UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-38335

Liberty Latin America Ltd.

(Exact name of Registrant as specified in its charter)

Bermuda	**98-1386359**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2 Church Street, Hamilton	**HM 11**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (441) 295-5950 or (303) 925-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Shares, par value $0.01 per share	The NASDAQ Stock Market LLC
Class C Shares, par value $0.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: none

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. Check one:

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $3.1 billion.

The number of outstanding common shares of Liberty Latin America Ltd. as of January 31, 2019 was: 48,503,782 Class A; 1,935,949 Class B; and 130,543,474 Class C.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the Registrant's 2019 Annual General Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

LIBERTY LATIN AMERICA LTD.
ANNUAL REPORT ON FORM 10-K
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PART I

Item 1. BUSINESS

(a) General Development of Business

Liberty Latin America Ltd. is an international provider of fixed, mobile and subsea telecommunications services. Through our subsidiaries, we provide residential and business-to-business (**B2B**) services in (i) 18 countries, primarily in Latin America and the Caribbean, through Cable & Wireless Communications Limited (**C&W**), (ii) Chile, through VTR.com SpA (**VTR**), (iii) Puerto Rico, through Liberty Cablevision of Puerto Rico LLC (**Liberty Puerto Rico**), an entity that, effective October 2018, is a wholly-owned subsidiary, and (iv) Costa Rica, through Cabletica S.A. (**Cabletica**). As further described in note 19 to our consolidated financial statements, effective October 1, 2018, VTR and Cabletica together comprise one of our reportable segments referred to as "VTR/Cabletica." C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fiber optic cable networks that connect over 40 markets in that region. In the following text, the terms "**Liberty Latin America**," "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to Liberty Latin America or collectively to Liberty Latin America and its subsidiaries.

C&W owns less than 100% of certain of its consolidated subsidiaries, including Cable & Wireless Panama, S.A. (**C&W Panama**) (a 49.0%-owned entity that owns most of our operations in Panama), The Bahamas Telecommunications Company Limited (**BTC**) (a 49.0%-owned entity that owns all of our operations in the Bahamas) and Cable & Wireless Jamaica Limited (**C&W Jamaica**) (a 92.3%-owned entity that owns the majority of our operations in Jamaica).

We were originally formed as a Bermuda company on July 11, 2017, as a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**) under the name LatAm Splitco Ltd. and we changed our name to Liberty Latin America Ltd. on September 22, 2017. During October 2017, the Board of Directors of Liberty Global authorized a plan to distribute to the holders of Liberty Global's LiLAC Shares (as defined and described in note 1 to our consolidated financial statements included in Part II of this Annual Report on Form 10-K) common shares in our company (the **Split-Off**), which was completed on December 29, 2017.

References in the following text to our assets, liabilities or businesses reflect the historical information of (i) certain former subsidiaries of Liberty Global for periods prior to the Split-Off and (ii) Liberty Latin America and its consolidated subsidiaries for the period following the Split-Off. Although Liberty Latin America was previously reported on a combined basis, the financial and operating information presented herein includes Liberty Latin America and its consolidated subsidiaries for all periods presented, unless stated otherwise.

Split-off of Liberty Latin America from Liberty Global

Following the Split-Off, Liberty Latin America and Liberty Global operate as separate, publicly traded companies, and neither has any share ownership, beneficial or otherwise, in the other. In the Split-Off, 48,428,841 Class A common shares, 1,940,193 Class B common shares and 120,843,539 Class C common shares of Liberty Latin America were issued. Several agreements were entered into in connection with the Split-Off between Liberty Latin America, Liberty Global and/or certain of their respective subsidiaries. The following summarizes the material agreements:

- a reorganization agreement, which provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Split-Off, certain conditions to the Split-Off and provisions governing the relationship between Liberty Global and Liberty Latin America with respect to and resulting from the Split-Off;

- a services agreement (the **Services Agreement**), pursuant to which, for up to two years following the Split-Off with the option to renew for a one-year period, Liberty Global will provide Liberty Latin America with specified services, including access to Liberty Global's procurement team and tools to leverage scale and take advantage of joint purchasing opportunities, certain management services, other services to support Liberty Latin America's legal, tax, accounting and finance departments, and certain technical and information technology services (including software development services associated with the Horizon platform, management information systems, hardware, data storage, and network and telecommunications services);

- a sublease agreement (the **Sublease Agreement**), pursuant to which Liberty Latin America will sublease office space from Liberty Global in Denver, Colorado until May 31, 2031, subject to customary termination and notice provisions;

- a facilities sharing agreement, pursuant to which, for as long as the Sublease Agreement remains in effect, Liberty Latin America will pay a fee for the usage of certain facilities at the office space in Denver, Colorado; and

- a tax sharing agreement (the **Tax Sharing Agreement**), which governs the parties' respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters;

Developments in the Business

We have expanded our footprint through new build projects and strategic acquisitions. Our new build projects consist of network programs pursuant to which we pass additional homes and businesses with our broadband communications network. We are also upgrading networks to make them two-way compatible. During the past three years, we passed or upgraded over 1 million additional homes and commercial premises. We have made strategic acquisitions to drive scale benefits across our business, enhancing our ability to innovate and deliver quality services, content and products to our customers. Within the last five years, we completed the following transactions:

- the acquisition on October 17, 2018 of Searchlight Capital Partners L.P.'s 40% interest in both Leo Cable L.P. and Leo Cable L.L.C., which in turn gave us 100% ownership of Liberty Puerto Rico;

- the acquisition on October 1, 2018 of an 80% stake in Cabletica, which is a leading cable operator in Costa Rica that provides television, broadband internet and fixed-line telephony services to residential customers, from Televisora de Costa Rica S.A. in an all cash transaction;

- the acquisition on May 16, 2016 of C&W, a full-service telecommunications operator with a well-recognized and respected brand that has been in use for more than 70 years; and

- the acquisition on June 3, 2015 of Choice Cable TV, a cable and broadband services provider in Puerto Rico, which has been integrated into our Liberty Puerto Rico operations.

For information regarding our material financing transactions, see note 10 to our consolidated financial statements included in Part II of this Annual Report on Form 10-K.

In 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in Puerto Rico and certain markets within our C&W segment, most notably the British Virgin Islands and Dominica (collectively, the **Impacted Markets**), including damage to power supply and transmission systems. In December 2018, we settled our insurance claims for the Hurricanes with our third-party insurance provider. The settlement amount totaled $121 million and comprised $109 million for Hurricanes Irma and Maria, which was net of $30 million in self-insurance, and $12 million for Hurricane Matthew, which was net of $15 million in self-insurance. For information regarding the impacts of Hurricanes Irma and Maria, see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Impacts of Hurricanes* included in Part II of this Annual Report on Form 10-K.

Forward-looking Statements

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this Annual Report on Form 10-K 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 Item 1. *Business*, Item 1A. *Risk Factors*, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Item 7A. *Quantitative and Qualitative Disclosures About Market Risk* may contain forward-looking statements, including statements regarding: our business, product, foreign currency and finance strategies in 2019; our property and equipment additions in 2019; subscriber growth and retention rates; changes in competitive, regulatory and economic factors; the timing and impacts of proposed transactions; anticipated changes in our revenue, costs or growth rates; our liquidity; credit risks; internal control over financial reporting; foreign currency risks; compliance with debt, financial and other covenants; our future projected contractual commitments and cash flows; and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties discussed under Item 1A. *Risk Factors* and Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*, as well as the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates, inflation rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- 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;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.S. or in other countries in which we operate;
- 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 (including our third-party wireless network provider under our mobile virtual network operator (**MVNO**) arrangement), 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;
- 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;
- changes in the nature of key strategic relationships with partners and joint venturers;
- our equity capital structure;
- 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 (**OFAC**); and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, hurricanes and other natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Annual Report on Form 10-K are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this Annual Report on Form 10-K, 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.

(c) Narrative Description of Business

Overview

We are a leading telecommunications company with operations in Chile, Puerto Rico, the Caribbean and other parts of Latin America. The communications and entertainment services that we deliver to our residential and business customers include video, broadband internet, telephony and mobile services. In most of our operating footprint, we offer a "triple-play" of bundled services of digital video, internet and telephony in one subscription. We are also focused on leveraging our full-service product suite to deliver fixed-mobile convergence offerings. Available fixed service offerings depend on the bandwidth capacity of a particular system and whether it has been upgraded for two-way communications.

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

We are the largest fixed-line provider of high-speed broadband and video services across a number of our markets, including Chile, Puerto Rico, Jamaica and Trinidad and Tobago. We also operate the largest telephony network in most of our C&W markets where we provide residential communications services. In addition, we offer mobile services throughout most of our operating footprint. Across C&W's markets, we are a mobile network operator in Panama and most of our Caribbean markets, including the Bahamas and Jamaica. As a network provider, we are able to offer a full range of voice and data services, including value-added, data-based and fixed-mobile converged services. In Chile, VTR provides mobile services as an MVNO and leases a third-party's radio access network. For a breakdown of revenue by major category, see note 19 to our consolidated financial statements in Part II of this Annual Report on Form 10-K.

Our operating brands include the following:

C&W	VTR	Liberty Puerto Rico	Cabletica
C&W Business	vtr.com	Liberty	CABLETICA
C&W Networks A Liberty Latin America Company			
BTC Everyday.			
FLOW			
+móvil			

Operating Data

The following tables present certain operating data as of December 31, 2018. The tables reflect 100% of the data applicable to each of our subsidiaries, regardless of our ownership percentage. For additional information regarding terms used in the following tables, see the *Operating Data Glossary* below.

					Video						
	Homes Passed	Two-way Homes Passed	Customer Relationships	Total RGUs	Basic Video Subscribers	Enhanced Video Subscribers	DTH Subscribers	Total Video	Internet Subscribers	Telephony Subscribers	Mobile Subscribers (a)
C&W:											
Panama	546,000	546,000	175,800	322,300	—	63,100	23,300	86,400	112,000	123,900	1,569,900
Jamaica	494,900	484,900	246,000	505,400	—	118,100	—	118,100	190,600	196,700	935,900
The Bahamas	128,900	128,900	47,300	79,100	—	6,900	—	6,900	26,600	45,600	224,300
Trinidad and Tobago	324,500	324,500	156,100	301,900	—	107,800	—	107,800	129,700	64,400	—
Barbados	124,700	124,700	83,900	158,500	—	20,600	—	20,600	64,000	73,900	122,100
Other	345,200	325,400	204,800	303,600	10,600	67,300	—	77,900	131,100	94,600	394,200
Total C&W	1,964,200	1,934,400	913,900	1,670,800	10,600	383,800	23,300	417,700	654,000	599,100	3,246,400
VTR/Cabletica:											
VTR	3,517,700	3,062,700	1,468,500	2,911,500	58,300	1,021,100	—	1,079,400	1,259,200	572,900	256,300
Cabletica	585,100	579,200	232,700	381,300	—	195,100	—	195,100	165,200	21,000	—
Total VTR/Cabletica	4,102,800	3,641,900	1,701,200	3,292,800	58,300	1,216,200	—	1,274,500	1,424,400	593,900	256,300
Liberty Puerto Rico	1,088,400	1,088,400	376,100	738,600	—	217,100	—	217,100	324,000	197,500	—
Total	7,155,400	6,664,700	2,991,200	5,702,200	68,900	1,817,100	23,300	1,909,300	2,402,400	1,390,500	3,502,700

(a) Mobile subscribers are comprised of the following:

	Prepaid	Postpaid	Total
C&W:			
Panama	1,424,200	145,700	1,569,900
Jamaica	918,600	17,300	935,900
The Bahamas	200,000	24,300	224,300
Barbados	94,700	27,400	122,100
Other	338,700	55,500	394,200
Total C&W	2,976,200	270,200	3,246,400
VTR	6,800	249,500	256,300
Total	2,983,000	519,700	3,502,700

Operating Data Glossary

Basic Video Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. With the exception of RGUs that we count on an equivalent billing unit ("**EBU**") basis, we generally count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs. We exclude DTH subscribers (as defined below) from basic video subscribers.

Direct-to-Home ("DTH") Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video programming broadcast directly via satellite.

Enhanced Video Subscriber – A home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced video subscribers that are not counted on an EBU basis are generally counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An enhanced video subscriber is not counted as a basic video subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our basic video subscribers equal to the increase in our enhanced video subscribers.

Fixed-line Customer Relationships – The number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. To the extent that RGU counts include EBU adjustments, we reflect corresponding adjustments to our customer relationship counts. For further information regarding our EBU calculation, see Additional General Notes below. Fixed-line customer relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two customer relationships. We exclude mobile-only customers from customer relationships.

Homes Passed – Homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant, except for DTH homes. Certain of our homes passed counts are based on census data that can change based on either revisions to the data or from new census results. We do not count homes passed for DTH.

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

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

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

Telephony Subscriber – A home, residential multiple dwelling unit or commercial unit that receives voice services over our networks. Telephony subscribers exclude mobile telephony subscribers.

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

Additional General Notes to Table:

Most of our operations provide telephony, broadband internet, data, video or other B2B services. Certain of our B2B service revenue is derived from small or home office (**SOHO**) customers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHO customers, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our operations, with only those services provided at premium prices considered to be “SOHO RGUs” or “SOHO customers.” To the extent our existing customers upgrade from a residential product offering to a SOHO product offering, the number of SOHO RGUs or SOHO customers will increase, but there is no impact to our total RGU or customer counts. With the exception of our B2B SOHO customers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

Certain of our residential and commercial RGUs are counted on an EBU basis, including residential multiple dwelling units and commercial establishments, such as bars, hotels, and hospitals, in Chile and Puerto Rico. Our EBUs are generally calculated by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. As such, we may experience variances in our EBU counts solely as a result of changes in rates.

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

Subscriber information for Cabletica, is preliminary and subject to adjustment until we have completed our review of such information and determined that it is presented in accordance with our policies.

Fixed Network and Product Penetration Data (%)

	Panama	Jamaica	The Bahamas	Trinidad and Tobago	Barbados	Other C&W	Chile	Costa Rica	Puerto Rico
Network data:									
Two-way homes passed (1)	100%	98%	100%	100%	100%	94%	87%	99%	100%
Homes passed:									
Cable (2)	64%	56%	—%	100%	—%	54%	100%	100%	100%
FTTx (2)	—%	2%	33%	—%	100%	10%	—%	—%	—%
VDSL (2)	36%	42%	67%	—%	—%	36%	—%	—%	—%
Product penetration:									
Television (3)	12%	24%	5%	33%	17%	23%	31%	33%	20%
Enhanced video (4)	100%	100%	100%	100%	100%	86%	95%	100%	100%
Broadband internet (5)	21%	39%	21%	40%	51%	40%	41%	29%	30%
Fixed-line telephony (5)	23%	41%	35%	20%	59%	29%	19%	4%	18%
Double-play (6)	36%	33%	41%	17%	45%	35%	33%	48%	11%
Triple-play (6)	23%	36%	13%	38%	22%	6%	33%	8%	43%

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

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

(3) Percentage of total homes passed that subscribe to cable television services (basic video or enhanced video).

(4) Percentage of cable television subscribers (basic video and enhanced video subscribers) that are enhanced video subscribers.

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

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

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

	Panama	Jamaica	The Bahamas	Trinidad and Tobago	Barbados	Other C&W	Chile	Costa Rica	Puerto Rico
Video services:									
Network System (1)	VDSL/HFC	VDSL/HFC/FTTX	VDSL/FTTx	HFC	FTTx	VDSL/HFC/FTTX	HFC	HFC	HFC
Broadband internet service:									
Maximum download speed offered (**Mbps**)	600	100	300	600	1,000	100 (2)	400	100	400
Mobile services:									
Network Technology (3)	LTE	LTE	LTE	—	LTE	LTE / HSPA+	LTE	—	—

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

(2) In certain markets, speeds of up to 300 Mbps are available.

(3) Fastest available technology. "**LTE"** refers to the Long Term Evolution Standard.

Products and Services

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

	Mobile	Broadband internet	Video	Fixed-line telephony
C&W:				
Anguilla	X	X	X	X
Antigua & Barbuda	X	X	X	X
Barbados	X	X	X	X
British Virgin Islands	X	X	X	X
Cayman Islands	X	X	X	X
Curaçao		X	X	X
Dominica	X	X	X	X
Grenada	X	X	X	X
Jamaica	X	X	X	X
Montserrat	X	X		X
Panama	X	X	X	X
Seychelles	X	X	X	X
St. Kitts & Nevis	X	X	X	X
St. Lucia	X	X	X	X
St. Vincent & the Grenadines	X	X	X	X
The Bahamas	X	X	X	X
Trinidad and Tobago		X	X	X
Turks & Caicos	X	X	X	X
VTR/Cabletica:				
Chile	X	X	X	X
Costa Rica		X	X	X
Puerto Rico		X	X	X

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

Residential Services

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

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

Telephony Services. C&W is the incumbent fixed-line telephony service provider in many of its Caribbean markets. VTR is the second largest residential fixed-line telephony operator, and a leading provider within its footprint.

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

Video Services. We offer video services in Chile, Costa Rica, Puerto Rico, and in most of C&W's residential markets, including Panama, Jamaica, Trinidad and Tobago, Barbados and the Bahamas. To meet the demands of our customers, we have enhanced our video services with next generation, market-leading digital television platforms that enable our customers to control when and where they watch their programming. These advanced services are delivered over our FTTx, VDSL and hybrid fiber coaxial cable networks and include a digital video recorder (**DVR**), a video-on-demand (**VoD**) offering and an advanced electronic programming guide. In most of our markets, customers can pause their programming while a live broadcast is in progress as well as access a selection of channels and VoD content through a mobile application. In 2018, we also launched "Replay TV" in many of our markets.

In Chile, we have launched the Horizon Go app, which will extend the advanced video viewing experience to connected devices beyond the set-top box, including mobile phones and tablets. In several of our Caribbean markets and Panama, we offer a comprehensive internet streaming video service (branded "Flow ToGo" and "+TV Go") that allows our video customers to stream an increasing number of channels with a broadband connection in and out of the home and on multiple devices. In Puerto Rico, our video customers can watch their favorite channels on the Liberty Go app as well as access over 70 applications from content providers to watch streamed linear and VoD programming by authenticating as a Liberty Puerto Rico customer.

All of our operations with fixed video services offer multiple tiers of digital video programming starting with a basic video service. In addition, subscribers have the option to select extended and/or premium subscription tiers. Fixed digital video services require a set-top box provided by us that also enables access to enhanced features such as VoD. Subscribers to our basic digital video services pay a fixed monthly fee and generally can elect to receive, in most of our markets, a skinny entry tier or take a basic tier with a minimum of 100 video channels, including a number of high definition (**HD**) channels. We also offer a variety of premium packages combining channels and VoD. In the few markets where our analog service is still available, including Costa Rica, subscribers to that service typically receive fewer channels than subscribers to our basic digital service, with the number of channels dependent on their location. Subscribers to our digital services in each case receive the channels available through our analog service. In all of our video operations, we continue to upgrade our systems to expand our digital services and encourage our remaining analog subscribers to convert to a digital or premium digital service. Discounts to our monthly service fees are generally available to any subscriber who selects a bundled service of at least two of the following services: video, internet and fixed-line telephony.

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

Broadband Internet Services. Our customers are increasingly using online communications. To support our customers' expectations for seamless connectivity, we are expanding our networks to make ultrafast broadband available to more people. This includes investment in the convergence of our fixed and mobile data systems and making wireless systems available in the home. During 2018, our Network Extension programs (as defined and described below) passed approximately 330,000 homes across Liberty Latin America. We initially launched next generation WiFi and telephony gateway products to our subscribers in Chile and Puerto Rico and, in 2017, we began expansion of such gateway products to various C&W markets. These next generation WiFi and telephony gateway products enable us to maximize the impact of our ultrafast broadband networks by providing reliable wireless connectivity anywhere in the home. These gateway products can be self-installed and have an automatic WiFi optimization function, which selects the best possible wireless frequency.

The internet speeds we offer are one of our differentiators, as customers spend more time streaming video and other bandwidth-heavy services on multiple devices. As a result, we are continuing to invest in additional bandwidth and technologies to increase internet speeds throughout our Latin America and Caribbean footprint. We have increased the top tier internet speed for our customers in Chile and Puerto Rico to 400 Mbps and also increased our broadband internet speeds in the C&W footprint following upgrades to our networks, notably in Panama. We plan to continue the upgrade and expansion of our fixed networks so that we can deploy high-speed internet service to additional customers in the coming years.

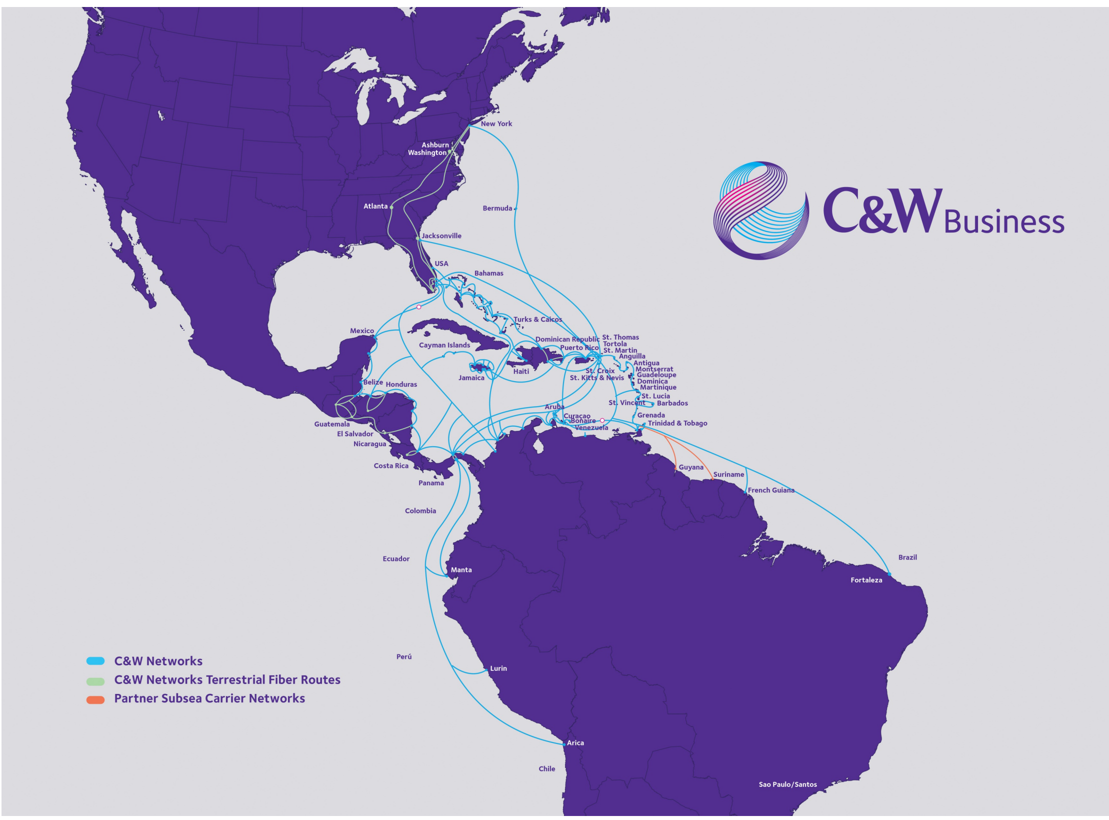
Our residential subscribers access the internet via DSL over our fixed-line telephony networks, FTTx or hybrid fiber coaxial cable networks and with cable modems connected to their internet capable devices, including personal computers, or wirelessly via next generation WiFi and telephony gateway products.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

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

Business Services

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

Below is a map of our subsea fiber network.



