain of our employees, as further described in note 14.

The following tables set forth the organic and non-organic changes in other operating costs and expenses.

	Three months ended March 31,			Increase (decrease) from:	
	2021	2020	Increase	Acquisition (disposition), net	Organic
			in millions		
Personnel and contract labor	$ 32.4	$ 10.8	$ 21.6	$ 20.0	$ 1.6
Network-related	9.2	1.2	8.0	8.2	(0.2)
Service-related	10.4	3.0	7.4	7.7	(0.3)
Commercial	12.0	2.6	9.4	7.8	1.6
Facility, provision, franchise and other	45.2	12.4	32.8	33.7	(0.9)
Share-based compensation expense	3.0	1.4	1.6	—	1.6
Total other operating costs and expenses	$ 112.2	$ 31.4	$ 80.8	$ 77.4	$ 3.4

- **Personnel and contract labor:** The organic increase is primarily due to higher salaries and other personnel costs.
- **Service-related:** We incurred $1 million of integration costs associated with the AT&T Acquisition in each of the first quarters of 2021 and 2020. The integration costs incurred during 2021 are included in the increase from an acquisition (disposition), net, in the table above and are expected to grow significantly in future quarters.
- **Commercial:** The organic increase is primarily due to higher call center volumes.

For additional information regarding our share-based compensation, see note 14 to our condensed consolidated financial statements.

Related-party fees and allocations

We recorded related-party fees and allocations of $6 million and $3 million during the three months ended March 31, 2021 and 2020, 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 14 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased $29 million or 139.3% during the three months ended March 31, 2021, as compared to the corresponding period in 2020, primarily due to an increase of $30 million following the closing of the AT&T Acquisition.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of ($8 million) and $7 million during the three months ended March 31, 2021 and 2020, respectively.

The net gain of $8 million during the three months ended March 31, 2021, is primarily due to a $9 million gain that we recognized related to the B2B Disposal that was completed in January 2021.

During the three months ended March 31, 2020, we incurred direct acquisition costs of $7 million related to the AT&T Acquisition.

For additional information regarding the AT&T Acquisition and the B2B Disposal, see note 4 to our condensed consolidated financial statements.

Interest expense

Our interest expense decreased $3 million during the three months ended March 31, 2021, as compared to the corresponding period in 2020, primarily due to lower weighted-average interest rates.

For additional information regarding our outstanding indebtedness, see note 8 to our condensed 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 condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest income

We recognized interest income of $4 million during the three months ended March 31, 2020, which primarily related to interest generated on restricted cash held in escrow in advance of the closing of the AT&T Acquisition.

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

	Three months ended March 31,	
	2021	**2020**
	in millions	
Interest rate derivative contracts (a)	$ 25.5	$ (67.3)
Other (b)	(1.2)	(0.4)
Total	$ 24.3	$ (67.7)

(a) The gain (loss) during each of the three months ended March 31, 2021 and 2020 primarily relate to changes in market interest rates in the U.S. dollar market. In addition, the gain (loss) includes a net gain (loss) of ($5 million) and $12 million during the three months ended March 31, 2021 and 2020, respectively, resulting from changes in our credit risk valuation adjustments. The gain during the 2020 period is primarily due to increased credit risk stemming from market reaction to the COVID-19 outbreak.

(b) Amounts represent the amortization of the premium associated with our Weather Derivative.

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

Other expense, net

Our other expense, net, was not material during each of the three months ended March 31, 2021 and 2020.

Income tax benefit (expense)

We recognized income tax benefit (expense) of ($21 million) and $5 million during the three months ended March 31, 2021 and 2020, respectively.

For the three months ended March 31, 2021, the income tax expense attributable to our earnings before income taxes differs from the amount computed using the statutory tax rate, primarily due to the negative effects of jurisdictional rate differences.

For the three months ended March 31, 2020, the income tax benefit attributable to our loss before income taxes differs from the amount computed using the statutory tax rate, primarily due to the negative effects of jurisdictional rate differentials, increases in valuation allowances and changes in uncertain tax positions.

For additional information regarding our income tax benefit, see note 12 to our condensed consolidated financial statements.

Net earnings (loss)

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

	Three months ended March 31,	
	2021	2020
	in millions	
Operating income	$ 97.8	$ 18.6
Net non-operating expenses	$ (25.4)	$ (102.0)
Income tax benefit (expense)	$ (21.2)	$ 5.1
Net earnings (loss)	$ 51.2	$ (78.3)

Gains or losses associated with changes in the fair values of derivative instruments are subject to a high degree of volatility and, as such, any gains from this source do not represent a reliable source of income. In the absence of significant gains in the future from this source 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, net, (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. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Material Changes in Financial Condition

Sources and Uses of Cash

We had $128 million of cash and cash equivalents at March 31, 2021. In addition to cash and cash equivalents, the primary sources of our liquidity are cash provided by operations and borrowing availability under the LPR Revolving Credit Facility. For the details of the borrowing availability under the LPR Revolving Credit Facility, see note 8 to our condensed 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.

Our liquidity is generally used to fund property and equipment additions, debt service requirements and income tax payments. From time to time, we may also require cash in connection with (i) the repayment of any outstanding debt, (ii) acquisitions and other investment opportunities, (iii) distributions or loans to Liberty Latin America or other equity owners and (iv) the satisfaction of contingent liabilities. We continually evaluate different financing alternatives and market conditions and may decide to enter into new credit facilities, access the debt capital markets or incur other indebtedness from time to time. No assurance can be given that any external funding would be available to us on favorable terms, or at all. For information regarding our commitments and contingencies, see note 15 to our condensed consolidated financial statements.