With over 50,000 km of fiber optic cable, and a capacity of over 3 terabits per second (Tbps), C&W is able to carry large volumes of voice and data traffic on behalf of our customers, businesses and carriers. C&W's networks also allow us to provide point-to-point, clear channel wholesale broadband capacity services and IP transit, superior switching and routing capabilities and local network services to telecommunications carriers, internet service providers (ISPs) and large corporations. In case of outages on portions of the cable systems, our network provides inbuilt resiliency through our traffic re-routing capability. C&W has received recognition for its wholesale services. In 2018, C&W received the Best Caribbean Wholesale Carrier and the Best Marketing Campaign at the 2018 Global Carrier Awards. We hold several notable certifications including the International ISO 27001 Certification, which reinforces the commitment to customer data safety, as well as CISCO Cloud and Managed Services Partner Master Certification, along with several others.

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

Our business services fall into five broad categories:

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

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

Technology

In many of our markets, we transmit our broadband internet, video and fixed-line telephony services over a hybrid fiber coaxial cable network. This network consists primarily of fiber networks that we connect to the home over the last few hundred meters by coaxial cable. In several of our Caribbean markets, we transmit our services over a fixed network consisting of FTTx, VDSL or DSL copper lines. Over 90% of our networks allow for two-way communications and are flexible enough to support our current services as well as new services.

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

- recapturing bandwidth and optimizing our networks by:
    - increasing the number of nodes in our markets;
    - increasing the bandwidth of our hybrid fiber coaxial cable networks;

    - converting analog channels to digital;
    - bonding additional data over cable service interface specification (**DOCSIS**) 3.0 channels;
    - deploying VDSL over our fixed telephony network;
    - replacing copper lines with modern optic fibers; and
    - using digital compression technologies.
- freeing spectrum for high-speed internet, VoD and other services by encouraging customers to move from analog to digital services;
- increasing the efficiency of our networks by moving headend functions (encoding, transcoding and multiplexing) to cloud storage systems;
- enhancing our network to accommodate further business services;
- using our wireless technologies to extend services outside of the home;
- offering remote access to our video services through laptops, smart phones and tablets;
- expanding the availability of next generation decoder and set-top boxes and related products, as well as developing and introducing online media sharing and streaming or cloud-based video; and
- testing new technologies.

We are engaged in network extension and upgrade programs across Liberty Latin America, although the Liberty Puerto Rico program was interrupted by the impacts of Hurricanes Maria and Irma. We collectively refer to these network extension and upgrade programs as the "**Network Extensions**." Through the Network Extensions, we continue to expand our fixed networks pursuant to which we pass or upgrade homes and businesses with our broadband communications network. In addition, we look for mobile service opportunities where we have established cable networks and have expanded our fixed-line networks where we have a strong mobile offering. This will allow us to offer converged fixed-line and mobile services to our customers.

We deliver high-speed data and fixed-line telephony over our various fixed networks, including cable, FTTx and copper networks. These networks are further connected via our subsea and terrestrial fiber optic cable networks that provide connectivity within and outside the region. Our subsea network cables terminating in the United States carry over 3 Tbps, which represent less than 10% of their potential capacity based on current deployed technology, presenting us with significant growth opportunities. In Puerto Rico, our network includes a fiber ring around the island that provides enhanced interconnectivity points to the island's other local and international telecommunications companies.

Supply Sources

Content

With telecommunication companies increasingly offering similar services, content is one of the drivers for customers in selecting a video services provider. Therefore, in addition to providing services that allow our customers to view programming when and where they want, we continue to invest in content that matters the most to our customers. Our content strategy is based on:

- proposition (meeting and exceeding our customers' expectations on entertainment);
- product (making content available anywhere and anytime, including live, catch-up and/or VoD);
- acquisition (investment in the best channels, VoD content and exclusive sports); and
- partnering (strategic alliances with content partners and growth opportunities).

Except for our Flow Sports and Flow 1 entertainment services in the Caribbean, we license almost all of our programming and on-demand offerings through distribution agreements with third-party content providers, including broadcasters and cable programming networks. For such licenses, we generally pay a monthly fee on a per subscriber basis, with minimum guarantees in certain cases through long-term programming licenses. In our distribution agreements, we seek to include the rights to offer the licensed channels and programming to our customers through multiple delivery platforms including through our apps for IP connected devices and on our websites. We also acquire rights to make available, in selected markets, basic and/or premium video services to mobile and/or broadband subscribers that are not subscribers to TV services.

In seeking licenses for content, our primary focus is on partnering with leading international providers, such as Disney/ESPN, Fox, Time Warner/HBO/Turner, Discovery, NBCU and Viacom. We also seek to carry key local broadcasters in each of our markets.

We differentiate our video proposition by acquiring exclusive content with the widest distribution segments. We operate the leading Caribbean sports network, Flow Sports. Since August 2016, Flow Sports has broadcast all of the Premier League games across our Caribbean markets, excluding Puerto Rico, as part of a three-year exclusive agreement, over a combination of a basic service, Flow Sports (also distributed to other pay TV operators), and a premium service, Flow Sports Premier (available exclusively to our regional customers). In 2018, Flow Sports started to broadcast the UEFA Champions League and Europa League in partnership with another sports channel. Flow Sports also broadcasts other popular sports in the region, including cricket and track and field. Through the Flow Sports app, our video customers are able to watch Flow Sports content exclusively on-the-go and across multiple screens.

In Chile, we are subject to certain regulatory conditions, which were imposed in connection with VTR's combination with Metropolis Intercom S.A. in April 2005, including a prohibition on VTR obtaining exclusive broadcast rights, except for specific events.

Mobile Handsets and Customer Premises Equipment

We use a variety of suppliers for mobile handsets to offer our customers mobile services. For other customer premises equipment, we purchase from a number of different suppliers with at least two or more suppliers providing our high-volume products. Customer premises equipment includes set-top boxes, modems, WiFi routers, DVRs, tuners and similar devices. For each type of equipment, we retain specialists to provide customer support. For our broadband services, we use a variety of suppliers for our network equipment and the various services we offer.

Software Licenses

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

Access Arrangements

For our mobile services provided through the MVNO arrangement at VTR, we are dependent on a third- party wireless network provider, with whom we contract to carry the mobile communications traffic of our customers. We seek to enter into medium to long-term arrangements for this service. Any termination of this arrangement could significantly impact our mobile services provided through VTR.

Regulatory Matters

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

C&W

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

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

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

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

In recent years, a number of markets in which C&W operates have demonstrated an increased interest in regulating various aspects of broadband internet services due to the increasing importance and availability of high speed broadband. National regulators have also demonstrated an increased focus on the issues of network resilience, broadband affordability and penetration, quality of services and consumer rights. For example, in Panama, as a result of a public consultation process, new guidelines and new quality goals were enacted for the internet public service in 2018.

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

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

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

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

We currently cannot determine the impact these provisions will have on our operations because national regulators are required to conduct extensive market reviews before adopting specific measures and these measures might be reconsidered in accordance with the market reviews. It is currently unclear as to when the new legislation will be enacted. To become law, the legislation will need to be passed by the Parliament of each ECTEL state, and there remains some concerns by St. Lucia and Grenada about the impact of the legislation on operators like C&W. We expect that consensus on the final version of the bill will take some time. As such, the timing and ultimate effect of the bill is unclear. The Bahamas is also expected to modify its Electronic Communications Sector Policy later this year and could have a significant impact on the industry.

In addition to rate regulation, several markets in which C&W operates have imposed, or are considering imposing, regulations designed to further encourage competition, including introducing requirements related to unbundling, network access to third parties, and local number portability (**LNP**). Panama, the Bahamas, the Cayman Islands and Jamaica have implemented LNP. Other jurisdictions, including Barbados and ECTEL, have considered or began to implement LNP. Trinidad and Tobago has yet to implement fixed LNP, although LNP rules are in place.

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

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

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

The C&W Acquisition (as defined below) triggered regulatory approval requirements in certain jurisdictions in which C&W operates. The regulatory authorities in certain of these jurisdictions, including Trinidad and Tobago and the Seychelles, have not completed their review of the C&W Acquisition or granted their approval. While we expect to receive all outstanding approvals, such approvals may include binding conditions or requirements that could have an adverse impact on C&W's operations and financial condition.

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

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

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

VTR / Cabletica

VTR is subject to regulation and enforcement by various governmental entities in Chile including the Chilean Antitrust Authority, the Ministry of Transportation and Telecommunications (the **Ministry**) through the Chilean Undersecretary of Telecommunications (**SubTel**), the National Television Council (**CNTV**) and the National Consumer Service (**Sernac**).

In addition to the specific regulations described below, VTR is subject to certain regulatory conditions which were imposed by the Chilean Antitrust Authority in connection with VTR's combination with Metrópolis Intercom SA in April 2005. These conditions are indefinite and include, among others, (i) prohibiting VTR and its control group from participating, directly or indirectly through a related person, in Chilean satellite or microwave television businesses, (ii) prohibiting VTR from using its market power over programmers without justification, (iii) prohibiting VTR from obtaining exclusive broadcast rights, except for specific events, and (iv) requiring VTR to offer its broadband capacity for resale of internet services on a wholesale basis.

Video. The provision of pay television services requires a permit issued by the Ministry. Cable pay television permits are granted for an indefinite term and are non-exclusive. As these permits do not involve radio electric spectrum, they are granted without ongoing duties or royalties. VTR has permits to provide cable pay television services in most of the medium- and large-sized markets in Chile.

Cable television service providers in Chile are free to define the channels and content included in their services and are not required to carry any specific programming, except as described below. However, CNTV may impose sanctions on providers who are found to have run programming containing excessive violence, adult content or other objectionable programming or advertising of certain categories of products within certain time slots throughout the day. Pay television operators are directly responsible for violation of such prohibitions. Additionally, the Chilean Television Act (the **Television Act**) requires pay television operators to offer a certain quota of cultural content and to distribute public interest campaigns.

The Television Act establishes a retransmission consent regime between broadcast television concession holders and pay television operators. This regime provides that once a broadcast operator achieves digital coverage of 85% of the population within its concession areas, the broadcast operator may require that pay television operators enter into an agreement for the retransmission of its digital signal. In addition, the Television Act requires that the technical or commercial conditions imposed by broadcast operators not discriminate among pay television operators. Also, the Television Act establishes a must carry regime requiring pay television operators to distribute up to four local broadcast television channels in each operating area. The channels that must be carried by any particular pay television operator are to be selected by CNTV. The full implementation of the retransmission and must carry regimes are still pending.

VTR's ability to change its channel lineup is restricted by an agreement reached with Sernac in July 2012 and the general regulation established by SubTel in February 2014 (by the Telecommunication Services General Rulemaking). This framework allows VTR to change one or more channels from its lineup after a 60-day notice period to its subscribers. In such cases, VTR shall offer a channel of similar content and quality or proportional compensation. Despite this, after certain channel adjustments were applied in July 2016, the excluded programmers challenged in courts (with the support of social media) VTR's ability to unilaterally modify its channel grid, arguing that content and quality of new channels should be identical to the excluded channels. A final position on this issue is pending.

Internet. A law passed in November 2017 requires all ISPs to apply for a public service concession for data transmission within three months of the passage of such law. Because VTR operates via networks that were previously approved by SubTel, VTR timely applied and an approval is pending.

A law on internet neutrality prohibits "arbitrary blockings" of legal content, applications or services and the provision of differentiated service conditions according to the origin or ownership of the content or service provided through the internet. Additionally, the law authorizes ISPs to take measures to ensure the privacy of their users and provide virus protection and safety processes over their network, as long as these measures do not infringe antitrust laws. Additional measures have been implemented, including obligations related to consumer information, traffic management policies, internet quality of service requirements and notices required by law concerning the effective maximum and minimum traffic speeds offered under internet access plans.

In order to protect the constitutional rights of privacy and safety of communications, ISPs are prohibited from undertaking surveillance measures over data content on their networks. Also, special summary proceedings have been created in order to safeguard intellectual property rights against violations committed through networks or digital systems. These proceedings include measures designed to withdraw, disqualify or block infringing content in the ISP's network or systems. The law also provides for the right of intellectual property owners to judicially request from ISPs the delivery of necessary information to identify the provider of infringing content.

A law passed in November 2017 requires all fixed and mobile ISPs to meet levels of quality of service to be defined in a future SubTel regulation. The law also requires ISPs to guarantee a minimum broadband throughput based on the offered speed and to provide their subscribers a certified measurement tool allowing subscribers to verify this minimum service level, and imposes on ISPs fines or penalties if the service level is not fulfilled. Ancillary regulations applicable to this obligation are pending.

Fixed-Line Telephony and Mobile Services. The provision of fixed-line telephony and mobile services requires a public telecommunications service concession. VTR holds concessions to provide fixed wireless local telephony service on the 3.5 GHz band in several regions of the country. These concessions have renewable 30-year terms, expiring in 2036. During 2018, SubTel partially froze 20MHz of the 50 MHz concession granted to VTR in order to evaluate future 5G concession auctions. VTR is contesting SubTel's legal ability to take such a measure.

With respect to mobile services, in 2009, SubTel awarded VTR a 30MHz license in the 1700/2100 MHz band. The license has a 30-year renewable term, expiring in 2040. Currently, antitrust bodies and the Supreme Court have declared a 60 MHz cap for mobile concessions and a 100 MHz cap for fixed wireless service (3.5 GHz band). SubTel filed an application before the Antitrust Court in order to review the spectrum cap regime and the spectrum administration policy for the country under the notion that future telecommunication needs, especially for implementing 5G networks, will require broader bandwidth. The process is currently in its early stages. VTR does not currently exceed any of its caps.

VTR has concessions to provide fixed-line telephony in most major and medium-sized markets in Chile. Telephony concessions are non-exclusive and have renewable 30-year terms. The original term of VTR's fixed-line telephony concessions expires in November 2025. Long distance telephony services are considered intermediate telecommunications services and, as such, are also regulated by the Ministry. VTR has concessions to provide this service, which is non-exclusive, for a 30-year renewable term expiring in September 2025.

There are no universal service obligations in Chile. However, local service concession holders are obligated to provide telephony service to all customers that are within their service area or are willing to pay for an extension to receive service. All local service providers, including VTR, must give long distance telephony service providers equal access to their network connections at regulated prices and must interconnect with all other public service concession holders whose systems are technically compatible.

As a general rule, fixed-line telephony service providers are free to establish the rates directly charged to their customers, unless the Chilean Antitrust Authority concludes that due to a lack of sufficient competition in the market, rates should be fixed by SubTel. However, SubTel sets the maximum rates that may be charged by each operator for interconnect charges, access charges between operators for calls originating on one network that are completed through connections with one or more networks of other providers. Rate regulation on interconnection charges is applicable to all fixed-line and mobile telephony companies, including VTR. The determination of the maximum rates that may be charged by operators for their fixed-line or mobile services are made on a case-by-case basis by SubTel and are effective for five years.

Other Chilean Regulation

Price Increase. The Consumer Rights Protection Law has been interpreted to require that any raise in rates exceeding inflation must be previously accepted and agreed to by subscribers. Although VTR disagrees with this interpretation, in July 2012, VTR reached an agreement with Sernac that permits VTR to make adjustments to its published prices twice per year to adjust for inflation, except those services that are subject to rate regulation. VTR is generally prohibited from increasing the rates over the inflation adjustment. VTR may, however, cancel a subscriber's contract after 12 months and propose a new contract with new rate provisions. Once a year VTR may propose to its existing subscribers additional changes to their rates, which must be accepted by the subscriber for the rates to go into effect.

Bundling. In 2012, the Chilean Antitrust Authority issued its regulation governing the on-net/off-net pricing practice in the mobile industry and the offering of bundled telecommunication services. Pursuant to the terms of this regulation, as revised by the Chilean Supreme Court, mobile services may be sold jointly with fixed-line services. However, promotional discounts are not permitted for these double-play offers. As for traditional bundling over the same platform (e.g., bundled fixed-line services such as our double-play and triple-play packages, or bundled mobile services), this regulation provides that such services may be bundled, subject to certain price limitations. These limitations require that the total price for a bundle must be greater than the standalone price for the most expensive service included in the bundle. Also, when three or more services are bundled, the price for the bundle must be greater than the sum of the standalone prices for each service in the bundle, excluding the lowest priced service.

Consumer's Rights Protection Law. In 2018, a bill was enacted introducing significant new powers to Sernac including a material increase in its ability to levy fines and compensations.

Cabletica

Cabletica is subject to regulation and enforcement by various governmental entities in Costa Rica, including the Ministry of Science and Technology, the Costa Rican Telecommunications Superintendence (**Sutel**), and the Consumer Support Office of the Ministry of Economy, Industry and Commerce (**MEIC**). Cabletica holds a telecommunications services concession, expiring in 2028, issued by Sutel that authorizes the deployment and operation of its wireline HFC network throughout the country. At the service layer, the concession permits: (i) paid television; (ii) the provision of fixed telephony service; (iii) internet access; and (iv) data links.

Video. Cable television service providers in Costa Rica are free to define the channels and content included in their services and are not required to carry any specific programming, except as described below. However, the Commission of Control and Qualification of Public Spectacles of the Ministry of Justice and Peace may impose sanctions on providers that have run programming containing excessive violence, adult content, or other objectionable content. Pay television operators are directly responsible for violating such prohibitions.

The Costa Rican General Telecommunications Law (art.138) establishes a retransmission consent regime between broadcast television concessionaires and pay television operators. This regime provides that (i) the concessionaires must include within their programming the Costa Rican television channels that have coverage in at least sixty percent of the national territory, excluding Isla del Coco, which complies with at least fourteen minimum hours of daily transmission, and (ii) the reception of the signal complies with the minimum signal requirements established in this regulation, which have acceptable ratings and have the corresponding transmission rights.

Internet. The Regulation of Provision and Quality of Services of Sutel establishes minimum quality thresholds, such as minimum speeds, oversubscription, and delay.

Fixed-Line Telephony Services. The current regulations separate VoIP fixed telephony from traditional fixed telephony (e.g., copper lines) and there is no fixed number portability.

Other Costa Rican Regulation

The powers of the Agency for the Protection of Data of Inhabitants (Prohab) are stipulated in the Law on the Protection of the Person against the Processing of Personal Data (Law No. 8968). Its functions are focused on compliance with data protection regulations. The Commission to Promote Competition (Coprocom) is a maximum deconcentration body attached to MEIC. Its fundamental purpose is to comply with the provisions of the Law on Promotion of Competition and Effective Defense of the Consumer (Law No. 7472) through the protection and promotion of (i) the process of competition and free competition, (ii) investigating and sanctioning monopolistic practices, and (iii) other restrictions related to the efficient functioning of the market.

Liberty Puerto Rico

Liberty Puerto Rico is subject to regulation in Puerto Rico by various governmental entities at the Puerto Rico and the U.S. federal level, including the Federal Communications Commission (**FCC**). The Puerto Rico Telecommunications Regulatory Bureau (**TRB**) has primary regulatory jurisdiction in Puerto Rico at the local level and is responsible for awarding franchises to cable operators for the provision of cable service in Puerto Rico and regulating cable television and telecommunications services.

Our business in Puerto Rico is subject to comprehensive regulation under the United States Communications Act of 1934, as amended (the **Communications Act**), which regulates communication, telecommunication and cable television services. The

Communications Act also provides the general legal framework for, among other things, the provision of telephone services, services related to interconnection between telephone carriers, and television, radio, cable television and direct broadcast satellite services.

The FCC and/or the TRB have the authority to impose sanctions, including warnings, fines, license revocations and, in certain specific cases, termination of the franchise, although license revocation and franchise termination are rare. The Communications Act specifies causes for the termination of FCC licenses, including, for example, the failure to comply with license requirements and conditions or to pay fines or fees in a timely manner. Such sanctions by the TRB and/or FCC can be appealed to, and reviewed by, Puerto Rican courts and U.S. federal courts.

By virtue of Order and Notice of Proposed Rulemaking 18-57, dated May 8, 2018, the FCC established the Uniendo a Puerto Rico Fund (**UPR Fund**), which made $51 million of new funding available for Puerto Rico telecommunications following Hurricanes Irma and Maria. In order to be eligible for the UPR Fund, Liberty Puerto Rico requested that TRB designate it as an Eligible Telecommunications Carrier (**ETC**). TRB designated Liberty Puerto Rico as an ETC on June 22, 2018. As part of these requirements Liberty Puerto Rico must offer the Lifeline Program and the Libraries and Schools Program (**E-Rate**). Both consist of FCC subsidies to ensure customer access to telecommunications services. Liberty Puerto Rico has implemented internal processes and controls, and is operationally ready to begin offering both the Lifeline and E-Rate Programs in 2019. Final TRB approval of several required documents remains pending. Once approval has been received, Liberty Puerto Rico will proceed to make both programs available.