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

From time to time, we may, to the extent permitted under applicable law, acquire or repay any 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).

Capitalization

For the quarter ended March 31, 2021, our consolidated net leverage ratio was 4.1x, 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 facilities is dependent primarily on our ability to maintain Adjusted OIBDA 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 the leverage covenants contained in our credit agreements. In this regard, if our Adjusted OIBDA 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 extra funding would be available on favorable terms, or at all, to fund any such required repayment. At March 31, 2021, 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 March 31, 2021, the outstanding principal amount of our debt, together with our finance lease obligations, aggregated $2,621 million, including $2,610 million that is not due until 2027 or thereafter. For additional information concerning our debt, see note 8 to our condensed consolidated financial statements.

The weighted average interest rate in effect at March 31, 2021 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin, was 5.7%. The interest rate is based on stated rates and does not include the impact of derivative instruments, deferred financing costs, original issue premiums and commitment fees, all of which affect our overall cost of borrowing. The weighted average impact of the derivative instruments on our borrowing costs at March 31, 2021 was an increase of 39 basis points. Including the effects of derivative instruments, original issue premiums and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our indebtedness was 6.1% at March 31, 2021.

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. We may seek to refinance our debt prior to its maturity, and no assurance can be given that we will be able to complete this refinancing. 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.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the three months ended March 31, 2021 and 2020 are summarized as follows:

	Three months ended March 31,		
	2021	2020	Change
		in millions	
Net cash provided by operating activities	$ 109.1	$ 30.7	$ 78.4
Net cash used by investing activities	(271.5)	(19.9)	(251.6)
Net cash provided by financing activities	213.4	62.4	151.0
Net increase in cash and cash equivalents	$ 51.0	$ 73.2	$ (22.2)

Operating Activities. The increase in net cash provided by operating activities is primarily due to the net impact of (i) a net increase in Adjusted OIBDA and related working capital items and (ii) higher cash payments payments related to derivative instruments.

Investing Activities. Our net cash used by investing activities during the three months ended March 31, 2021 includes (i) $257 million of cash loaned to another subsidiary of Liberty Latin America, as further discussed in note 14 to our condensed consolidated financial statements, (ii) $20 million of cash received in connection with the B2B Disposal, as further discussed in note 4 to our condensed consolidated financial statements, and (iii) $34 million of cash paid related to capital expenditures. Our net cash used by investing activities during the three months ended March 31, 2020 includes $20 million of cash paid related to capital expenditures.

The capital expenditures that we report in our condensed consolidated statements of cash flows, which includes cash paid for property and equipment and intangible assets acquired not part of an acquisition, do not include amounts that are financed under 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 condensed 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 finance lease arrangements.

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

	Three months ended March 31,	
	2021	**2020**
	in millions	
Property and equipment additions	$ 33.7	$ 13.3
Changes in current liabilities related to capital expenditures	0.7	6.6
Capital expenditures	$ 34.4	$ 19.9

The increase in our property and equipment additions during the three months ended March 31, 2021, as compared to the corresponding period in 2020, is primarily due to the net effect of (i) a $13 million increase in additions in our mobile operations following the AT&T Acquisition, mostly due to capacity and baseline-related assets, and (ii) an increase in CPE-related additions. During the three months ended March 31, 2021 and 2020, our property and equipment additions represented 9.3% and 12.7% of revenue, respectively, the decline of which is primarily due to higher revenue following the AT&T Acquisition.

Financing Activities. During the three months ended March 31, 2021, we (i) had borrowings of $320 million related to the 2029 LPR Senior Secured Notes, (ii) made a $59 million cash distribution to another subsidiary of Liberty Latin America, (iii) had $32 million of financing-related derivative payments in relation to the settlement of interest rate swaps in connection with the refinancing of the LPR Credit Facilities and (iv) paid $15 million related to financing costs. During the three months ended March 31, 2020, we borrowed $63 million under the LPR Revolving Credit Facility, which was subsequently repaid in 2020. For additional information regarding our derivative instruments and debt, see notes 5 and 8, respectively, to our condensed consolidated financial statements.

Contractual Commitments

The following table sets forth our commitments as of March 31, 2021:

	Payments due during:							
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	Total
	in millions							
Debt (excluding interest)	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,610.0	$ 2,610.0
Finance leases (excluding interest)	0.2	2.1	2.1	2.1	2.1	2.1	0.1	10.8
Operating leases	28.8	32.1	27.3	24.2	20.9	19.4	70.7	223.4
Total	$ 29.0	$ 34.2	$ 29.4	$ 26.3	$ 23.0	$ 21.5	$ 2,680.8	$ 2,844.2
Projected cash interest payments on third-party debt and finance lease obligations (a)	$ 112.5	$ 148.9	$ 148.9	$ 148.8	$ 148.8	$ 148.7	$ 249.5	$ 1,106.1

(a) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of March 31, 2021. 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 operating lease obligations see notes 8 and 9, respectively, to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under derivative instruments, 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 the three months ended March 31, 2021 and 2020, see note 5 to our condensed consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected net cash flows associated with our derivative instruments. The amounts presented below are based on interest rates that were in effect as of March 31, 2021. 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 condensed consolidated financial statements.

	Payments due during:							
	Remainder of 2021	2022	2023	2024	2025	2026	Thereafter	Total
	in millions							
Interest-related (a)	$ 4.4	$ 13.2	$ 9.9	$ 9.9	$ 9.9	$ 9.9	$ 19.8	$ 77.0

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