In Puerto Rico, antitrust regulation is governed by the U.S. Sherman Act, other federal antitrust legislation, and the Puerto Rico Anti-Monopoly Law. In particular, the Sherman Act seeks to prevent anti-competitive practices in the marketplace and requires governmental review of certain business combinations, among other things. The Puerto Rico Anti-Monopoly Law substantially parallels the Sherman Act and authorizes the Puerto Rico Department of Justice to investigate and impose competition-related conditions on transactions.

Puerto Rico Law 5 of 1973, as amended, created the Puerto Rico Department of Consumer Affairs, which regulates marketing campaigns, publicity, and breach of service contracts, and prohibits false advertising. The Puerto Rico Telecommunications Act of 1996 (**Law 213**), which created the TRB, requires that rates for telecommunication services be cost-based, forbids cross-subsidies and focuses on encouraging, preserving and enforcing competition in the cable and telecommunications markets. Although Law 213 does not require Liberty Puerto Rico to obtain any approval of rate increases for cable television or telecommunication services, any such increases must be in compliance with Law 213's requirements, including notification to the TRB before such increases take effect.

The video, internet and fixed-line telephony services that Liberty Puerto Rico provides are all subject to regulation:

- *Video.* The provision of cable television services requires a franchise issued by the TRB. Franchises are subject to termination proceedings in the event of a material breach or failure to comply with certain material provisions set forth in the franchise agreement governing a franchisee's system operations, although such terminations are rare. In addition, franchises require payment of a franchise fee as a requirement to the grant of authority. Franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non- compliance. Franchises are generally granted for fixed terms of up to ten years and must be periodically renewed.

  Our pay television service in Puerto Rico is subject to, among other things, subscriber privacy regulations and must-carry and retransmission consent rights of broadcast stations. The Communications Act and FCC rules govern aspects of the carriage relationship between broadcast television stations and cable companies. To ensure that every qualifying local television station can be received in its local market without requiring a cable subscriber to switch between cable and off-air signals, the FCC allows every qualifying full-power television broadcast station to require that all local cable systems transmit that station's primary digital channel to their subscribers within the station's market (the **"must-carry" rule**) pursuant to the Cable Television Consumer Protection and Competition Act of 1992. Alternatively, a station may elect every three years to forego its must carry rights and seek a negotiated agreement to establish the terms of its carriage by a local cable system, referred to as retransmission consent.

- *Internet.* Liberty Puerto Rico offers high-speed internet access throughout its entire footprint. In March 2015, the FCC issued an order classifying mass-market broadband internet access service as a "telecommunications service," changing its long-standing treatment of this offering as an "information service," which the FCC traditionally has subjected to limited regulation. The rules adopted by the FCC prohibited, among other things, broadband providers from: (i) blocking access to lawful content, applications, services or non-harmful devices; (ii) impairing or degrading lawful internet traffic on the basis of content, applications, services or non-harmful devices; and (iii) favoring some lawful internet traffic over other lawful internet traffic in exchange for consideration (collectively, **2015 Restrictions**). In addition, the FCC prohibited broadband providers from unreasonably interfering with users' ability to access lawful content or use devices that do not harm the network, or with edge providers' ability to disseminate their content, and imposed more detailed disclosure obligations on broadband providers than were previously in place. On December 14, 2017, the FCC adopted a Declaratory Ruling, Report and Order (the **2017 Order**) that, in large part, reversed the regulations issued by the FCC in 2015. The 2017 Order, among other things, restores the classifications of broadband Internet access as an information service under Title I of the Communications Act, and mobile broadband Internet access service as a private mobile service, and eliminates the 2015 Restrictions. The 2017 Order does require ISPs to disclose information to consumers regarding practices such as throttling, paid prioritization and affiliated prioritization, and restores broadband consumer protection authority to the Federal Trade Commission. A number of state Attorneys General, technology companies, and public interest groups already have filed preliminary appeals and lawsuits to repeal the 2017 Order in federal courts. Additional judicial appeals and petitions for reconsideration of the 2017 Order likely will be filed in federal courts and at the FCC. Legislative proposals regarding the net neutrality rules also are pending in Congress.

- *Fixed-Line Telephony Services.* Liberty Puerto Rico offers fixed-line telephony services, including both circuit-switched telephony and VoIP. Its circuit-switched telephony services are subject to FCC and local regulations regarding the quality and technical aspects of service. All local telecommunications providers, including Liberty Puerto Rico, are obligated to provide telephony service to all customers within the service area, subject to certain exceptions under FCC regulations, and must give long distance telephony service providers equal access to their network. Under the Communications Act, competitive local exchange carriers (**CLECs**), like us, may require interconnection with the incumbent local exchange carrier (**ILEC**), and the ILEC must negotiate a reasonable and nondiscriminatory interconnection agreement with the CLEC. Such arrangement requires the ILEC to interconnect with the CLEC at any technically feasible point within the ILEC's network, provide access to unbundled network elements of the ILEC's network, offer for resale at wholesale rates any telecommunication services the ILEC provides to its own retail clients, and allow physical collocation of the CLEC's equipment in the ILEC's facilities to permit interconnection or access to unbundled network element services. Therefore, we have the right to interconnect with the incumbent local exchange carrier Puerto Rico Telcom (**PRTC**). We have negotiated an interconnection agreement with PRTC, and the physical interconnection between both companies has been activated.

  All of the circuit-switched telephony and VoIP services of Liberty Puerto Rico are subject to a charge for the Federal Universal Service Fund (**USF**), which is a fund created under the Communications Act to subsidize telecommunication services in high-cost areas, to provide telecommunications services for low-income consumers, and to provide certain subsidies for schools, libraries and rural healthcare facilities. The FCC has redirected the focus of USF to support broadband deployment in high-cost areas. In addition, our circuit-switched telephony and VoIP services are subject to a charge for a local Puerto Rico Universal Service Fund, which was created by law to subsidize telecommunications services for low-income families under the Federal USF Lifeline and Link-Up programs.

  The FCC has adopted other regulations for VoIP services, including the requirement that interconnected VoIP providers and facilities-based broadband internet access providers must comply with the Communications Assistance for Law Enforcement Act, which requires carriers to provide certain assistance to federal law enforcement authorities. VoIP providers are also required to offer basic and enhanced 911 emergency calling services, which requires disclosure to all VoIP customers. VoIP providers are also subject to federal customer proprietary network information rules related to customer privacy.

Competition

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

However, technological advances and product innovations have increased and are likely to continue to increase giving customers several options for the provision of their telecommunications services. Our customers want access to high quality telecommunication services that allow for seamless connectivity. Accordingly, our ability to offer converged services (video, internet, fixed telephony and mobile) is a key component of our strategy. In many of our markets, we compete with companies that provide converged services, as well as companies that are established in one or more communication products and services.

Consequently, our businesses face significant competition. In all markets, we seek to differentiate our telecommunications services by focusing on customer service, competitive pricing and offering quality high-speed internet.

Mobile and Telephony Services

Consumers are increasingly moving to mobile services. In many of our markets we are either the leading or one of the leading mobile providers, except in Chile where we are a relatively new entrant in the provision of mobile services. In the markets where we are one of the top mobile providers, we continue to seek additional bandwidth to deliver our wide range of services to our customers and increase our LTE services. We face competition in all of our markets. We also offer various calling plans, such as unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. In addition, we use our bundled offers with our video and high-speed internet services to gain mobile subscribers. Our ability to offer fixed-mobile convergence services is a key driver. In several of our markets, we expect to increase focus on converged services, including mobile, fixed-line, broadband and video. We are also exploring opportunities to offer mobile services in markets where we currently only deliver fixed products and mobility applications to our other services.

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

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

VTR faces competition from the incumbent telecommunications operator, Movistar (**Movistar**), and other telecommunications operators. Movistar has substantial experience in providing telephony services, resources to devote to the provision of telephony services and long-standing customer relationships. Price is a key factor as are bundles with quality services. We distinguish our services by delivering reliable market leading internet access speeds with attractive bundled offers.

Movistar, América Móvil, S.A.B. de C.V. (**Claro**) and Empresa Nacional de Telecomunicaciones S.A. (**Entel**) (as defined below) are the primary companies that offer mobile telephony in Chile. In mid-2015, WOM S.A. (**WOM**) entered the mobile services market through its acquisition of the Nextel Chile network. WOM continues to exert significant competitive pressure in the mobile market with its very aggressive price offers. Such pricing is driving down sales and increasing churn in the mobile market. As an MVNO, VTR offers its mobile services on a standalone basis. To attract and retain customers, VTR focuses on its triple-play and double-play customer bases, offering them postpaid mobile accounts at an attractive price.

With respect to mobile services, we face competition from Digicel Group Ltd. (**Digicel**) in most of our C&W residential markets and in Panama. We also compete with subsidiaries of Telefónica, S.A. (e.g., the incumbent Chilean telecommunications operator under the brand name Movistar) and Claro in Chile and Panama. In addition, in the Bahamas, where C&W had previously been the only provider of mobile services, competition has increased significantly due to the commercial launch of mobile services by a competitor, ALIV, during the fourth quarter of 2016. We also face competition in the provision of broadband services from Digicel in our Caribbean markets, Cable Onda S.A. (**Cable Onda**) in Panama, and Cable Bahamas Limited (**Cable Bahamas**) in the Bahamas. These companies all have competitive pricing on similar services, and the intensified level of competition we are experiencing in several of our markets has added increased pressure on the pricing of our services. To attract and retain customers, C&W focuses on providing quality services and premium content, as well as converged services where customers can access content in and out-of-the home.

Video Distribution

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

OTT aggregators utilizing our or our competitors' high-speed internet connections are also a significant competitive factor as are other video service providers that overlap our service areas. The OTT video aggregators (such as HBO Go, Amazon Prime and Netflix) offer VoD service for television series and movies, catch-up television and linear channels from broadcasters. In some cases, these OTT services are provided free-of-charge. The content library of such services is offered on an unlimited basis for a monthly fee. Typically these services are available on multiple devices in and out of the home. To enhance our competitive position, we are developing cloud-based, next generation user interfaces based on advanced technologies and are providing our subscribers with TV everywhere products and premium OTT video services. Our businesses also compete to varying degrees with other sources of information and entertainment, such as online entertainment, newspapers, magazines, books, live entertainment/concerts and sporting events.

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

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

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

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

- *C&W*. C&W competes with a variety of pay TV service providers, with several of these competitors offering double-play and triple-play packages. Fixed-mobile convergence services are not a significant factor in most of C&W's residential markets. In several of C&W's other markets, including Jamaica, Trinidad and Tobago and Barbados, C&W is the largest or one of the largest video service providers. In these markets, C&W's primary competition is from DTH providers, such as DIRECTV Latin America Holdings, Inc. (**DirecTV**), which is now called Vrio Corp., and operators of IPTV services over VDSL and FTTx, such as Digicel. In Panama, C&W competes primarily with Cable Onda, which offers video, internet and fixed-line telephony over its cable network, and with the DTH services of Claro. To compete effectively, C&W invests in leading mobile and fixed networks, and in content, where the Premier League is a main attraction for Flow Sports.

- *VTR*. VTR competes primarily with DTH service providers, including the incumbent Chilean telecommunications operator Movistar, Claro Chile S.A., a subsidiary of Claro, Entel, GTD Manquehue (**GTD**) and DirecTV, among others. Movistar offers double-play and triple-play packages using DTH for video and DSL for internet and fixed-line telephony and offers mobile services. On a smaller scale, Movistar also offers IPTV services over FTTx networks in Chile. Claro offers triple-play packages using DTH and, in most major cities in Chile, through a hybrid fiber coaxial cable network. It also offers mobile services. To a lesser extent, VTR also competes with video services offered by or over networks of fixed-line telecommunication providers using DSL technology. To compete effectively, VTR focuses on enhancing its subscribers viewing options in and out of the home. It offers VoD, catch-up television, DVR functionality, Horizon TV and a variety of premium channels. These services and its variety of bundled options, including internet and telephony, enhance VTR's competitive position.

- *Liberty Puerto Rico*. Liberty Puerto Rico is the largest provider of fixed-line video services in Puerto Rico. Liberty Puerto Rico's primary competition for video customers is from DTH satellite providers DirecTV and Dish Network Corporation (**Dish Network**). Dish Network is an aggressive competitor, offering low introductory offers, free HD channels and, in its top tier packages, a multi-room DVR service for free. DirecTV is also a significant competitor offering similar programming in Puerto Rico compared to Dish Network. In order to compete, Liberty Puerto Rico focuses on offering video packages with attractive programming, including HD and Spanish language channels, plus a specialty video package of Spanish-only channels that has gained popularity. In addition, Liberty Puerto Rico uses its bundled offers that include high-speed internet with download speeds of up to 400 Mbps to drive its video services.

Broadband Internet

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

A key component of our strategy is speed leadership. Our focus is on increasing the maximum speed of our connections as well as offering varying tiers of services and prices, a variety of bundled product offerings and a range of value added services. We update our bundles and packages on an ongoing basis to meet the needs of our customers. Our top download speeds generally range from 100 Mbps to speeds of up to 400 Mbps. In Barbados, we also have speeds of up to 1 Gbps available. In many of our markets, we offer the highest download speeds available via our cable and FTTx networks. The focus is on high-speed internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 technology on our cable systems, we can compete with local FTTx initiatives and create a competitive advantage compared to DSL infrastructures and LTE initiatives on a national level.

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

- *C&W*. Where C&W is the incumbent telecommunications provider, it competes with cable operators, the largest of which are Cable Onda in Panama and Cable Bahamas in the Bahamas. To a lesser extent, C&W experiences competition from Digicel in certain of its markets. To distinguish itself from these competitors, C&W uses its bundled offers with video and telephony to promote its broadband internet services.

- *VTR*. VTR faces competition primarily from non-cable-based ISPs, such as Movistar and Entel, and from other cable-based providers, such as Claro and GTD. Competition is particularly intense with each of these companies offering competitively priced services, including bundled offers with high-speed internet services. Mobile broadband competition is significant as well. Movistar, Claro and Entel have launched LTE networks for high-speed mobile data. To compete effectively, VTR is expanding its two-way coverage and offering attractive bundling with fixed-line telephony and digital video service and high-speed internet with download speeds of up to 400 Mbps.

- *Liberty Puerto Rico.* Liberty Puerto Rico competes primarily with mobile broadband providers. Most of these providers, including the incumbent telecommunications company, offer these services over their LTE networks. To compete with mobile broadband providers, Liberty Puerto Rico offers its high-speed internet with download speeds of up to 400 Mbps. Liberty Puerto Rico also competes with the DSL services of Claro in providing fixed-line internet services.

Business and Wholesale Services

Through C&W, we provide a variety of advanced, point-to-point, clear channel broadband capacity, IP, Multiprotocol Label Switching, Ethernet and managed services over our owned and operated, technologically advanced, subsea fiber optic cable network. Our subsea and terrestrial fiber routes combine to form a series of fully integrated networks that typically provide complete operational redundancy, stability and reliability, allowing us in most cases to provide our clients with superior service and minimal network downtime. Given the advanced technical state of the network combined with the challenges in securing the necessary governmental and environmental licenses in all of our operating markets, we believe the network is unlikely to be replicated in the region. Competing networks in the region connect fewer countries than we do and are either linear in design, or if ringed, have high latency protection routes. In addition, our network as of December 31, 2018, utilized less than 10% of its design capacity, and we believe that our ability to take advantage of this large unused carrying capacity, as well as the financial and time investment required to build a similar network, and the potential delays associated with acquiring governmental permissions, makes it unlikely that our network will be replicated in the near term.

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

Employees

As of December 31, 2018, we, including our consolidated subsidiaries, had an aggregate of approximately 10,800 full-time equivalent employees, certain of whom belong to organized unions and works council. We believe that our employee relations are good.

Available Information

All our filings with the Securities and Exchange Commission (**SEC**), as well as amendments to such filings, are available on our internet website free of charge generally within 24 hours after we file such material with the SEC. Our website address is *www.lla.com.* The information on our website is not part of this Annual Report on Form 10-K and is not incorporated by reference herein.

Item 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, you should consider the following risk factors in evaluating our results of operations, financial condition, business and operations or an investment in the shares of our company.

The risk factors described in this section have been separated into five groups:

- risks that relate to the competition we face and the technology used in our businesses;
- risks that relate to our operating in overseas markets and being subject to foreign and domestic regulation;
- risks that relate to certain financial matters;
- risks relating to our corporate history and structure; and
- risks relating to our common shares and the securities market.

Although we describe below and elsewhere in this Annual Report on Form 10-K the risks we consider to be the most material, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our results of operations, financial condition, businesses or operations in the future. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the events described below, individually or in combination, were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risks that Relate to the Competition we Face and the Technology Used in Our Businesses

We operate in increasingly competitive markets, and there is a risk that we will not be able to effectively compete with other service providers.

The markets for cable television, broadband internet, telephony and mobile services are highly competitive. In the provision of video services, we face competition from FTA and digital terrestrial television (**DTT**) broadcasters, DTH satellite providers, networks using DSL, VDSL or vectoring technology, Multi-channel Multipoint Distribution System operators, FTTx networks, OTT video content aggregators, and, in some countries where parts of our systems are overbuilt, cable networks, among others. Our operating businesses are facing increasing competition from video services provided by, or over the networks of, other telecommunications operators and service providers. As the availability and speed of broadband internet increases, we also face competition from OTT providers, including telephony providers such as WhatsApp, utilizing our or our competitors' high-speed internet connections. Some of these content providers offer services without charging a fee, which erodes relationships with customers and leads to a downward pressure on prices and returns for telecommunication services providers. In the provision of telephony and broadband internet services, we are experiencing increasing competition from other telecommunications operators and other service providers in each country in which we operate, as well as other mobile providers of voice and data. Many of the other operators offer double-play, triple-play and quadruple-play bundles of services. In many countries, we also compete with other facilities-based operators and wireless providers. Developments in wireless technologies, such as LTE (the next generation of ultra-high-speed mobile data) and WiFi, are creating additional competitive challenges.

In almost all cases, our licenses are not exclusive. As a result, our competitors have similar licenses and have and may continue to build systems and provide services in areas in which we hold licenses. In the case of cable- and broadband-enabled services, the existence of more than one cable system operating in the same territory is referred to as an "overbuild." Overbuilds could increase competition or create competition where none existed previously, either of which could adversely affect our growth, financial condition and results of operations.

In some of our markets, national and local government agencies may seek to become involved, either directly or indirectly, in the establishment of FTTx networks, DTT systems or other communications systems. We intend to pursue available options to restrict such involvement or to ensure that such involvement is on commercially reasonable terms. There can be no assurance, however, that we will be successful in these pursuits. As a result, we may face competition from entities not requiring a normal commercial return on their investments. In addition, we may face more vigorous competition than would have been the case if there were no such government involvement.

We expect the level and intensity of competition to continue to increase from both existing competitors and new market entrants as a result of changes in the regulatory framework of the industries in which we operate, advances in technology, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition could result in increased customer churn, reductions of customer acquisition rates for some products and services and significant price and promotional competition. In combination with difficult economic environments, these competitive pressures could adversely impact our business, results of operations and cash flows.

Changes in technology may limit the competitiveness of and demand for our services.

Technology in the video, telecommunications and data services industries is changing rapidly, including advances in current technologies and the emergence of new technologies. New technologies, products and services may impact consumer behavior and therefore demand for our products and services. Our ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products and services on a timely basis will affect our ability to continue to grow, increase our revenue and number of customers and remain competitive. New products and services, once marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services that we may offer, or the development of significant competitive products or services by others, could have a material adverse impact on our results of operations and cash flows.

Our significant property and equipment additions may not generate a positive return.

Significant additions to our property and equipment are, or in the future may be, required to add customers to our networks and to upgrade or expand our broadband communications networks and upgrade customer premises equipment to enhance our service offerings and improve the customer experience. Additions to our property and equipment, which are currently underway, including in connection with Network Extensions, require significant capital expenditures for equipment and associated labor costs to build out and/or upgrade our networks as well as for related customer premises equipment. Additionally, significant competition, the introduction of new technologies, the expansion of existing technologies, such as FTTx and advanced DSL technologies, the impact of natural disasters like hurricanes, or adverse regulatory developments could cause us to decide to undertake previously unplanned builds or upgrades of our networks and customer premises equipment.

No assurance can be given that any rebuilds, upgrades or extensions of our network will increase penetration rates, increase average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable, or otherwise generate positive returns as anticipated, or that we will have adequate capital available to finance such rebuilds, upgrades or extensions. Additionally, costs related to our Network Extensions and property and equipment additions could end up being greater than originally anticipated or planned. If this is the case, we may require additional financing sooner than anticipated or we may have to delay or abandon some or all of our development and expansion plans or otherwise forego market opportunities. Additional financing may not be available on favorable terms, if at all, and our ability to incur additional debt will be limited by our debt agreements. If we are unable to, or elect not to, pay for costs associated with adding new customers, expanding, extending or upgrading our networks or making other planned or unplanned additions to our property and equipment, or are delayed in making such investments, our growth could be limited and our competitive position could be harmed.

We depend almost exclusively on our relationships with third-party programming providers and broadcasters for programming content, and a failure to acquire a wide selection of popular programming on acceptable terms could adversely affect our business.

The success of our video subscription business depends, in large part, on our ability to provide a wide selection of popular programming to our subscribers. We generally do not produce our own content and we depend on our agreements, relationships and cooperation with public and private broadcasters and collective rights associations to obtain such content. If we fail to obtain a diverse array of popular programming for our pay television services, including a sufficient selection of HD channels as well as non-linear content (such as a selection of attractive VoD content and rights for ancillary services such as DVRs and catch up or ‘Replay’ services), on satisfactory terms, we may not be able to offer a compelling video product to our customers at a price they are willing to pay. Additionally, we are frequently negotiating and renegotiating programming agreements and our annual costs for programming can vary. There can be no assurance that we will be able to renegotiate or renew the terms of our programming agreements on acceptable terms or at all. We expect that programming and copyright costs will continue to rise 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 and rate increases, and (ii) the growth in the number of our enhanced video subscribers.

If we are unable to obtain or retain attractively priced competitive content, demand for our existing and future television services could decrease, thereby limiting our ability to attract new customers, maintain existing customers and/or migrate customers from lower tier programming to higher tier programming. Furthermore, we may be placed at a competitive disadvantage if certain of our competitors obtain exclusive programming rights, particularly with respect to popular sports and movie programming, and as certain entrants in the OTT market increasingly produce their own exclusive content.

In addition, we are party to several legal proceedings arising out of the regular course of our business, including legal proceedings before regulatory and tax authorities, proceedings that programmers may institute against us and proceedings that may arise from acquisitions and other transactions we may consummate. For example, certain copyright agencies have asserted, and may in the future assert, claims against us and our subsidiaries regarding the transmission of any of the musical works within such agencies’ repertoire. Such claims seek injunctive relief as well as monetary damages. We cannot assure you that we will obtain a final favorable decision with regard to any particular proceeding. A negative outcome in one or more pending proceedings or any future proceedings could have a material adverse effect on our business, financial condition and results of operations.

We depend on third-party suppliers and licensors to supply and maintain necessary equipment, software and certain services required for our businesses.

We rely on third-party vendors for the equipment (including customer premises equipment, network infrastructure and mobile handsets), software and services that we require in order to provide services to our customers. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, international regulations or sanctions, natural calamities, interruptions in transportation systems, power supplies, terrorism and labor issues. In addition, we rely on third parties (in particular, local municipalities, power companies and other telecommunications companies) for access to poles to attach our network equipment, and their ability to provide such access is subject to similar risks. As a result, we may not be able to obtain the equipment, software, access and services required for our businesses on a timely basis or on satisfactory terms. Any shortfall in our equipment could lead to delays in completing extensions to our networks and in connecting customers to our services and, accordingly, could adversely impact our ability to maintain or increase our RGUs, revenue and cash flows. Also, if demand exceeds the suppliers’ and licensors’ capacity or if they experience financial difficulties, the ability of our businesses to provide some services may be materially adversely affected, which in turn could affect our businesses' ability to attract and retain customers. To the extent that we have minimum order commitments, we would be adversely affected in the event that we were unable to resell committed products or otherwise decline to accept committed products. Although we actively monitor the creditworthiness of our key third-party suppliers and licensors, the financial failure of a key third-party supplier or licensor could disrupt our operations and have an adverse impact on our revenue and cash flows. We rely upon intellectual property that is owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our owned or licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements on unfavorable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question. We rely on power companies to provide power necessary to operate equipment necessary to conduct our operations and to operate our customer premises equipment. As a result of any long-term interruption in power supplies, we may not be able to deliver our services on a timely or satisfactory basis, which could accordingly adversely impact our ability to maintain or increase our RGUs, revenue and cash flows.

In addition, the operation, administration, maintenance and repair of our network, including our subsea cable network, requires the coordination and integration of sophisticated and highly specialized hardware and software technologies and equipment located throughout the Caribbean and Latin America and requires operating and capital expenses. Events outside of our control, such as natural disasters, technological failures, vandalism, war, terrorism, inadvertent cuts or extraordinary social or political events, could impact the continued operation of our network. We cannot assure you that our systems will continue to function as expected in a cost-effective manner.

VTR, which offers mobile telephony and data services, relies on the radio access network of a third-party wireless network provider to carry its mobile communications traffic.

VTR's services to mobile customers in Chile rely on the use of an MVNO arrangement in which VTR utilizes the radio access network of a third-party wireless network provider to carry its mobile communications traffic. If the MVNO arrangement is terminated, or if the third-party wireless network provider fails to provide the services required under the MVNO arrangement, or if a third-party wireless network provider fails to deploy and maintain its network, and VTR is unable to find a replacement network operator on a timely and commercially reasonable basis or at all, VTR could be prevented from continuing the mobile services relying on such MVNO arrangement.

Failure in our technology or telecommunications systems from security attacks or natural disasters could significantly disrupt our operations, which could reduce our customer base and result in lost revenue.

Our success depends, in part, on the continued and uninterrupted performance of our information technology and network systems as well as our customer service centers. The hardware supporting a large number of critical systems for our cable network in a particular country or geographic region is housed in a relatively small number of locations. Our systems and equipment (including our routers and set-top boxes) are vulnerable to damage or security breach from a variety of sources, including a cut in our terrestrial network or subsea cable network, telecommunications failures, power loss, malicious human acts, security flaws and natural disasters.

In particular, our systems and equipment are in regions prone to hurricanes, earthquakes and other natural disasters, and they have been impacted by hurricanes in the recent past. In early October 2016, our fixed-line and mobile networks in the Bahamas suffered extensive damage as a result of Hurricane Matthew, which caused our customers to experience significant outages. In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in Puerto Rico and certain markets within our C&W reportable segment. In certain of our C&W markets, most notably in the British Virgin Islands and Dominica, portions of our fixed and mobile networks were significantly damaged by Hurricanes Irma and Maria.

Moreover, despite security measures, our servers, systems and equipment are potentially vulnerable to physical or electronic break-ins, computer viruses, worms, phishing attacks and similar disruptive actions. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks and those of our third-party vendors, including customer, personnel and vendor data. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered across all of our markets regarding the protection, privacy and security of personal information, information-related risks are increasing, particularly for businesses like ours that handle a large amount of personal customer data. Failure to comply with these data protection laws may result in, among other consequences, fines.

Our disaster recovery, security and service continuity protection measures include back-up power systems, resilient ring network systems, procuring capacity in competing networks to further strengthen our reliability profile and network monitoring.

We also are party to the Atlantic Cable Maintenance and Repair Agreement, which provides us with certain dedicated repair vessels and timely call out services with respect to our subsea cables through to the present. We cannot assure you, however, that these precautions will be sufficient to prevent loss of data or prolonged network downtime or that we will be able to renegotiate arrangements with the Atlantic Cable Maintenance and Repair Agreement on successful terms.

Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our information technology systems or disruption in the transmission of signals over our networks or similar problems. Any disruptive situation that causes loss, misappropriation, misuse or leakage of data could damage our reputation and the credibility of our operations. Further, sustained or repeated system failures that interrupt our ability to provide service to our customers or otherwise meet our business obligations in a timely manner could adversely affect our reputation and result in a loss of customers and revenue.

We rely on information technology to operate our business and maintain our competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm our business.

We depend on the use of sophisticated information technologies and systems, including technology and systems used for website and mobile applications, network management systems, customer billing, financial reporting, human resources and various other processes and transactions. As our operations grow in size, scope and complexity, we must continuously improve and upgrade our systems and infrastructure to offer an increasing number of customers enhanced products, services, features and functionality, while maintaining or improving the reliability and integrity of our systems and infrastructure.

Our future success also depends on our ability to adapt our services and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our services in response to competitive service and product offerings. The emergence of alternative platforms such as smartphone and tablet computing devices and the emergence of niche competitors who may be able to optimize products, services or strategies for such platforms have, and will continue to, require new and costly investments in technology. We may not be successful, or may be less successful than our current or new competitors, in developing technology that operates effectively across multiple devices and platforms and that is appealing to consumers, either of which would negatively impact our business and financial performance. New developments in other areas, such as cloud computing and software as a service provider, could also make it easier for competition to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as customers would like or in a cost-effective manner.

Unauthorized access to our network resulting in piracy could result in a loss of revenue.

We rely on the integrity of our technology to ensure that our services are provided only to identifiable paying customers. Increasingly, sophisticated means of illicit piracy of television, broadband and telephony services are continually being developed in response to evolving technologies. Furthermore, billing and revenue generation for television services rely on the proper functioning of encryption systems. While we continue to invest in measures to manage unauthorized access to our networks, any such unauthorized access to our cable television service could result in a loss of revenue, and any failure to respond to security breaches could raise concerns under our agreements with content providers, all of which could have a material adverse effect on our business and results of operations.

If we are unable to retain key employees, our ability to manage our business could be adversely affected.

Our operational results depend upon the retention and continued performance of our management team. Our ability to retain and hire new key employees for management positions could be impacted adversely by the competitive environment for management talent in the broadband communications industry. The loss of the services of key members of management and the inability or delay in hiring new key employees could adversely affect our ability to manage our business and our future operational and financial results.

We may not have sufficient insurance to cover damage due to natural catastrophe claims and future claims either due to coverage limits or as a result of insurance carriers seeking to deny coverage of such claims, which in either case could expose us to significant liabilities.

We maintain third-party insurance coverage against various property and business interruption damage risks. We believe these insurance programs are an effective way to protect our assets against these risks. However, the potential damages that could arise from a natural catastrophe event or events in the future could exceed the coverage provided by such programs. In addition, our insurance carriers have in the past sought and may in the future seek to rescind or deny coverage with respect to pending or future claims related to such natural catastrophe damage. If we do not have sufficient coverage under our policies, or if the insurance companies are successful in rescinding or denying coverage, we may be required to make material investments to repair such damage which could result in decreased capital investment, reduced Adjusted OIBDA, decreased liquidity or increased use of credit facilities or other existing or new debt or funding arrangements.

Data privacy regulations are expanding and compliance with, and any violations of, these regulations may cause us to incur significant expenses.

Privacy legislation, enforcement and policy activity in this area are expanding rapidly in many jurisdictions and creating a complex regulatory compliance environment. The cost of complying with and implementing these privacy-related and data protection measures could be significant. In addition, even our inadvertent failure to comply with federal, state or international privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, and substantial fines and damages. The theft, loss or misuse of personal data collected, used, stored or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims.

Risks that Relate to Our Operating in Overseas Markets and Being Subject to Foreign and Domestic Regulation

Our businesses are conducted almost exclusively outside of the U.S., which gives rise to numerous operational risks.

Our businesses operate almost exclusively in countries outside the U.S., and we have substantial physical assets and derive a substantial portion of our revenues from operations in Latin America and the Caribbean. Therefore, we are subject to the following inherent risks:

- fluctuations in foreign currency exchange rates;
- difficulties in staffing and managing operations consistently through our several operating areas;
- export and import restrictions, custom duties, tariffs and other trade barriers;
- burdensome tax, customs, duties or regulatory assessments based on new or differing interpretations of law or regulations, including increases in taxes and governmental fees;
- economic and political instability;
- changes in foreign and domestic laws and policies that govern operations of foreign-based companies;
- interruptions to essential energy inputs;
- direct and indirect price controls;
- cancellation of contract rights and licenses;
- delays or denial of governmental approvals;
- a lack of reliable security technologies;
- privacy concerns; and
- uncertainty regarding intellectual property rights and other legal issues.

Operational risks that we may experience in certain countries include uncertain and rapidly changing political, regulatory and economic conditions, including the possibility of disruptions of services or loss of property or equipment that are critical to overseas businesses as a result of vandalism, expropriation, nationalization, war, insurrection, terrorism or general social or political unrest.

In certain countries and territories in which we operate, political, security and economic changes may result in political and regulatory uncertainty and civil unrest. Governments may expropriate or nationalize assets or increase their participation in the economy generally and in telecommunications operations in particular. In addition, certain countries and territories in which we operate, or in which we may operate in the future, face significant challenges relating to the lack, or poor condition, of physical infrastructure, including transportation, electricity generation and transmission. Such countries and territories may also be subject to a higher risk of inflationary pressures, which could increase our operating costs and decrease consumer demand and spending power. Each of these factors could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, in many foreign countries, particularly in certain developing economies, it is not uncommon to encounter business practices that are prohibited by certain regulations, such as the U.S. Foreign Corrupt Practices Act (**FCPA**) and similar laws. Although our subsidiaries and business affiliates have undertaken, and will continue to undertake, compliance efforts with respect to these laws, their respective employees, contractors and agents, as well as those companies to which they outsource certain of their business operations, may take actions in violation of their policies and procedures. Any such violation could result in penalties imposed on, and adversely affect the reputation of, these subsidiaries and business affiliates. Any failure by these subsidiaries and business affiliates to effectively manage the challenges associated with the international operation of their businesses could materially adversely affect their, and hence our, financial condition.

We are exposed to foreign currency exchange rate risk.

We are exposed to foreign currency exchange rate risk with respect to our debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to service, repay or refinance such debt. Although we generally seek to match the denomination of our borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and when cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency.

In addition to the exposure that results from unmatched debt, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our operating subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases and programming contracts. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheet related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward contracts to hedge certain of these risks. Certain non-functional currency risks related to our direct costs of services and other operating and selling, general and administrative expenses and property and equipment additions were not hedged as of December 31, 2018.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings or loss as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive earnings or loss and equity with respect to our holdings solely as a result of foreign currency translation. Our reported operating results are impacted by changes in the exchange rates for the Chilean peso and, to a much lesser extent, the Jamaican dollar, Trinidad and Tobago dollar, Seychellois rupee, Colombian peso and Costa Rican colón. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our operating subsidiaries and affiliates into U.S. dollars.

Failure to comply with economic and trade sanctions, and similar laws could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

We operate in the Caribbean and Latin America, and similar to other international companies, we are subject to economic and trade sanctions programs, including certain of which that are administered by the U.S. Treasury Department's Office of Foreign Assets Control, which prohibit or restrict transactions or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially designated. These regulations are extensive and complex, and they differ from one sanctions regime to another. Failure to comply with these regulations could subject us to legal and reputational consequences, including civil and criminal penalties.

For example, certain of our companies provide (and may in the future provide), directly or indirectly, certain services to governmental entities in Cuba (*e.g.*, C&W sells IP and international transport telecommunication services to La Empresa de Telecomunicaciones de Cuba S.A. (**ETECSA**), the Cuba state-owned telecommunications provider and to three international telecommunications providers that in turn sell telecom services to ETECSA). All these services are provided outside of Cuba and the provision of non-facilities based telecom services to Cuba are permissible under a general license from OFAC.

We also have interconnection and services contracts with telecommunications carriers located in Venezuela. With respect to Cuba, we believe we have designed our activities to comply with certain telecommunications and information systems general license and exemptions. With respect to Venezuela, we have advised OFAC that we believe that our activities there are not covered by the OFAC regulations or are otherwise allowed under general license and exemptions or, in the alternative, should be licensed by OFAC.

We believe that our activities with respect to these countries are known to OFAC. We note, however, that OFAC regulations and related interpretive guidance are complex and subject to varying interpretations. Due to this complexity, OFAC's interpretation of its own regulations and guidance vary on a case to case basis. As a result, we cannot provide any guarantees that OFAC will not challenge any of our activities in the future, which could have a material adverse effect on our results of operations.

Any violations of applicable economic and trade sanctions could limit certain of our business activities until they are satisfactorily remediated and could result in civil and criminal penalties, including fines, that could damage our reputation and have a materially adverse effect on our results of operation or financial condition.

Our businesses are subject to risks of adverse regulation.

Our businesses are subject to the unique regulatory regimes of the countries in which they operate. Video distribution, broadband internet, telephony and mobile businesses are subject to licensing or registration eligibility rules and regulations, which vary by country. Our ability to provide telecommunications services depends on applicable law, telecommunications regulations and the terms of the licenses and concessions we are granted under such laws and regulations. In particular, we are reliant on access with mutually beneficial terms to spectrum for both existing and next generation telecommunication services, entrance into interconnection agreements with other telecommunications companies and are subject to a range of decisions by regulators, including in respect of pricing, for example, for termination rates. The provision of electronic communications networks and services requires our licensing from, or registration with, the appropriate regulatory authorities. It is possible that countries in which we operate may adopt laws and regulations regarding electronic commerce, which could dampen the growth of the internet services being offered and developed by these businesses. In a number of countries, our ability to increase the prices we charge for our cable television service or make changes to the programming packages we offer is limited by regulation or conditions imposed by competition authorities, or is subject to review by regulatory authorities or termination rights of customers. In addition, regulatory authorities may grant new licenses to third parties and, in any event, in most of our markets new entry is possible without a license, although there may be registration eligibility rules and regulations, resulting in greater competition in territories where our businesses may already be active. More significantly, regulatory authorities may require us to grant third parties access to our bandwidth, frequency capacity, infrastructure, facilities or services to distribute their own services or resell our services to end customers. Consequently, our businesses must adapt their ownership and organizational structure as well as their pricing and service offerings to satisfy the rules and regulations to which they are subject. A failure to comply with applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse conditions. We may continue to operate in jurisdictions where governments fail to grant or renew licenses for our operations, which could result in penalties, fines or restrictions that could have a material adverse impact on our business and financial condition.

Adverse changes in rules and regulations could:

- impair our ability to use our bandwidth in ways that would generate maximum revenue and cash flow;
- create a shortage of capacity on our networks, which could limit the types and variety of services we seek to provide our customers;
- impact our ability to access spectrum for our mobile services;
- strengthen our competitors by granting them access and lowering their costs to enter into our markets; and
- otherwise have a significant adverse impact on our results of operations.

Businesses, including ours, that offer multiple services, such as video distribution as well as internet, telephony, and/or mobile services, often face close regulatory scrutiny from competition authorities in countries in which they operate. This is particularly the case with respect to any proposed business combinations, which will often require clearance from national competition authorities. The regulatory authorities in several countries in which we do business have considered from time to time what access rights, if any, should be afforded to third parties for use of existing cable television networks and have imposed access obligations in certain countries. This has resulted, for example, in video must carry obligations in many markets in which we operate. For more information, see Item 1. *Business—Narrative Description of Business—Regulatory Matters.*

Regulations may be especially strict in the markets of those countries in which we are considered to hold a significant market position. We have been, in the past, and may be in the future, subject to allegations and complaints by our competitors and other third parties regarding our competitive behavior as a significant market operator.

When we acquire additional communications companies, these acquisitions may require the approval of governmental authorities, which can block, impose conditions on, or delay an acquisition, thus hampering our opportunities for growth. If conditions are imposed and we fail to meet them in a timely manner, the governmental authority may impose fines and, if in connection with an acquisition transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations. Most recently, the acquisition of C&W in May 2016 triggered regulatory approval requirements in certain jurisdictions in which C&W operates. The regulatory authorities in certain of these jurisdictions, including Trinidad and Tobago and the Seychelles, have not completed their review of the May 16, 2016 acquisition of C&W (the **C&W Acquisition**) or granted their approval. While we expect to receive all outstanding approvals, such approvals may include binding conditions or requirements that could have an adverse impact on C&W's operations and financial condition.

Furthermore, the governments in the countries and territories in which we operate differ widely with respect to political structure, constitution, economic philosophy, stability and level of regulation. Many of our operations depend on governmental approval and regulatory decisions, and we provide services to governmental organizations in certain markets (and in certain cases, like Venezuela, governmental organizations are our biggest customers). Moreover, in several of C&W's key markets, including Panama and the Bahamas, governments are C&W's partners and co-owners. The Government of the Bahamas is a part-owner in BTC and the Government of Panama is a part-owner in C&W Panama, and each of the governments have the right to appoint members to the board of directors of the respective entity. In both the Bahamas and Panama, we hold licenses or have received concessions from the government or independent regulatory bodies to operate our business, including our mobile and fixed networks. Consequently, we may not be able to fully utilize C&W's contractual or legal rights or all options that may otherwise be available, where to do so might conflict with broader regulatory or governmental considerations. In addition, we are, and in the future may be, a party to certain disputes with regulators and governments from time to time that could have a material adverse effect on our business and results of operations.

Changes to existing legislation and new legislation may significantly alter the regulatory regime applicable to us, which could adversely affect our competitive position and profitability, and we may become subject to more extensive regulation if we are deemed to possess significant market power in any of the markets in which we operate.

Significant changes to the existing regulatory regime applicable to the provision of cable television, telephony and internet services have been and are still being introduced. In addition, we are subject to review by competition or national regulatory authorities in certain countries concerning whether we exhibit significant market power. A finding of significant market power could result in us becoming subject to access and pricing obligations and other requirements that could provide a more favorable operating environment for existing and potential competitors. Government regulation or administrative policies may change unexpectedly and negatively affect our interests. For example, there has been a general trend for governments to seek greater access to telecommunications records and to communications for law enforcement purposes and a trend in certain countries experiencing civil unrest to restrict access to telecommunications on national security grounds. Adverse regulatory developments could subject our businesses to a number of risks. For more information, see Item 1. *Business—Narrative Description of Business—Regulatory Matters.*

For various reasons, governments may seek to increase the regulation of the use of the internet, particularly with respect to user privacy and data protection, content, pricing, copyrights, consumer protection, distributions and characteristics and quality of products and services. Application of existing laws, including those addressing property ownership and personal privacy in the context of rapidly evolving technological developments remains uncertain and in flux. New interpretations of such laws could have an adverse effect on our business. Governments may also seek to regulate the content of communications in all of our revenue streams, which could reduce the attractiveness of our services. Governments may also change their attitude towards foreign investment or extract extra concessions from businesses. Accordingly, our operations may be constrained by the relevant political environment and may be adversely affected by such constraints, as well as by changes to the political structure or government in any of the markets in which we operate.

Future changes to regulation or changes in political administrations or a significant deterioration in our relationship with relevant regulators in the jurisdictions in which we operate, as well as failure to acquire and retain the necessary consents and approvals or in any other way comply with regulatory requirements, or excessive costs of complying with new or more onerous regulations and restrictions could have a material adverse effect on our business, reputation, financial condition, results of operations and prospects.

We may not be successful in acquiring future spectrum or other licenses that we need to offer new mobile data or other services.

We offer mobile data services through licensed spectrum in a number of markets. While these licenses, and other licenses that we possess, enable us to offer mobile data services today, as technology develops and customer needs change, it may be necessary to acquire new spectrum or other licenses in the future to provide us with additional capacity and/or offer new technologies or services. While we actively engage with regulators and governments to ensure that our spectrum needs are met, there can be no guarantee that future spectrum licenses will be made available in certain or all territories or that they will be made available on commercially viable terms. We will likely require additional spectrum licenses for LTE networks, and there may be competition for their acquisition. In addition, we may need other types of licenses for the new products and services that we contemplate or will consider offering. Failure to acquire necessary new spectrum licenses or other required licenses for new services or products, or to do so on commercially viable terms, could have a material adverse effect on our business, financial condition and results of operations.

We cannot be certain that we will be successful in acquiring new businesses or integrating acquired businesses with our existing operations, or that we will achieve the expected returns on our acquisitions.

Part of our business strategy is to grow and expand our businesses, in part, through selective acquisitions that enable us to take advantage of existing networks, local service offerings and region-specific management expertise. Our ability to acquire new businesses may be limited by many factors, including availability of financing, debt covenants, the prevalence of complex ownership structures among potential targets, government regulation and competition from other potential acquirers, including private equity funds. Even if we are successful in acquiring new businesses, the integration of these businesses, such as Cabletica, may present significant costs and challenges associated with: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; integrating personnel, networks, financial systems and operational systems; greater than anticipated expenditures required for compliance with regulatory standards or for investments to improve operating results; and failure to achieve the business plan with respect to any such acquisition. We cannot be assured that we will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition.

In addition, we anticipate that any companies we may acquire will be located in the Caribbean or Latin America. Such companies may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by U.S. securities laws and the FCPA. While we intend to conduct appropriate due diligence and to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal controls over financial reporting until we have fully integrated them.

We may not be successful in renewing the necessary regulatory licenses, concessions or other operating agreements needed to operate our businesses upon expiration, and such licenses may be subject to termination, revocation or material alteration in the event of a breach or to promote the public interest or as a result of triggering a change of control clause.

While we actively engage with the applicable governments and other regulatory bodies in advance of the expiry of our licenses, concessions and operating agreements, there can be no guarantee that when such licenses, concessions and operating agreements expire, we will be able to renew them on similar or commercially viable terms, or at all. For instance, C&W's licenses in Jamaica, the Cayman Islands and Barbados are scheduled to expire in the next two years. In addition, in some of the ECTEL states, we are operating under expired licenses and have applied for renewal of such licenses.

Some of these licenses may also include clauses that allow the grantor to terminate or revoke or alter them in the event of a default or other failure by us to comply with applicable conditions of the license or to promote the public interest. Further, a number of our operating licenses include change of control clauses, which may be triggered by the sale of a business to which those clauses relate, or certain types of corporate restructurings. Some of these change of control clauses may restrict our strategic options, including the ability to complete any potential disposal of individual businesses, a combination of businesses or the entire company unless a consent or waiver is obtained, and, if triggered, may lead to some licenses being terminated. Failure to hold or to continue to hold or obtain the necessary licenses, concessions and other operating agreements required to operate our businesses could have a material adverse effect on our business, financial condition, results of operations and prospects.

We do not have complete control over the prices that we charge.

Our businesses are in some countries subject to regulation or review by various regulatory, competition or other government authorities responsible for the regulation or the review of the charges to our customers for our services. Such authorities, in certain cases, could potentially require us to repay such fees to the extent they are found to be excessive or discriminatory. We also may not be able to enforce future changes to our subscription prices. Additionally, in certain markets, our ability to bundle or discount our services may be constrained if we are held to be dominant with respect to any product we offer. This may have an adverse impact on our revenue, profitability of new products and services and our ability to respond to changes in the markets in which we operate.

Strikes, work stoppages and other industrial actions could disrupt our operations or make it more costly to operate our businesses.

We are exposed to the risk of strikes, work stoppages and other industrial actions. In the future we may experience lengthy consultations with labor unions or strikes, work stoppages or other industrial actions. Strikes and other industrial actions, as well as the negotiation of new collective bargaining agreements or salary increases in the future, could disrupt our operations and make it more costly to operate our facilities. In addition, strikes called by employees of any of our key providers of materials or services could result in interruptions of the performance of our services. The occurrence of any of the above risks could have a material adverse effect on our business, financial condition and results of operations. We depend on third-party suppliers and licensors to supply necessary equipment, software and certain services required for our businesses.

We may have exposure to additional tax liabilities.

We are subject to income taxes as well as non-income based taxes in the U.S., the U.K., the Caribbean and parts of Latin America. In addition, most tax jurisdictions that we operate in have complex and subjective rules regarding the valuation of intercompany services, cross-border payments between affiliated companies and the related effects on income tax and transfer tax. Significant judgment is required in determining our provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. In addition, our business has undertaken acquisitions, restructurings and other transactions in prior years where the ultimate tax determination resulting from these transactions remains uncertain. We are regularly under audit by tax authorities in many of the jurisdictions in which we operate. Although we believe that our tax estimates are reasonable, any material differences as a result of final determinations of tax audits or tax disputes could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

We are subject to changing tax laws, treaties and regulations in and between countries in which we operate or otherwise have a presence. Also, various income tax proposals in the jurisdictions in which we operate could result in changes to the existing laws on which our deferred taxes are calculated. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher income or non-income tax expense. Any such material changes could cause a material change in our effective tax rate.

Further changes in the tax laws of the foreign jurisdictions in which we operate could arise as a result of the base erosion and profit shifting project being undertaken by the Organization for Economic Cooperation and Development (**OECD**). The OECD, which represents a coalition of member countries that includes Chile and the United States, has undertaken studies and is publishing action plans that include recommendations aimed at addressing what they believe are issues within tax systems that may lead to tax avoidance by companies. The OECD has extended inclusion to non-OECD countries under their Inclusive Framework on Base Erosion and Profit Shifting (**BEPS**), bringing together over 100 countries to collaborate on the implementation of the OECD BEPS Package. This framework allows interested countries and jurisdictions to work with the OECD and G20 members on developing standards on BEPS-related issues and reviewing and monitoring the implementation of the whole BEPS Package. Included within this expanded group of countries are several jurisdictions in which we do business. It is possible that additional jurisdictions in which we do business could react to these initiatives or their own concerns by enacting tax legislation that could adversely affect us or our shareholders through increasing our tax liabilities.

Risks that Relate to Certain Financial Matters

Our substantial leverage could limit our ability to obtain additional financing and have other adverse effects.

Our businesses are highly leveraged. At December 31, 2018, the outstanding principal amount of our debt, together with our capital lease obligations, aggregated $6,724 million, including $303 million that is classified as current in our consolidated balance sheet and $6,271 million that is not due until 2022 or thereafter. In addition, we may incur substantial additional debt in the future, including in connection with any future acquisitions. We believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit and equity markets we access and our future financial position.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements is dependent primarily on our ability to maintain or increase the cash flow of our operating subsidiaries and to achieve adequate returns on our property and equipment additions and acquisitions. Accordingly, if our cash provided by operations declines or we encounter other material liquidity requirements, we may be required to seek additional debt or equity financing in order to meet our debt obligations and other liquidity requirements as they come due. In addition, our current debt levels may limit our ability to incur additional debt financing to fund working capital needs, acquisitions, property and equipment additions, or other general corporate requirements. We can give no assurance that any additional debt or equity financing will be available on terms that are as favorable as the terms of our existing debt or at all or that we will be able to maintain compliance with the leverage covenants in our credit agreements, which could have a material adverse effect on our business, liquidity and results of operations.

We may not be able to generate sufficient cash to meet our debt service obligations.

Our ability to meet our debt service obligations or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general macroeconomic, financial, competitive, regulatory and other factors beyond our control. In addition, we are dependent on customers, in particular local, municipal and national governments and agencies, to pay us for the services we provide in order for us to generate cash to meet our debt service obligations and to maintain our business. Accordingly, we are exposed to the risk that our government customers could default on their obligations to us and we cannot rule out the possibility that unexpected circumstances in a particular country's economic condition may render such government unable to meet its obligation to us. Any such event could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity. If we cannot generate sufficient cash to meet our debt service requirements or to maintain our business, we may, among other things, need to delay planned capital expenditures or investments or sell material assets to meet those obligations.

If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations. In that event, borrowings under other debt agreements or instruments that contain cross-default or cross-acceleration provisions with respect to other indebtedness of relevant members of each of our four borrowing groups (i.e. C&W, VTR Finance, Cabletica, and Liberty Puerto Rico) may become payable on demand and we may not have sufficient funds to repay all of our debts. See Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*

Certain of our subsidiaries are subject to various debt instruments that contain restrictions on how we finance our operations and operate our businesses, which could impede our ability to engage in beneficial transactions.

Certain of our subsidiaries are subject to significant financial and operating restrictions contained in outstanding credit agreements, indentures and similar instruments of indebtedness. These restrictions will affect, and in some cases significantly limit or prohibit, among other things, the ability of those subsidiaries to:

- incur or guarantee additional indebtedness;
- pay dividends or make other upstream distributions;
- make investments;
- transfer, sell or dispose of certain assets, including their stock;
- merge or consolidate with other entities;
- engage in transactions with us or other affiliates; or
- create liens on their assets.

As a result of restrictions contained in these debt instruments, the companies party thereto, and their subsidiaries, could be unable to obtain additional capital in the future to:

- fund property and equipment additions or acquisitions that could improve our value;

- meet their loan and capital commitments to their business affiliates;
- invest in companies in which they would otherwise invest;
- fund any operating losses or future development of their business affiliates;
- obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize their assets; or
- conduct other necessary or prudent corporate activities.

In addition, some of the credit agreements to which these subsidiaries are parties include financial covenants that require them to maintain certain financial ratios. Their ability to meet these financial covenants may be affected by adverse economic, competitive, or regulatory developments and other events beyond their control, and we cannot assure you that these financial covenants will be met. In the event of a default under our subsidiaries' credit agreements or indentures, the lenders may accelerate the maturity of the indebtedness under those agreements or indentures, which could result in a default under other outstanding credit facilities or indentures. We cannot assure you that any of these subsidiaries will have sufficient assets to pay indebtedness outstanding under their credit agreements and indentures. Any refinancing of this indebtedness is likely to contain similar restrictive covenants.

We are exposed to interest rate risks and other adverse changes in the credit market. Shifts in such rates may adversely affect the debt service obligation of our subsidiaries.

We require a significant amount of capital to operate and grow our business. We fund our capital needs in part through borrowings in the public and private credit markets. Adverse changes in the credit markets, including increases in interest rates, could increase our cost of borrowing and/or make it more difficult for us to obtain financing for our operations or refinance existing indebtedness. In addition, our borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by customary credit metrics. A decrease in these ratings would likely increase our cost of borrowing and/or make it more difficult for us to obtain financing. A severe disruption in the global financial markets could impact some of the financial institutions with which we do business, and such instability could also affect our access to financing.

In particular, we are exposed to the risk of fluctuations in interest rates, primarily through the credit facilities of certain of our subsidiaries, which are indexed to the London Interbank Offered Rate (**LIBOR**) or other base rates. Although we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost or at all. If we are unable to effectively manage our interest rate exposure through derivative transactions, any increase in market interest rates would increase our interest rate exposure and debt service obligations, which would exacerbate the risks associated with our leveraged capital structure. Regulators in the U.K. have announced that LIBOR will be phased out by the end of 2021. Our loan documents contain customary provisions that contemplate alternative calculations of the applicable base rate once LIBOR is no longer available. We do not expect that these alternative calculations will be materially different from what would have been calculated under LIBOR at this time.

We are subject to increasing operating costs and inflation risks, which may adversely affect our results of operations.

While our operations attempt to increase our subscription rates to offset increases in programming and operating costs, there is no assurance that they will be able to do so. In certain countries in which we operate, our ability to increase subscription rates is subject to regulatory controls. For example, VTR is generally prohibited from increasing subscription rates over the rate of inflation. Also, our ability to increase subscription rates may be constrained by competitive pressures. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on our cash flow and results of operations. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs in certain of our markets.

Uncertainties and challenging conditions in the global economy and in the countries in which we operate may adversely impact our business, financial condition and results of operations.

The macroeconomic environment can be highly volatile, and instability in global markets has contributed, and could in the future contribute, to a challenging global economic environment. Future developments are dependent upon a number of political and economic factors, and as a result, we cannot predict when challenging conditions will exist or the extent to which the markets in which we operate may deteriorate. Unfavorable economic conditions may impact a significant number of our customers and/or the prices we are able to charge for our products and services, and, as a result, it may be more difficult for us to attract new customers and more likely that customers will downgrade or disconnect their services. Countries may also seek new or increased revenue sources due to fiscal deficits, including increases in regulatory levels, and any such actions may adversely affect our company. In addition, as countries seek to recover from natural disasters like hurricanes, they may seek new or increased revenue sources from businesses such as ours, including by increasing taxes and levies. Accordingly, our results of operations and cash flows may be adversely affected if the macroeconomic environment becomes uncertain or declines or governments increase taxes or levies as a result of fiscal deficits or natural disasters. We are currently unable to predict the extent of any of these potential adverse effects.

Additional factors that could influence customer demand include access to credit, unemployment rates, affordability concerns, consumer confidence, capital and credit markets volatility, geopolitical issues and general macroeconomic factors. Certain of these factors drive levels of disposable income, which in turn affect many of our revenue streams. Business solutions customers may delay purchasing decisions, delay full implementation of service offerings or reduce their use of services. Our residential customers may similarly elect to use fewer higher margin services, switch from fixed to mobile services resulting in the so-called traffic substitution effect, reduce their consumption of our video services or similarly choose to obtain products and services under lower cost programs offered by our competitors. In addition, adverse economic conditions may lead to a rise in the number of our customers who are not able to pay for our services.

Adverse economic conditions can also have an adverse impact on tourism, which in turn can adversely impact our business. In tourist destinations, levels of gross domestic products and levels of foreign investment linked to tourism are closely tied to levels of tourist arrivals and length of stay. In addition to having a direct impact on our revenue, due, for example, to reduction of roaming charges incurred by tourists, these factors will in turn drive disposable income, with the corresponding impact on use of our products and services.

Due to the Caribbean's heavy reliance on tourism, the Caribbean economy has suffered during previous periods of global recession and fluctuations in exchange rates and is likely to be adversely affected if major economies again find themselves in recession or if consumer and/or business confidence in those economies erodes in the face of trends in the global financial markets and economies.

Should current economic conditions deteriorate, there may be volatility in exchange rates, increases in interest rates or inflation, liquidity shortfalls and an adverse effect on our revenue and profits. Recessionary pressures or country-specific issues could, among other things, affect products and services, the level of tourism experienced by some countries and the level of local consumer and business expenditure on telecommunications. In addition, most of our operations are in developing economies, which historically have experienced more volatility in their general economic conditions. The impact of poor economic conditions, globally or at a local or national level in the countries and territories in which we operate, could have a material adverse effect on our business, financial condition, results of operations.

We are exposed to sovereign debt and currency instability risks that could have an adverse impact on our liquidity, financial condition and cash flows.

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in the U.S., Puerto Rico and several other countries in which we operate, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax and levy increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company.

We are exposed to the risk of default by the counterparties to our derivative and other financial instruments, undrawn debt facilities and cash investments.

Although we seek to manage the credit risks associated with our derivative and other financial instruments, cash investments and undrawn debt facilities, we are exposed to the risk that our counterparties could default on their obligations to us. Also, even though we regularly review our credit exposures, defaults may arise from events or circumstances that are difficult to detect or foresee. At December 31, 2018, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of $95 million, (ii) cash and cash equivalents and restricted cash balances of $642 million and (iii) aggregate undrawn debt facilities of $1,043 million. While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of our counterparties and we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity. In this regard, (i) the financial failure of any of our counterparties could reduce amounts available under committed credit facilities and adversely impact our ability to access cash deposited with any failed financial institution, thereby causing a default under one or more derivative contracts, and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all.

The liquidity and value of our interests in certain of our partially-owned subsidiaries, as well as the ability to make decisions related to their operations, may be adversely affected by shareholder agreements and similar agreements to which we are a party.

We indirectly own equity interests in a variety of international video, broadband internet, telephony, mobile and other communications businesses. Certain of these equity interests, such as our interests in our operating subsidiaries of C&W Panama and BTC, are held pursuant to concessions or agreements that provide the terms of the governance of the subsidiaries as well as the ownership of such interests. These agreements contain provisions that affect the liquidity, and therefore the realizable value, of those interests by subjecting the transfer of such equity interests to consent rights or rights of first refusal of the other shareholders or partners or similar restrictions on transfer. In certain cases, a change in control of the subsidiary holding the equity interest will give rise to rights or remedies exercisable by other shareholders or partners. All of these provisions will restrict the ability to sell those equity interests and may adversely affect the prices at which those interests may be sold. Additionally, these agreements contain provisions granting us and the other shareholders or partners certain liquidity rights as well as certain governance rights, for example, with respect to material matters, including but not limited to acquisitions, mergers, dispositions, shareholder distributions, incurrence of debt, material expenditures and issuances of equity interests, which may prevent the respective subsidiary from making decisions or taking actions that would protect or advance the interests of our company, and could even result in such subsidiary making decisions or taking actions that adversely impact our company. Furthermore, our ability to access the cash of these non-wholly-owned subsidiaries may be restricted in certain circumstances under the respective shareholder, joint venture, partnership or similar agreements.

Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets.

As of December 31, 2018, we had goodwill of $5,133 million, which represented approximately 38% of our total assets. We evaluate goodwill and other indefinite-lived intangible assets (primarily cable television franchise rights) for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. As further described in 9 to our consolidated financial statements, during the years ended December 31, 2018 and 2017, we incurred significant goodwill impairments. If, among other factors, (i) our equity values were to decline significantly or (ii) the adverse impacts of competition, economic, regulatory or other factors, including macro-economic and demographic trends, were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of the goodwill and, to a lesser extent, other long-lived assets of C&W. Any such impairment charges could be significant.

Risks Relating to our Corporate History and Structure

The consolidated financial statements of Liberty Latin America are not necessarily representative of Liberty Latin America's future financial position, future results of operations or future cash flows nor does it reflect what Liberty Latin America's financial position, results of operations or cash flows would have been as a standalone company during the periods presented.

Because the consolidated financial statements reflect the historical results of Liberty Latin America, as conducted by Liberty Global prior to the Split-Off, it is not necessarily representative of Liberty Latin America's future financial position, future results of operations or future cash flows, nor does it necessarily reflect what Liberty Latin America's financial position, results of operations or cash flows would have been as a standalone company, pursuing independent strategies, during the periods presented.

We are a holding company, and we could be unable in the future to obtain cash in amounts sufficient to service our financial obligations or meet our other commitments.

Our ability to meet our financial obligations at the parent company level depends upon our ability to access cash. As a holding company, our sources of cash are limited to our available cash balances, net cash from the operating activities of our wholly-owned subsidiaries that are available to us, any cash dividends and cash interest we may receive from our other subsidiaries and cash proceeds from any asset sales we may undertake in the future. The ability of our operating subsidiaries to pay cash dividends or to make other cash payments or advances to us depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject.

Certain of the company's directors and an executive officer overlap with Liberty Global, and certain directors and officers have financial interests in Liberty Global, which may lead to conflicting interests.

As a result of the Split-Off, John C. Malone, Miranda Curtis and Paul A. Gould, who serve as directors of Liberty Global, and Liberty Global's chief financial officer, also serve as directors of Liberty Latin America. Additionally, the chief executive officer of Liberty Global, Michael Fries, also serves as our executive chairman. Our directors (including the executive chairman) have fiduciary duties to our company. Likewise, any such persons who serve in similar capacities at Liberty Global or any other public corporation have fiduciary duties to that corporation or to that corporation's shareholders. For example, there may be the potential for a conflict of interest when the company or Liberty Global pursues acquisitions and other corporate opportunities that may be suitable for each of them. In addition, all of our directors and executive officers, other than our directors Alfonso de Angoitia Noriega and Eric L. Zinterhofer, have financial interests in Liberty Global as a result of their ownership of Liberty Global Shares (as defined in note 1 to our consolidated financial statements included in Part II of this Annual Report on Form 10-K) and/or equity awards. As a result of these multiple fiduciary duties and financial interests, these directors and executive officers may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies to which they owe fiduciary duties or in which they have financial interests.

Our bye-laws provide that, to the fullest extent permitted by applicable law, we have waived and renounced on behalf of ourselves and our subsidiaries any breach of a fiduciary duty by each of our directors by reason of the fact that such person directs a corporate opportunity to another person or entity (such as Liberty Global) instead of the company, or does not refer or communicate information regarding such corporate opportunity to the company, unless such opportunity was expressly offered to such person solely in his or her capacity as a director of our company and such opportunity relates to a line of business in which we or any of our subsidiaries are then directly engaged. The waiver given to our directors in respect of the diversion of corporate opportunities does not amount to a general authorization to our directors to subordinate Liberty Latin America's interests to their personal interests. Our directors will continue to be bound by their common law and statutory duties under the Bermuda Companies Act to act honestly and in good faith with a view to the best interests of Liberty Latin America and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, our bye-laws contain a general waiver by shareholders for any claim or right of action a shareholder might have (whether individually or by or in the right of the company) against any director or officer of the company, arising from any action or inaction by such director or officer in the performance of their duties for us or any of our subsidiaries (but excluding any matter involving fraud or dishonesty). This general waiver does not eliminate directors' or officers' fiduciary duties to Liberty Latin America under Bermuda law. Rather, it prohibits actions from being taken by shareholders against directors or officers in the event of a breach of such duties, unless the breach involves fraud or dishonesty.

In addition, any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K) is subject to review by an independent committee of the applicable company's board in accordance with its corporate governance guidelines. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each company. From time to time, we may enter into transactions with Liberty Global and/or any of its subsidiaries or other affiliates. In the event of any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K) involving Liberty Global and/or any of its subsidiaries or other affiliates, the audit committee or another independent body of Liberty Latin America would be required to review and approve the transaction. If the potential conflict or transaction involved an executive officer of Liberty Latin America, the audit committee of our company would be the independent committee charged by our corporate governance guidelines with this duty, and if the potential conflict or transaction involved a director of Liberty Latin America, a committee of the disinterested independent directors of Liberty Latin America would be the independent committee charged by our corporate governance guidelines with this duty. There can be no assurance that the terms of any such transactions will be as favorable to the company or any of its subsidiaries or affiliates as would be the case where there is no overlapping director or officer or where there are no financial interests in Liberty Global.

We entered into Split-Off agreements that were negotiated while we were a subsidiary of Liberty Global.

We entered into a number of Split-Off agreements covering matters such as tax sharing and our responsibility for certain liabilities previously undertaken by Liberty Global for certain of our businesses. In addition, we entered into the Services Agreement with Liberty Global pursuant to which it provides us with specified services, including certain management services, other services typically performed by Liberty Global's legal, tax, accounting, procurement and finance departments and other services, for which we will pay Liberty Global a services fee. The terms of all of these agreements were established while we were a wholly-owned subsidiary of Liberty Global, and hence may not be the result of arms' length negotiations. Although we believe that the negotiations with Liberty Global were at arms' length, the persons negotiating on behalf of Liberty Latin America also serve as officers of Liberty Global. We believe that the terms of these agreements are commercially reasonable and fair to all parties under the circumstances; however, conflicts could arise in the interpretation or any extension or renegotiation of the foregoing agreements.

Risks Relating to Our Common Shares and the Securities Market

Our share price may fluctuate significantly.

The market price of our common shares may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and share price performance of comparable companies; and
- domestic and foreign economic conditions.

Furthermore, in recent years the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. As such, the price of our common shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our common shares and materially affect the value of your investment.

Different classes of our common shares have different voting rights, but all common shares vote together as one class; if you hold Class C common shares you will have no significant voting rights.

Holders of our Class A common shares are entitled to one vote per share; holders of our Class B common shares are entitled to 10 votes per share; and holders of our Class C common shares are not entitled to any votes in respect of their common shares, unless such common shares are required to carry the right to vote under applicable law, in which case holders of our Class C common shares will be entitled to 1/100 of a vote per share. Our bye-laws prescribe that all classes of common shares vote together as one class, meaning that those holding Class C common shares will have little to no ability to influence the outcome of a shareholder vote as they will be consistently outvoted by holders of our Class A and Class B common shares.

The division of our common shares into different classes with different relative voting rights does not affect the fiduciary duties owed by our directors. As a Bermuda company, our directors' fiduciary duties are owed primarily to Liberty Latin America rather to holders of our common shares, or any class of our common shares.

It may be difficult for a third-party to acquire us, even if doing so may be beneficial to our shareholders.

Certain provisions of our bye-laws and Bermuda law may discourage, delay or prevent a change in control of the company that a shareholder may consider favorable. These provisions include the following:

- authorizing a capital structure with multiple classes of shares: a Class B that entitles the holders to ten votes per share, a Class A that entitles the holders to one vote per share and a Class C that entitles the holder to no voting rights, except as otherwise required by applicable law (in which case, the holder is entitled to 1/100 of a vote per share);
- authorizing the issuance of "blank check" preferred shares, which could be issued by our board to increase the number of outstanding shares and thwart a takeover attempt;
- classifying our board with staggered three-year terms, which may lengthen the time required to gain control of our board;
- prohibiting shareholder action by written consent, thereby requiring all shareholder actions to be taken at a meeting of the shareholders;
- establishing advance notice requirements for nominations of candidates for election to our board or for proposing matters that can be acted upon by shareholders at shareholder meetings;
- requiring supermajority shareholder approval with respect to certain extraordinary matters, such as certain mergers, amalgamations, or consolidations of the company, or in the case of amendments to our bye-laws; and
- the existence of authorized and unissued shares which would allow our board to issue shares to persons friendly to current management, thereby protecting the continuity of its management, or which could be used to dilute the share ownership of persons seeking to obtain control of us.

Although our Class B common shares are eligible to trade on the OTC Grey Markets, there is no meaningful trading market for these shares and the market price of these shares is subject to volatility.

Our Class B common shares are not widely held, with over 75% of such outstanding shares beneficially owned by John C. Malone, a director of our company. Although our Class B common shares are eligible to trade on the OTC Grey Markets, they are sparsely traded and do not have an active trading market. The OTC Grey Markets tend to be highly illiquid, in part, because there is no national quotation system by which potential investors can track the market price of shares. OTC Grey Market securities do not have bid or ask quotations in the OTC Link system or the OTC Bulletin Board. Broker-dealers must report OTC Grey Market trades to the Financial Industry Regulatory Authority, and therefore trade data is available on http://www.otcmarkets.com and other public sources. As a result, trading in the OTC Grey Markets is generally much more limited than trading on any national securities exchange. There is also a greater chance of market volatility for securities that trade on the OTC Grey Markets as opposed to a national exchange or quotation system due to many factors, including, among other things, a lack of readily available price quotations, lower trading volume, absence of consistent administrative supervision of "bid" and "ask" quotations and similar market conditions. Each Class B common share is convertible, at any time at the option of the holder, into one Class A common share.

We may be significantly influenced by one principal shareholder, and he may sell his shares, which may cause the price of our common shares to decrease.

As of January 31, 2019, John C. Malone beneficially owned a number of our common shares representing approximately 25% of the aggregate voting power of our outstanding common shares. As a result, Mr. Malone has significant influence over Liberty Latin America. Mr. Malone's rights to vote or dispose of his equity interest in Liberty Latin America are not subject to any restrictions in favor of Liberty Latin America other than as may be required by applicable law and except for customary transfer restrictions pursuant to incentive award agreements. The sale of a substantial number of our common shares by Mr. Malone within a short period of time, or the perception that such sale might occur, could cause our share price to decrease, make it more difficult for us to raise funds through future offerings of our common shares or acquire other businesses using our common shares as consideration.

Bermuda law may, in certain circumstances, afford less protection to our shareholders than the laws in effect in other jurisdictions.

We are incorporated and organized under the laws of Bermuda. As a result, our corporate affairs are governed by the Bermuda Companies Act. Bermuda law permits a company to specify thresholds for shareholder approval different from those applicable by default, either generally or for specific corporate actions. Our bye-laws prescribe a shareholder approval threshold that is higher than the default of a simple majority of votes cast at a quorate general meeting of shareholders for certain corporate actions. With respect to a Bermuda company's directors, there is no requirement for shareholder approval for transactions between directors and companies or their subsidiaries of which they are directors (except in the case of loans, guarantees or the provision of security by a company to its directors or certain connected persons in their personal capacity). In addition, the rights of our shareholders and the fiduciary responsibilities of our directors under Bermuda law are not as clearly established as under statutes or judicial precedent in other jurisdictions, where directors' duties are sometimes codified under applicable law. Therefore, our shareholders may have more difficulty protecting their interests than would shareholders of a public company incorporated in another jurisdiction.

We are a Bermuda company and it may be difficult for you to enforce judgments against us or our directors and executive officers.

We are a Bermuda exempted company organized under the laws of Bermuda. As a result, the rights of holders of our common shares are governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions, including the U.S. and the U.K. Certain of our directors are not residents of the United States, and a substantial portion of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on those persons in the United States or to enforce in the United States judgments obtained in U.S. courts against us or those persons based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, or entertain actions in Bermuda against us or our directors or officers under the securities laws of those jurisdictions.

Our bye-laws generally restrict shareholders from bringing legal action against our officers and directors.

Our bye-laws contain a general waiver by shareholders for any claim or right of action a shareholder might have (whether individually or by or in the right of the company) against any director or officer of the company, arising from any action or inaction by such director or officer in the performance of their duties for us or any of our subsidiaries (but excluding any matter involving fraud or dishonesty). Consequently, this waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

There are regulatory limitations on the ownership and transfer of our common shares.

Our common shares may be offered or sold in Bermuda only in compliance with the provisions of the Bermuda Companies Act and the Bermuda Investment Business Act 2003, which regulates the sale of securities in Bermuda. In addition, the Bermuda Monetary Authority must approve all issues and transfers of shares of a Bermuda exempted company. However, the Bermuda Monetary Authority has, pursuant to its statement of June 1, 2005, given its general permission under the Exchange Control Act 1972 and related regulations for the issue and free transfer of our common shares to and among persons who are non-residents of Bermuda for exchange control purposes as long as any class of our common shares are listed on an appointed stock exchange, which includes Nasdaq. This general permission would cease to apply if none of our common shares were to be listed on Nasdaq or another appointed stock exchange.

Beginning on or after October 17, 2019, certain Searchlight parties may sell Class C common shares subject to a Registration Rights Agreement in the public market, which may cause the market price of our common shares to decrease, and therefore make it more difficult to raise equity financing or issue equity as consideration in an acquisition.

Our Registration Rights Agreement with certain Searchlight parties requires us to promptly register under the Securities Act the 9,500,000 Class C common shares subject to such agreement and held by such shareholders or their permitted transferee(s), upon their request, beginning on or after October 17, 2019. The registration rights for such Searchlight parties will allow them to sell such shares without compliance with the volume and manner of sale limitations under Rule 144 promulgated under the Securities Act and will facilitate the resale of such securities into the public market. The market value of our common shares could decline as a result of sales by such shareholders from time to time. In particular, the sale of a substantial number of our shares by such shareholders within a short period of time, or the perception that such sale might occur, could cause our share price to decrease, make it more difficult for us to raise funds through future offerings of our common shares or acquire other businesses using our common shares as consideration.

We have identified material weaknesses in our internal control over financial reporting, which could, if not remediated, result in material misstatements in our financial statements.

Section 404 of the Sarbanes-Oxley Act of 2002 requires any company subject to the reporting requirements of the U.S. securities laws to include in its annual report on Form 10-K an assessment of its and its consolidated subsidiaries' internal control over financial reporting. To comply with this statute, we are required to issue a statement as to whether or not our internal control over financial reporting is effective; and our independent auditors are required to issue an audit opinion on our internal control over financial reporting.

As of December 31, 2018, we did not maintain effective adequate internal control over financial reporting attributable to certain identified material weaknesses. We describe these material weaknesses in Item 9A. *Controls and Procedures* in this Annual Report on Form 10-K. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. We are actively engaged in developing and implementing remediation plans designed to address these material weaknesses. If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could, in turn, harm our reputation or otherwise cause a decline in investor confidence and in the market price of our stock.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

At December 31, 2018, we leased our corporate office in Denver, Colorado, U.S. Additionally, C&W owns our subsea network in the Caribbean region (see Item 1. *Business—Narrative Description of Business—Products and Services—Business Services*). Also, our subsidiaries either own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, headend facilities, rights of way, cable television and telecommunications distribution equipment, telecommunications switches, base stations, cell towers and customer premises equipment and other property necessary for their operations. The physical components of their broadband networks require maintenance and periodic upgrades to support the new services and products they introduce. Subject to these maintenance and upgrade activities, our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

Item 3. LEGAL PROCEEDINGS

From time to time, our subsidiaries and affiliates have become involved in litigation relating to claims arising out of their operations in the normal course of business. For additional information, see note 18 to our consolidated financial statements in Part II of this Annual Report on Form 10-K.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

General

The capitalized terms used in Part II of this Annual Report on Form 10-K are defined in the consolidated financial statements and the notes thereto. In the following text, the terms "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to Liberty Latin America or collectively to Liberty Latin America and its subsidiaries.

Market Information

Our outstanding share capital comprises Class A, Class B and Class C common shares. Our Class A and Class C common shares trade on the Nasdaq Global Select Market under the symbols "LILA" and "LILAK," respectively, and began trading effective January 2, 2018 following the consummation of the Split-Off. Our Class B common shares are eligible to be traded on the OTC Grey Markets under the symbol "LILAB," although they do not have an established public trading market. The following table sets forth the range of highest and lowest prices for our Class B common shares for each of the periods indicated, as reported by Bloomberg, taking into account both opening and closing prices. Over-the-counter market prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Class B	
	High	**Low**
Year ended December 31, 2018		
First quarter	(a)	(a)
Second quarter	$ 19.75	$ 18.00
Third quarter	$ 19.75	$ 18.00
Fourth quarter	$ 19.00	$ 19.00

a. No trades occurred during the first quarter of 2018.

Holders

As of January 31, 2019, we had the following number of holders of our common stock: 10,995 Class A; 26 Class B; and 25,089 Class C. The foregoing does not include the number of shareholders whose shares are nominally held by banks, brokerage houses or other institutions, but include each such institution as one record holder.

Dividends

We have not paid any cash dividends on our shares, and we have no present intention of doing so. Any future payment of cash dividends will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations**.** Except as noted in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and note 10 to our consolidated financial statements, there are currently no contractual restrictions on our ability to pay dividends in cash or shares.

Securities Authorized for Issuance Under Equity Compensation Plans

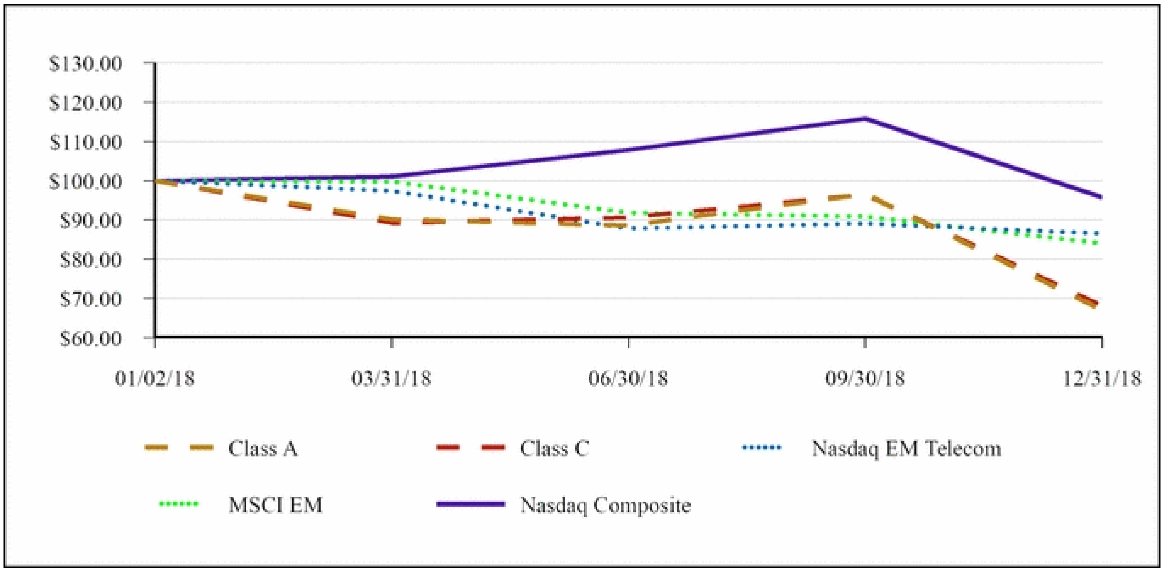
Information required by this item is incorporated by reference to our definitive proxy statement for our 2019 Annual General Meeting of Shareholders.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

All information under this Item has been previously reported on our Current Reports on Form 8-K.

Stock Performance Graph

The following graph compares the changes in the cumulative total shareholder return on our Liberty Latin America Class A and Class C ordinary shares from January 2, 2018 (the day the shares began trading following the Split-Off) to December 31, 2018, to the change in the cumulative total return on the Nasdaq Emerging Telecom TR Index, the MSCI Emerging Markets NTR Index and the Nasdaq Composite TR Index (assuming reinvestment of dividends, where applicable). The graph assumes that $100 was invested on January 2, 2018.



	January 2,	March 31,	June 30,	September 30,	December 31,
			2018		
Liberty Latin America Shares - Class A	$ 100.00	$ 90.13	$ 88.60	$ 96.57	$ 67.10
Liberty Latin America Shares - Class C	$ 100.00	$ 89.25	$ 90.60	$ 96.45	$ 68.12
Nasdaq Emerging Telecom TR Index	$ 100.00	$ 97.33	$ 87.83	$ 89.10	$ 86.46
MSCI Emerging Markets NTR Index	$ 100.00	$ 99.72	$ 91.79	$ 90.78	$ 84.00
Nasdaq Composite TR Index	$ 100.00	$ 101.06	$ 107.75	$ 115.73	$ 95.72

Item 6. SELECTED FINANCIAL DATA

The following tables present selected historical financial information of Liberty Latin America. The selected financial data (i) as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 has been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K, (ii) as of December 31, 2016, and 2015 and for the years ended December 31, 2015 and 2014 has been derived from our audited consolidated financial statements that are not included in this Annual Report on Form 10-K and (iii) as of December 31, 2014 has been derived from our unaudited consolidated financial statements that are not included in this Annual Report on Form 10-K. This information is only a summary and should be read in conjunction with Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements.

	December 31,				
	2018	2017	2016	2015	2014
	in millions				
Summary Balance Sheet Data (a):					
Goodwill	$ 5,133.3	$ 5,673.6	$ 6,353.5	$ 775.6	$ 787.3
Property and equipment, net	$ 4,236.9	$ 4,169.2	$ 3,860.9	$ 843.5	$ 824.6
Total assets	$13,446.6	$13,616.9	$14,143.9	$ 3,238.1	$ 2,738.4
Debt and capital lease obligations, including current portion	$ 6,682.1	$ 6,371.5	$ 6,047.9	$ 2,305.4	$ 2,040.9
Total equity	$ 4,123.4	$ 4,690.6	$ 5,660.4	$ 270.8	$ 69.1

	Year ended December 31,				
	2018	2017	2016	2015	2014
	in millions, except per share amounts				
Summary Statement of Operations Data (a):					
Revenue (b)	$ 3,705.7	$ 3,590.0	$ 2,723.8	$ 1,217.3	$ 1,204.6
Operating income (loss) (c)	$ (23.6)	$ (162.9)	$ 315.3	$ 248.1	$ 228.4
Net earnings (loss)	$ (635.8)	$ (798.7)	$ (404.0)	$ 45.8	$ 9.7
Net earnings (loss) attributable to Liberty Latin America shareholders	$ (345.2)	$ (778.1)	$ (432.3)	$ 38.0	$ 12.0
Basic and diluted net earnings (loss) per share attributable to Liberty Latin America shareholders (d)	$ (1.99)	$ (4.53)	$ (3.44)	$ 0.87	$ 0.27

(a) We acquired Cabletica on October 1, 2018, C&W on May 16, 2016 and Choice Cable TV on June 3, 2015.

(b) We adopted ASU 2014-09, as defined and described in note 2 to our consolidated financial statements, on January 1, 2018 using the cumulative effect transition method. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

(c) We adopted ASU 2017-07, as defined and described in note 2 of our consolidated financial statements, on January 1, 2018, which was applied retrospectively to all periods presented. As a result, we reclassified pension-related credits aggregating $12 million, $15 million and $4 million during the years ended December 31, 2018, 2017 and 2016, respectively, from operating income (loss) to non-operating income (expense) in our consolidated statements of operations. Operating income for the years ended December 31, 2015 and 2014 were not impacted as a result of adoption ASU 2017-07.

(d) Amounts are calculated based on weighted average number of shares outstanding of 173,313,575, 171,850,041, 125,627,811, 43,925,871 and 43,925,871, respectively. The 2018 amount represents the weighted average number of Liberty Latin America Shares outstanding during the year. The 2017 amount represents (i) the weighted average number of LiLAC Shares outstanding during the year prior to the Split-Off and (ii) the weighted average number of Liberty Latin America Shares outstanding during the year subsequent to the Split-Off. The 2016 amount represents the actual weighted average number of LiLAC Shares outstanding, as adjusted to reflect the total 117,430,965 Class A and Class C LiLAC Shares issued to holders of Class A and Class C Liberty Global Shares pursuant to the LiLAC Distribution as if such distribution was completed on the May 16, 2016 date of the C&W Acquisition. The 2015 amount represents the actual weighted average number of LiLAC Shares outstanding for the period from July 1, 2015 through December 31, 2015, as adjusted to reflect the LiLAC Transaction as if such transaction was completed on January 1, 2015. The share amounts for 2014 represent the number of LiLAC Shares issued on July 1, 2015 upon completion of the LiLAC Transaction as if such shares were issued since January 1, 2014.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the years ended December 31, 2018, 2017 and 2016.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity, consolidated statements of cash flows and contractual commitments.
- *Critical Accounting Policies, Judgments and Estimates.* This section discusses those material accounting policies that involve uncertainties and require significant judgment in their application.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated, and operational data (including subscriber statistics) is presented, as of December 31, 2018.

Overview

General

We are an international provider of fixed, mobile and subsea telecommunications services. We provide residential and B2B communications services in (i) 18 countries, primarily in Latin America and the Caribbean, through C&W, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico. C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fiber optic cable networks that connect over 40 markets in those regions.

Operations

At December 31, 2018, we (i) owned and operated fixed networks that passed 7,155,400 homes and served 5,702,200 revenue generating units (**RGUs**), comprising 2,402,400 broadband internet subscribers, 1,909,300 video subscribers and 1,390,500 fixed-line telephony subscribers and (ii) served 3,502,700 mobile subscribers.

Hurricane Update

In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in Puerto Rico and certain markets within our C&W segment, most notably British Virgin Islands and Dominica. In October, 2016, our operations in the Bahamas, which is part of our C&W segment, was significantly impacted by Hurricane Matthew.

In December 2018, we settled our insurance claims for the Hurricanes with our third-party insurance provider. The settlement amount totaled $121 million and comprised $109 million for Hurricanes Irma and Maria, which was net of $30 million in self-insurance, and $12 million for Hurricane Matthew, which was net of $15 million in self-insurance. During 2018 and 2017, we received net advance payments related to the Hurricanes from our third-party insurance provider totaling $51 million and $3 million, respectively. With respect to the advances received during 2018, $45 million was provided to Liberty Puerto Rico and $6 million was provided to C&W. The advance received during 2017 related to Hurricane Matthew and was provided to C&W. Subsequent to December 31, 2018, we received $49 million in insurance proceeds. We expect to receive the remaining balance due of $18 million during the first quarter of 2019. For additional information regarding the hurricane-related insurance settlements, see note 8 to our consolidated financial statements.

Liberty Puerto Rico. In Puerto Rico, the damage caused by Hurricane Maria and, to a lesser extent Hurricane Irma, was extensive and widespread. In connection with these hurricanes, we experienced adverse impacts to revenue, Adjusted OIBDA and RGUs during 2018 and the second half of 2017. We completed restoration of Liberty Puerto Rico's broadband communications network during the third quarter of 2018. In connection with our restoration work, we incurred property and equipment additions of approximately $142 million, of which $92 million was incurred during 2018. As of December 31, 2018, we are providing service to 738,600 RGUs, as compared with 803,500 RGUs at August 31, 2017. Contributing to this decline in RGUs are non-organic adjustments totaling 48,300 RGUs that represent subscribers in areas where we have not restored the network.

From a liquidity perspective, the cash provided by its operations was a significant source of pre-hurricane liquidity for Liberty Puerto Rico. As a result of the hurricane impacts, we did not generate positive cash from operations, inclusive of capital expenditures, until the third quarter of 2018. In this regard, Liberty Puerto Rico's liquidity needs following the hurricanes were funded by (i) $45 million of the LPR Equity Commitment received during 2018, (ii) insurance advances in 2018 totaling $50 million ($45 million through a third-party insurance provider and the remainder through a captive insurance subsidiary), (iii) $40 million of funding under the LPR Revolving Credit Facility, which was repaid during the fourth quarter of 2018, and (iv) beginning in the third quarter of 2018, cash from operations, inclusive of capital expenditures. As of December 31, 2018, we expect cash from operations will be sufficient to satisfy Liberty Puerto Rico's liquidity requirements over the next twelve months.

C&W. C&W offers services over fixed and mobile networks, and portions of these networks in C&W's Impacted Markets were significantly damaged as a result of the hurricanes. At December 31, 2018, services to our mobile and fixed-line customers in these markets have been restored. In connection with our restoration work, we incurred property and equipment additions of approximately $47 million, of which $34 million was incurred during 2018. During the fourth quarter of 2018, we recorded non-organic adjustments to reduce C&W's homes passed and RGUs by 17,500 and 11,000, respectively, that represent homes passed and subscribers in areas where we have not restored the network.

Strategy and Management Focus

From a strategic perspective, we are seeking to build or acquire broadband communications and mobile businesses that have strong prospects for future growth. As discussed further under *Liquidity and Capital Resources—Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

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

We are engaged in network extension and upgrade programs across Liberty Latin America, although the Liberty Puerto Rico program was interrupted by the impacts of Hurricanes Maria and Irma. We collectively refer to these network extension and upgrade programs as the "**Network Extensions**." The Network Extensions will be completed in phases with priority given to the most accretive expansion opportunities. During 2018, our network extension and upgrade programs passed approximately 330,000 homes across Liberty Latin America. Depending on a variety of factors, including the financial and operational results of the programs, the Network Extensions may be continued, modified or cancelled at our discretion. See Item 1. *Business—Products and Services—Residential Services—Internet Services*.

For information regarding our expectation with regard to property and equipment additions as a percent of revenue during 2019, see *Liquidity and Capital Resources—Consolidated Statements of Cash Flows* below.

Competition and Other External Factors

We are experiencing significant competition from other telecommunications operators, direct-to-home (**DTH**) operators and other providers in all of our markets. In Panama, competition is increasing, in particular in relation to the prepaid mobile business where competitors began introducing new aggressive offers during the second quarter of 2018. In the Bahamas, where C&W previously was the only provider of mobile services, competition remained at elevated levels during 2018 due to the commercial launch of mobile services by a competitor during the fourth quarter of 2016. In addition, fixed-line competition has increased in a number of C&W's markets in the Caribbean, including Trinidad and Tobago, Jamaica and Barbados. In certain of its markets, C&W is also experiencing increased regulatory intervention that would, if implemented, facilitate increased competition. The significant competition we are experiencing, together with macroeconomic factors, has adversely impacted our revenue, RGUs and/or average monthly subscription revenue per average cable RGU or mobile subscriber, as applicable, (**ARPU**) in a number of C&W's markets. For additional information regarding the revenue impact of changes in the RGUs and ARPU of our reportable segments, see *Discussion and Analysis of our Reportable Segments* below.

In addition, high levels of sovereign debt in the U.S. and several countries in which we or our affiliates operate, combined with weak growth and high unemployment, could potentially lead to fiscal reforms (including austerity measures), tax increases, sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our company. The occurrence of any of these events could have an adverse impact on, among other matters, our liquidity and cash flows.

Material Changes in Results of Operations

In the following discussion, we quantify the estimated impact of acquisitions (the **Acquisition Impact**) on our operating results. The Acquisition Impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. Accordingly, in the following discussion, (i) organic changes exclude the operating results of an acquired entity during the first 12 months following the date of acquisition, and (ii) the calculation of our organic change percentages exclude the Acquisition Impact of such entity.

Changes in foreign currency exchange rates may have a significant impact on our operating results, as VTR, Cabletica and certain entities within C&W have functional currencies other than the U.S. dollar. Our primary exposure to FX risk during 2018 was to the Chilean peso as 27.3% of our revenue during the year was derived from VTR. The impacts to the various components of our results of operations that are attributable to changes in FX are highlighted below. For information concerning our foreign currency risks and applicable foreign currency exchange rates, see Item 7A. *Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk* below.

The amounts presented and discussed below represent 100% of the revenue and expenses of each segment and our corporate operations, as further discussed in note 19 to our consolidated financial statements. As we have the ability to control certain subsidiaries of C&W that are not wholly-owned, we include 100% of the revenue and expenses of these entities in our consolidated statements of operations despite the fact that third parties own significant interests in these entities. As further described in note 12 to our consolidated financial statements, in October 2018, we acquired the remaining 40.0% interest in Liberty Puerto Rico that we did not already own. The noncontrolling owners' interests in the operating results of certain subsidiaries of C&W and, prior to October 2018, Liberty Puerto Rico, are reflected in net earnings or loss attributable to noncontrolling interests in our consolidated statements of operations.

Effective October 1, 2018, following the Cabletica Acquisition, the VTR segment became the VTR/Cabletica segment. In the discussion and analysis of the year ended December 31, 2018 compared with 2017, we refer to the segment as VTR/Cabletica. In the discussion and analysis of the year ended December 31, 2017 compared with 2016, we refer to the segment as VTR. For additional information regarding the composition of our segments, see note 19 to our consolidated financial statements. For additional information regarding the Cabletica Acquisition, see note 4 to our consolidated financial statements.

Prior to the Split-Off, Liberty Global allocated a portion of their corporate function costs to us, based primarily on the estimated percentage of time spent by corporate personnel providing services to us. Such costs were not intended to reflect the costs of operating as a standalone public company. Accordingly, our corporate-related SG&A costs have increased significantly during 2018, as compared with 2017, as a result of operating as a standalone company and incurring certain public company-related costs. These costs include executive, employee and board of directors expenses; insurance; costs related to compliance with federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002); and costs for financial reporting, tax administration, human resources functions and centralization of certain other corporate functions. The increases in these costs are inclusive of costs that Liberty Global charges us in connection with certain of the Split-Off Agreements, as further described in note 13 to our consolidated financial statements.

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

Revenue

All of our segments derive their revenue primarily from (i) residential services, including video, broadband internet and fixed-line telephony services, (ii) with the exception of Liberty Puerto Rico, residential mobile services and (iii) B2B services. C&W also provides wholesale communication services over its subsea and terrestrial fiber optic cable networks.

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

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of fixed and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products. Hurricanes Maria and Irma significantly impacted variances in revenue at Liberty Puerto Rico for both comparative periods. At C&W, the hurricanes had a greater impact on the variances in revenue for the prior-year comparison. Where applicable, we have separately identified the impacts of the hurricanes in our below discussion of revenue in order to provide more meaningful comparisons resulting from changes in RGUs and ARPU. For additional information regarding the impact of the hurricanes on our subscriber counts, see *Overview* above.

Revenue—2018 compared to 2017

The following table sets forth revenue by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2018	**2017**	**$**	**%**
	in millions, except percentages			
C&W	$ 2,333.1	$ 2,322.1	$ 11.0	0.5
VTR/Cabletica	1,043.7	952.9	90.8	9.5
Liberty Puerto Rico	335.6	320.5	15.1	4.7
Intersegment eliminations	(6.7)	(5.5)	(1.2)	N.M.
Total	$ 3,705.7	$ 3,590.0	$ 115.7	3.2

N.M. — Not Meaningful.

Consolidated. The increase during 2018, as compared to 2017, includes increases of $42 million and $6 million attributable to the impact of acquisitions and FX, respectively. Excluding the effects of acquisitions and FX, revenue increased $67 million or 1.9%. The organic increase primarily includes increases of $7 million, $47 million and $15 million at C&W, VTR/Cabletica and Liberty Puerto Rico, respectively, as further discussed below.

As further described in notes 2 and 3 to our consolidated financial statements, we adopted ASU 2014-09 effective January 1, 2018 using the cumulative effect transition method. The most significant impact on revenue from adopting ASU 2014-09 was an increase for certain long-term prepaid capacity subsea capacity arrangements, as described in notes 2 and 3 to our consolidated financial statements and as quantified below.

C&W. C&W's revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2018	2017	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 172.0	$ 164.8	$ 7.2	4.4
Broadband internet	225.3	207.8	17.5	8.4
Fixed-line telephony	101.0	115.3	(14.3)	(12.4)
Total subscription revenue	498.3	487.9	10.4	2.1
Non-subscription revenue	68.3	68.4	(0.1)	(0.1)
Total residential fixed revenue	566.6	556.3	10.3	1.9
Residential mobile revenue:				
Subscription revenue	594.2	643.0	(48.8)	(7.6)
Non-subscription revenue	89.6	88.5	1.1	1.2
Total residential mobile revenue	683.8	731.5	(47.7)	(6.5)
Total residential revenue	1,250.4	1,287.8	(37.4)	(2.9)
B2B revenue:				
Service revenue	842.5	823.1	19.4	2.4
Subsea network revenue	240.2	211.2	29.0	13.7
Total B2B revenue	1,082.7	1,034.3	48.4	4.7
Total	$ 2,333.1	$ 2,322.1	$ 11.0	0.5

The details of the changes in C&W's revenue during 2018, as compared to 2017, are set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 21.3
ARPU (b)	(9.3)
Increase in residential fixed non-subscription revenue (c)	0.2
Total increase in residential fixed revenue	12.2
Decrease in residential mobile subscription revenue (d)	(47.7)
Increase in residential mobile non-subscription revenue (e)	1.3
Increase in B2B service revenue (f)	19.9
Increase in B2B subsea network revenue (g)	21.2
Total organic increase	6.9
Impact of the C&W Carve-out Acquisition	9.5
Impact of FX	(5.4)
Total	$ 11.0

(a) The increase is primarily attributable to higher broadband internet, video and fixed-line telephony RGUs.

(b) The decrease is attributable to the net effect of (i) lower ARPU from fixed-line telephony services, (ii) an improvement in RGU mix and (iii) higher ARPU from broadband internet and video services. This decrease is net of the positive impact of $5 million in customer credits recorded during the third and fourth quarters of 2017 associated with service interruptions resulting from the hurricanes.

(c) The increase is mostly due to (i) higher interconnect revenue, primarily associated with the net effect of a) higher volume in the Bahamas and b) lower volumes in Panama, Barbados and Trinidad and Tobago, and (ii) individually insignificant increases across other C&W markets.

(d) The decrease is primarily attributable to (i) lower average subscribers in the Bahamas and Panama and (ii) lower ARPU from mobile services, as declines in Panama, the Bahamas and Barbados were slightly offset by increases in (a) the Impacted Markets, due to higher data usage, and (b) Jamaica. This decrease also includes a decline of $5 million from the adoption of ASU 2014-09, as further described in notes 2 and 3 to our consolidated financial statements.

(e) The increase is primarily attributable to the net impact of (i) higher revenue resulting from lower discounts on handset sales in Panama, which includes $2 million attributable to the adoption of ASU 2014-09, as further described in notes 2 and 3 to our consolidated financial statements, and (ii) lower revenue driven by decreased volumes of handset sales, primarily in Panama and the Bahamas.

(f) The increase is primarily due to the net effect of (i) higher project-related revenue in Jamaica and managed services revenue in Networks & LatAm, (ii) higher interconnect revenue mostly driven by increased volumes in Jamaica, (iii) lower revenue from fixed-line services in Panama, the Impacted Markets and Barbados, (iv) lower revenue from mobile services in Panama and the Bahamas, and (v) individually insignificant changes across other C&W markets.

(g) The increase is primarily due to the net effect of (i) an increase of $13 million from the adoption of ASU 2014-09, as further described in notes 2 and 3 to our consolidated financial statements, (ii) an increase from capacity sales on C&W's subsea network to new and existing customers and (iii) a decrease of $6 million associated with subsea revenue recognized on a cash basis related to services provided to a significant customer.

VTR/Cabletica. VTR/Cabletica's revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2018	2017	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 401.4	$ 362.2	$ 39.2	10.8
Broadband internet	386.5	344.4	42.1	12.2
Fixed-line telephony	123.8	134.7	(10.9)	(8.1)
Total subscription revenue	911.7	841.3	70.4	8.4
Non-subscription revenue	30.2	28.6	1.6	5.6
Total residential fixed revenue	941.9	869.9	72.0	8.3
Residential mobile revenue:				
Subscription revenue	62.9	56.0	6.9	12.3
Non-subscription revenue	13.2	11.1	2.1	18.9
Total residential mobile revenue	76.1	67.1	9.0	13.4
Total residential revenue	1,018.0	937.0	81.0	8.6
B2B service revenue	25.7	15.9	9.8	61.6
Total	$ 1,043.7	$ 952.9	$ 90.8	9.5

The details of the changes in VTR/Cabletica's revenue during 2018, as compared to 2017, are set forth below (in millions):

Increase in residential fixed subscription revenue due to change in:		
Average number of RGUs (a)	$	12.2
ARPU (b)		19.5
Decrease in residential fixed non-subscription revenue		(2.8)
Total increase in residential fixed revenue		28.9
Increase in residential mobile subscription revenue (c)		6.2
Increase in residential mobile non-subscription revenue		1.9
Increase in B2B service revenue (d)		9.6
Total organic increase		46.6
Impact of the Cabletica Acquisition		32.6
Impact of FX		11.6
Total	$	90.8

(a) The increase is attributable to the net effect of (i) higher broadband internet and video RGUs and (ii) lower fixed-line telephony RGUs.

(b) The increase is due to the net effect of (i) higher ARPU from video services, (ii) improvements in RGU mix, (iii) higher ARPU from broadband internet services and (iv) lower ARPU from fixed-line telephony services.

(c) The increase is due a higher average number of mobile subscribers, partially offset by lower ARPU from mobile services.

(d) The increase is primarily attributable to higher SOHO revenue, mostly driven by higher average numbers of broadband internet, video and fixed-line telephony SOHO RGUs. Contributing to these increases was the conversion of certain residential subscribers to SOHO customers.

Liberty Puerto Rico. Due to the significant impact of the hurricanes on the operations of our Liberty Puerto Rico segment, we have provided supplementary sequential information in order to provide a meaningful analysis of Liberty Puerto Rico's business, including recovery after the hurricanes. Accordingly, Liberty Puerto Rico's revenue by major category during each of the (i) three months ended December 31, 2018 and September 30, 2018 and (ii) years ended December 31, 2018 and 2017 is set forth below:

	Three months ended		Year ended	
	December 31, 2018	**September 30, 2018**	**December 31, 2018**	**December 31, 2017**
	in millions			
Residential fixed revenue:				
Subscription revenue:				
Video	$ 33.6	$ 32.2	$ 118.9	$ 125.4
Broadband internet	38.8	36.0	132.5	124.5
Fixed-line telephony	5.4	5.1	18.6	19.9
Total subscription revenue	77.8	73.3	270.0	269.8
Non-subscription revenue	4.4	4.0	13.5	16.6
Total residential fixed revenue	82.2	77.3	283.5	286.4
B2B service revenue	10.6	10.1	37.1	29.9
Other revenue	1.1	12.2	15.0	4.2
Total	$ 93.9	$ 99.6	$ 335.6	$ 320.5

Liberty Puerto Rico's revenue increased $15 million during 2018, as compared to 2017, primarily due to $11 million of revenue related to FCC funds received in August 2018, which is included in other revenue. The FCC granted these funds to help restore and improve coverage and service quality from damages caused by Hurricanes Irma and Maria. The remaining increase is primarily due to (i) higher revenue from business data services, and (ii) higher residential fixed subscription revenue, as improved ARPU from broadband internet services was only partially offset by a decline in video services resulting from a lower volume of RGUs following the hurricanes.

The table below presents changes in (i) residential fixed subscription revenue due to changes in the average number of RGUs and ARPU, (ii) residential fixed non-subscription revenue, (iii) B2B service revenue and (iv) other revenue, each reflective of changes during the three months ended December 31, 2018, as compared to the three months ended September 30, 2018 (in millions).

Increase (decrease) in residential fixed subscription revenue due to change in:		
Average number of RGUs (a)	$	4.8
ARPU		(0.3)
Increase in residential fixed non-subscription revenue		0.4
Total increase in residential fixed revenue		4.9
Increase in B2B service revenue		0.5
Decrease in other revenue (b)		(11.1)
Total	$	(5.7)

(a) The increase is primarily attributable to increases in broadband internet and video RGUs resulting from our efforts to restore services to existing customers following the hurricanes and the provision of services to new customers. For additional information regarding our hurricane recovery efforts, see the discussion under *Overview* above.

(b) The decrease is mostly attributable to the receipt of $11 million from the FCC in August 2018, as further described above.

Revenue—2017 compared to 2016

The following table sets forth revenue by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2017	2016	$	%
	in millions, except percentages			
C&W	$ 2,322.1	$ 1,444.8	$ 877.3	60.7
VTR	952.9	859.5	93.4	10.9
Liberty Puerto Rico	320.5	420.8	(100.3)	(23.8)
Intersegment eliminations	(5.5)	(1.3)	(4.2)	N.M
Total	$ 3,590.0	$ 2,723.8	$ 866.2	31.8

N.M. — Not Meaningful.

Consolidated. The increase during 2017, as compared to 2016, includes an increase of $891 million attributable to the impact of acquisitions, a decrease of $117 million attributable to the hurricanes, and an increase of $26 million attributable to FX. Excluding the effects of acquisitions and FX, revenue decreased $51 million or 1.9%. The organic decrease primarily includes increases (decreases) of ($1 million), $55 million and ($100 million) at C&W, VTR and Liberty Puerto Rico, respectively, as further discussed below.

C&W. C&W's revenue by major category is set forth below:

	Year ended December 31,		Increase	
	2017	2016	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 164.8	$ 104.9	$ 59.9	57.1
Broadband internet	207.8	127.2	80.6	63.4
Fixed-line telephony	115.3	72.8	42.5	58.4
Total subscription revenue	487.9	304.9	183.0	60.0
Non-subscription revenue	68.4	53.2	15.2	28.6
Total residential fixed revenue	556.3	358.1	198.2	55.3
Residential mobile revenue:				
Subscription revenue	643.0	417.9	225.1	53.9
Non-subscription revenue	88.5	53.1	35.4	66.7
Total residential mobile revenue	731.5	471.0	260.5	55.3
Total residential revenue	1,287.8	829.1	458.7	55.3
B2B revenue:				
Service revenue	823.1	506.6	316.5	62.5
Subsea network revenue	211.2	109.1	102.1	93.6
Total B2B revenue	1,034.3	615.7	418.6	68.0
Total	$ 2,322.1	$ 1,444.8	$ 877.3	60.7

The details of the changes in C&W's revenue during 2017, as compared to 2016, are set forth below (in millions):

Increase in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 2.7
ARPU (b)	0.2
Decrease in residential fixed non-subscription revenue (c)	(8.6)
Decrease in residential fixed revenue as a result of the hurricanes (d)	(5.9)
Total decrease in residential fixed revenue	(11.6)
Decrease in residential mobile subscription revenue (e)	(17.5)
Increase in residential mobile non-subscription revenue (f)	4.7
Increase in residential mobile revenue as a result of the hurricanes (d)	1.0
Increase in B2B service revenue (g)	16.2
Increase in B2B subsea network revenue (h)	10.7
Decrease in B2B revenue as a result of the hurricanes (d)	(4.8)
Total organic decrease	(1.3)
Impact of acquisitions	891.3
Impact of FX	(12.7)
Total	$ 877.3

(a) The increase is attributable to the net effect of (i) higher broadband internet and fixed-line telephony RGUs and (ii) a decrease in video RGUs.

(b) The increase is attributable to the net effect of (i) higher ARPU from broadband internet and video services, (ii) lower ARPU from fixed-line telephony services and (iii) an adverse change in RGU mix.

(c) The decrease is primarily attributable to lower interconnect revenue, mainly due to lower fixed-line telephony termination volumes.

(d) Amounts primarily consist of customer credits recorded through December 31, 2017 associated with service interruptions, partially offset by increases in mobile data usage and roaming revenue as a result of unavailability of broadband internet services. For additional information regarding the impacts of the hurricanes, see *Overview* above.

(e) The decrease is primarily attributable to the net effect of (i) lower revenue in the Bahamas associated with a decrease in the average number of subscribers and lower ARPU, primarily driven by the commercial launch of mobile services by a competitor during the fourth quarter of 2016, and (ii) higher revenue in Jamaica due to higher ARPU and an increase in the average number of subscribers.

(f) The increase is mostly due to an increase in revenue from handset sales, as a result of lower handset discounts.

(g) The increase is primarily attributable to the net effect of (i) higher revenue from interconnect fees and (ii) lower revenue from managed services, mainly driven by a decrease in project-related revenue.

(h) The increase is primarily attributable to increased capacity sales on C&W's subsea network to new and existing customers, and an increase of $6 million associated with subsea revenue recognized on a cash basis related to services provided to a significant customer.

VTR's revenue by major category is set forth below:

	Year ended December 31,		Increase (decrease)	
	2017	2016	$	%
	in millions, except percentages			
Residential revenue:				
Residential fixed revenue:				
Subscription revenue:				
Video	$ 362.2	$ 325.4	$ 36.8	11.3
Broadband internet	344.4	308.9	35.5	11.5
Fixed-line telephony	134.7	134.8	(0.1)	(0.1)
Total subscription revenue	841.3	769.1	72.2	9.4
Non-subscription revenue	28.6	36.6	(8.0)	(21.9)
Total residential fixed revenue	869.9	805.7	64.2	8.0
Residential mobile revenue:				
Subscription revenue	56.0	41.1	14.9	36.3
Non-subscription revenue	11.1	9.6	1.5	15.6
Total residential mobile revenue	67.1	50.7	16.4	32.3
Total residential revenue	937.0	856.4	80.6	9.4
B2B service revenue	15.9	3.1	12.8	412.9
Total	$ 952.9	$ 859.5	$ 93.4	10.9

The details of the changes in VTR's revenue during 2017, as compared to 2016, are set forth below (in millions):

Increase in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 13.8
ARPU (b)	24.3
Decrease in residential fixed non-subscription revenue (c)	(9.0)
Total increase in residential fixed revenue	29.1
Increase in residential mobile subscription revenue (d)	12.6
Increase in residential mobile non-subscription revenue	1.0
Increase in B2B service revenue (e)	12.1
Total organic increase	54.8
Impact of FX	38.6
Total	$ 93.4

(a) The increase is attributable to the net effect of (i) higher broadband internet and video RGUs, and (ii) a decline in fixed-line telephony RGUs.

(b) The increase is primarily due to the net effect of (i) higher ARPU from video services, (ii) an improvement in RGU mix, (iii) an increase of $4 million resulting from the impact of unfavorable adjustments recorded during 2016 to reflect the retroactive application of a tariff on ancillary services provided directly to customers for the period from July 2013 through February 2014, and (iv) lower ARPU from fixed-line telephony services.

(c) The decrease is primarily due to the net effect of (i) lower advertising revenue, (ii) lower interconnect revenue attributable to decreases in fixed-line telephony termination volumes and rates, and (iii) higher installation revenue.

(d) The increase is primarily due to a higher average number of mobile subscribers.

(e) The increase is primarily attributable to higher SOHO revenue, mostly driven by higher average numbers of broadband internet, fixed-line telephony and video SOHO RGUs. A portion of this increase is attributable to the conversion of certain residential subscribers to SOHO subscribers.

Liberty Puerto Rico. Liberty Puerto Rico's revenue by major category is set forth below:

	Year ended December 31,		Decrease	
	2017	**2016**	**$**	**%**
	in millions, except percentages			
Residential fixed revenue:				
Subscription revenue:				
Video	$ 125.4	$ 172.9	$ (47.5)	(27.5)
Broadband internet	124.5	152.3	(27.8)	(18.3)
Fixed-line telephony	19.9	25.6	(5.7)	(22.3)
Total subscription revenue	269.8	350.8	(81.0)	(23.1)
Non-subscription revenue	16.6	22.5	(5.9)	(26.2)
Total residential fixed revenue	286.4	373.3	(86.9)	(23.3)
B2B service revenue	29.9	41.0	(11.1)	(27.1)
Other revenue	4.2	6.5	(2.3)	(35.4)
Total	$ 320.5	$ 420.8	$ (100.3)	(23.8)

The details of the decreases in Liberty Puerto Rico's revenue during 2017, as compared to 2016, are set forth in the table below (in millions). The full-year comparison in revenue is significantly impacted by the hurricanes that occurred near the end of the third quarter of 2017. In order to provide a meaningful analysis of changes in Liberty Puerto Rico's revenue, the table below presents changes in (i) residential fixed subscription revenue due to changes in the average number of RGUs and ARPU, (ii) residential fixed non-subscription revenue, (iii) B2B service revenue and (iv) other revenue during the nine months ended September 30, 2017, as compared to the corresponding period in 2016, and then separately presents the impact in the full-year comparison of the changes resulting from the hurricanes. For additional details of the decreases in revenue due to the hurricanes, see footnote (c) to the table below.

Increase in residential fixed subscription revenue due to change in:		
Average number of RGUs (a)	$	6.1
ARPU (b)		0.4
Increase in residential fixed non-subscription revenue		1.1
Decrease in residential fixed revenue as a result of the hurricanes (c)		(94.5)
Total decrease in residential fixed revenue		(86.9)
Increase in B2B service revenue		0.5
Decrease in other revenue		(1.0)
Decrease in B2B service and other revenue as a result of the hurricanes (c)		(12.9)
Total	$	(100.3)

(a) The increase is primarily attributable to an increase in broadband internet RGUs that was only partially offset by a decline in video RGUs.

(b) The increase is attributable to the net effect of (i) a net increase due to (a) higher ARPU from broadband internet services and (b) lower ARPU from fixed-line telephony and video services and (ii) an adverse change in RGU mix.

(c) Amounts represent the decreases in revenue during the twelve months ended December 31, 2017, as compared to the corresponding period in 2016, resulting from Hurricanes Maria and Irma. These decreases are primarily due to customer credits recorded through December 31, 2017 associated with service interruptions. Additionally, customer disconnects, reductions in late charges and lower advertising revenue also contributed to the hurricane-related decline during 2017. For additional information regarding the impacts of the hurricanes, see *Overview* above.

Programming and Other Direct Costs of Services

General. 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 enhanced video subscribers.

Programming and other direct costs of services—2018 compared to 2017

The following table sets forth programming and other direct costs of services by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2018	2017	$	%
	in millions, except percentages			
C&W	$ 531.8	$ 541.4	$ (9.6)	(1.8)
VTR/Cabletica	285.3	257.9	27.4	10.6
Liberty Puerto Rico	79.4	82.2	(2.8)	(3.4)
Intersegment eliminations	(6.7)	(5.3)	(1.4)	N.M.
Total	$ 889.8	$ 876.2	$ 13.6	1.6

N.M. — Not Meaningful.

Consolidated. The increase in programming and other direct costs of services during 2018, as compared to 2017, includes increases of $15 million and $1 million attributable to the impacts of acquisitions and FX, respectively. Excluding the effects of acquisitions and FX, our programming and other direct costs of services decreased $3 million or 0.3%. The organic decrease primarily includes increases (decreases) of ($12 million), $13 million and ($3 million) at C&W, VTR/Cabletica and Liberty Puerto Rico, respectively, as further discussed below.

C&W. The decrease in C&W's programming and other direct costs of services includes an increase of $4 million attributable to the impact of the C&W Carve-out Acquisition and a decrease of $2 million due to FX. Excluding the effects of the C&W Carve-out Acquisition and FX, C&W's programming and other direct costs of services decreased $12 million or 2.2%. This decrease includes the following factors:

- A decrease in programming and copyright costs of $11 million or 7.2%, primarily due to the net effect of (i) lower content costs associated with (a) renegotiated contracts and (b) the impact of a $5 million charge during the fourth quarter of 2017 resulting from the reassessment of certain content accruals and (ii) higher content costs associated with an increase in subscribers during 2018;
- A decrease in mobile handset costs of $8 million or 9.1%, primarily due to lower volumes of mobile handset sales; and
- A net increase resulting from other individually insignificant changes in other direct cost categories.

VTR/Cabletica. The increase in VTR/Cabletica's programming and other direct costs of services includes increases of $11 million and $3 million attributable to the Cabletica Acquisition and FX, respectively. Excluding the effects of the Cabletica Acquisition and FX, VTR/Cabletica's programming and other direct costs of services increased $13 million or 5.2%. This increase includes the following factors:

- An increase in programming and copyright costs of $9 million or 5.4%, primarily due to the net effect of (i) an increase in certain premium and basic content costs resulting from higher rates and an increase in subscribers, (ii) a decrease in the foreign currency impact of programming contracts denominated in U.S. dollars, and (iii) higher costs associated with video-on-demand (**VoD**) and catch-up television; and
- An increase in interconnect and access costs of $2 million or 3.5%, primarily due to (i) an increase in MVNO charges resulting from higher mobile traffic and (ii) a net increase in interconnect costs resulting from higher rates and lower call volumes. The increase in MVNO charges during 2018 is net of a $3 million credit received during the fourth quarter of 2018 in connection with the renegotiation of our MVNO contract.

Liberty Puerto Rico. The decrease in Liberty Puerto Rico's programming and other direct costs of services primarily relates to the net effect of (i) a decline of $13 million due to a lower average number of enhanced video subscribers following the hurricanes, and (ii) an increase of $11 million associated with fewer credits received from programming vendors stemming from Hurricanes Maria and Irma. During 2018 and 2017, we received programming credits totaling $11 million and $22 million, respectively.

Programming and other direct costs of services—2017 compared to 2016

The following table sets forth programming and other direct costs of services by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2017	2016	$	%
	in millions, except percentages			
C&W	$ 541.4	$ 327.6	$ 213.8	65.3
VTR	257.9	237.6	20.3	8.5
Liberty Puerto Rico	82.2	113.3	(31.1)	(27.4)
Intersegment eliminations	(5.3)	(1.3)	(4.0)	N.M.
Total	$ 876.2	$ 677.2	$ 199.0	29.4

N.M. — Not Meaningful.

Consolidated. The increase in programming and other direct costs of services during 2017, as compared to 2016, includes an increase of $214 million attributable to the impacts of acquisitions and an increase of $5 million attributable to the impacts of FX. Excluding the effects of acquisitions and FX, our programming and other direct costs of services decreased $20 million or 3.0%.

The organic decrease primarily includes increases (decreases) of $5 million, $10 million and ($31 million) at C&W, VTR and Liberty Puerto Rico, respectively, as further discussed below.

C&W. The increase in C&W's programming and other direct costs of services includes (i) increases of $201 million and $13 million attributable to the impacts of the C&W Acquisition and the C&W Carve-out Acquisition, respectively, and (ii) a decrease of $5 million due to FX. Excluding the effects of acquisitions and FX, C&W's programming and other direct costs of services increased $5 million or 1.6%. This increase includes the following factors:

- A decrease of $10 million in project-related costs;
- An increase in programming and copyright costs of $9 million or 11.0%, primarily resulting from (i) increased costs associated with basic and premium content, due to the carriage of live Premier League games, and (ii) a $5 million increase resulting from the reassessment of certain content accruals during the fourth quarter of 2017. In August 2016, C&W began broadcasting live Premier League games in a number of its markets pursuant to a new multi-year agreement. The cost of the rights to broadcast these games represents a significant portion of C&W's programming costs;
- An increase in interconnect and access costs of $6 million or 4.3%, primarily due to the net effect of (i) higher international call volumes, (ii) a decline resulting from lower fixed and mobile interconnect rates and (iii) growth in C&W's B2B business;
- A decrease in mobile handset costs of $4 million or 7.1%, primarily due to lower mobile handset sales in Jamaica and Panama; and
- A net increase resulting from other individually insignificant changes in other direct cost categories.

VTR. The increase in VTR's programming and other direct costs of services includes an increase of $10 million due to FX. Excluding the effect of FX, VTR's programming and other direct costs of services increased $10 million or 4.2%. This increase includes the following factors:

- An increase in programming and copyright costs of $5 million or 3.1%, primarily associated with (i) an increase in certain premium and basic content costs and (ii) higher costs associated with VoD;
- An increase in interconnect and access costs of $3 million or 4.9%, primarily due to the net effect of (i) higher MVNO charges, and (ii) a net decline in interconnect costs from lower interconnect rates and higher call volumes; and
- An increase in mobile handset costs of $2 million or 14.7%, primarily resulting from higher mobile handset sales.

Liberty Puerto Rico. The decrease in Liberty Puerto Rico's programming and other direct costs of services is primarily attributable to (i) a decrease of $22 million due to credits from vendors and lower utility costs during the third and fourth quarters of 2017 stemming from Hurricanes Irma and Maria and (ii) a decrease in premium content costs.

Other Operating Expenses

General. Other operating expenses include (i) network operations, (ii) customer operations, which includes personnel costs and call center costs, (iii) bad debt and collection expenses, and (iv) other costs related to our operations.

Other operating expenses—2018 compared to 2017

The following table sets forth other operating expenses by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2018	2017	$	%
	in millions, except percentages			
C&W	$ 417.3	$ 450.7	$ (33.4)	(7.4)
VTR/Cabletica	166.7	156.3	10.4	6.7
Liberty Puerto Rico	55.1	57.2	(2.1)	(3.7)
Total other operating expenses excluding share-based compensation expense	639.1	664.2	(25.1)	(3.8)
Share-based compensation expense	0.6	0.5	0.1	20.0
Total	$ 639.7	$ 664.7	$ (25.0)	(3.8)

Consolidated. The decrease in other operating expenses during 2018, as compared to 2017, includes increases of $10 million and $1 million attributable to the impacts of acquisitions and FX, respectively. Excluding the effects of acquisitions, FX and share-based compensation expense, our other operating expenses decreased $37 million or 5.5%. The organic decrease primarily includes increases (decreases) of ($35 million), $1 million and ($2 million) at C&W, VTR/Cabletica and Liberty Puerto Rico, respectively, as further discussed below.

C&W. The decrease in C&W's other operating expenses includes an increase of $3 million attributable to the impact of the C&W Carve-out Acquisition and a decrease of $1 million due to FX. Excluding the effects of the C&W Carve-out Acquisition and FX, C&W's other operating expenses (exclusive of share-based compensation expense) decreased $35 million or 7.8%. This decrease includes the following factors:

- A decrease in bad debt and collection expenses of $14 million or 26.1%, primarily due to the net effect of (i) better than expected collections in 2018, including a $3 million recovery during the first quarter related to provisions established following the impacts of Hurricanes Irma and Maria, (ii) decreases resulting from provisions recorded during (a) the third quarter of 2017 in connection with Hurricanes Irma and Maria of $4 million and (b) the first quarter of 2017 in connection with Hurricane Matthew, and (iii) increases primarily related to higher collection-related costs in certain of our markets;
- A decrease in personnel costs of $5 million or 4.8%, primarily due to the net effect of (i) lower staffing levels and (ii) higher incentive compensation costs;
- A decrease of $3 million in revenue-based taxes in the Bahamas due to lower revenue;
- A decrease in outsourced labor and professional fees of $2 million or 6.7%, primarily due to cost-saving initiatives;
- A decrease in network-related expenses of $2 million or 1.4%, primarily due to the net effect of (i) declines resulting from network repair costs incurred in the first quarter of 2017 associated with damages sustained from Hurricane Matthew and, to a lesser extent, during the third and fourth quarters of 2017 associated with damages sustained from Hurricanes Irma and Maria of $4 million, (ii) lower maintenance costs, (iii) network repair costs incurred in the first half of 2018, including costs associated with (a) subsea fiber repairs and (b) damages sustained from Hurricanes Irma and Maria, (iv) an increase due to the reassessment of certain accruals, which resulted in their release during the second quarter of 2017, and (v) net increases in certain rental, utilities and other network-related expenses in certain of our markets; and
- A net decrease resulting from other individually insignificant changes in other operating expense categories.

VTR/Cabletica. The increase in VTR/Cabletica's other operating expenses includes increases of $8 million and $2 million attributable to the Cabletica Acquisition and FX, respectively. Excluding the effects of the Cabletica Acquisition and FX, VTR/Cabletica's other operating expenses (exclusive of share-based compensation expense) increased $1 million or 0.5%. This increase includes the following factors:

- A decrease in bad debt and collection expenses of $2 million or 9.4%;

- An increase of $2 million driven by charges incurred during 2018 for certain technical and information technology services provided to us by Liberty Global under the Services Agreement, as further described in note 13 to our consolidated financial statements;
- A decrease in personnel costs of $2 million or 6.1%, primarily resulting from the net effect of (i) a decrease in costs related to outsourcing our operations and logistics center beginning in the first quarter of 2018, and (ii) an increase resulting from lower proportions of capitalized labor associated with business support systems and engineering projects;
- An increase in network-related expenses of $1 million or 2.0%, primarily related to the net effect of (i) an increase in supply chain services provided by a third party as a result of the outsourcing of our operations and logistics center beginning in the first quarter of 2018, and (ii) lower maintenance costs; and
- An increase in outsourced labor and professional fees of $1 million or 6.7%, primarily due to higher call center volume.

Liberty Puerto Rico. The decrease in Liberty Puerto Rico's other operating expenses during 2018, as compared to 2017, is primarily due to the net effect of lower various indirect expenses of approximately $4 million, predominantly related to the net effect of (i) lower bad debt expense, (ii) higher call center costs and (iii) higher capitalized labor associated with restoration and rebuild projects, all as a result of the hurricanes. In addition, we experienced slightly higher personnel costs of $1 million resulting from hurricane recovery efforts, which are net of a $1 million hurricane disaster relief credit from the Puerto Rico treasury department, representing relief for wages paid to employees during the period of time our business was inoperable as a result of the hurricanes.

Other operating expenses—2017 compared to 2016

The following table sets forth other operating expenses by reportable segment:

	Year ended December 31,		Increase (decrease)	
	2017	**2016**	**$**	**%**
	in millions, except percentages			
C&W	$ 450.7	$ 269.9	$ 180.8	67.0
VTR	156.3	139.1	17.2	12.4
Liberty Puerto Rico	57.2	58.3	(1.1)	(1.9)
Intersegment eliminations	—	(0.1)	0.1	N.M.
Total other operating expenses excluding share-based compensation expense	664.2	467.2	197.0	42.2
Share-based compensation expense	0.5	1.4	(0.9)	(64.3)
Total	$ 664.7	$ 468.6	$ 196.1	41.8

N.M. — Not Meaningful.

Consolidated. The increase in other operating expenses during 2017, as compared to 2016, includes an increase of $177 million attributable to the impacts of acquisitions and an increase of $4 million attributable to the impacts of FX. Excluding the effects of acquisitions, FX and share-based compensation expense, our other operating expenses increased $17 million or 3.6%. The organic increase primarily includes increases (decreases) of $7 million, $11 million and ($1 million) at C&W, VTR and Liberty Puerto Rico, respectively, as further discussed below.

C&W. The increase in C&W's other operating expenses includes (i) increases of $170 million and $7 million attributable to the impacts of the C&W Acquisition and the C&W Carve-out Acquisition, respectively, and (ii) a decrease of $3 million due to FX. Excluding the effects of acquisitions and FX, C&W's other operating expenses (exclusive of share-based compensation expense) increased $7 million or 2.5%. This increase includes the following factors:

- A decrease in outsourced labor and professional fees of $9 million or 32.5%, primarily due to declines in (i) costs related to the integration of C&W's operations with ours and (ii) other consulting costs;
- An increase in bad debt and collection expenses of $6 million or 18.6%, including an increase of approximately $4 million attributable to Hurricanes Irma and Maria;

- An increase in network-related expenses of $4 million or 4.4%, primarily due to higher maintenance costs of approximately $4 million attributable to Hurricanes Irma and Maria;

- An increase in personnel costs of $2 million or 4.0%, primarily due to the net effect of (i) annual wage increases and (ii) lower incentive compensation costs; and

- A net increase in individually insignificant other operating expense categories.

VTR. The increase in VTR's other operating expenses includes an increase of $6 million due to FX. Excluding the effect of FX, VTR's other operating expenses (exclusive of share-based compensation expense) increased $11 million or 7.7%. This increase includes the following factors:

- An increase in network-related expenses of $6 million or 11.1%, primarily due to higher maintenance costs in connection with preventative maintenance programs that were implemented in 2017;

- An increase in bad debt and collection expenses of $3 million or 17.9%;

- An increase in outsourced labor and professional fees of $3 million or 21.0%, primarily due to the outsourcing of call center services in July 2016, including the impact of higher call volumes in 2017; and

- A decrease in personnel costs of $2 million or 5.8%, primarily due to lower staffing levels and related costs in connection with the outsourcing of call center services in July 2016.

Liberty Puerto Rico. The decrease in Liberty Puerto Rico's other operating expenses is primarily due to lower indirect costs of approximately $2 million attributable to Hurricanes Irma and Maria.

SG&A Expenses

General. SG&A expenses include human resources, information technology, general services, management, finance, legal, sales and marketing costs, share-based compensation and other general expenses. In addition, SG&A expenses for "Corporate and other," set forth in the table below, include charges from Liberty Global that were allocated to our company prior to the Split-Off. For additional information, see note 13 to the consolidated financial statements.

SG&A expenses—2018 compared to 2017

The following table sets forth SG&A by reportable segment and our corporate category:

	Year ended December 31,		Increase	
	2018	2017	$	%
	in millions, except percentages			
C&W	$ 479.3	$ 468.2	$ 11.1	2.4
VTR/Cabletica	170.6	155.4	15.2	9.8
Liberty Puerto Rico	53.8	48.5	5.3	10.9
Corporate	46.1	25.1	21.0	83.7
Intersegment eliminations	—	(0.2)	0.2	N.M.
Total SG&A expenses excluding share-based compensation expense	749.8	697.0	52.8	7.6
Share-based compensation expense	39.2	13.7	25.5	186.1
Total	$ 789.0	$ 710.7	$ 78.3	11.0

N.M. — Not Meaningful.

Consolidated. The increase in SG&A expenses during 2018, as compared to 2017, includes increases of $4 million and $2 million attributable to the impacts of acquisitions and FX, respectively. Excluding the effects of acquisitions, FX and share-based compensation expense, our SG&A expenses increased $47 million or 6.7%. The organic increase primarily includes increases of $11 million, $9 million, $5 million and $21 million at C&W, VTR/Cabletica, Liberty Puerto Rico and Corporate, respectively, as further discussed below.

C&W. The increase in C&W's SG&A expenses includes an increase of $1 million attributable to the impact of the C&W Carve-out Acquisition and a decrease of $1 million due to FX. Excluding the effects of the C&W Carve-out Acquisition and FX, C&W's SG&A expenses (exclusive of share-based compensation expense) increased $11 million or 2.3%. This increase includes the following factors:

- An increase in personnel costs of $9 million or 4.3%, primarily due to the net effect of (i) higher incentive compensation costs, (ii) a decrease in staffing levels and (iii) wage increases across certain markets;
- A decrease of $8 million in aircraft-related expenses associated with the termination of an aircraft lease in the fourth quarter of 2017, including (i) a $4 million decline in operating and maintenance expenses, and (ii) a $4 million provision in the 2017 for the remaining rent on the non-cancellable lease;
- An increase of $3 million related to higher insurance premiums;
- An increase in marketing and advertising expenses of $2 million or 3.6%, primarily due to the net effect of (i) higher costs associated with advertising campaigns and (ii) lower sponsorship costs; and
- A net increase resulting from other individually insignificant changes in SG&A expense categories.

VTR/Cabletica. The increase in VTR/Cabletica's SG&A expenses includes increases of $3 million attributable to both the Cabletica Acquisition and FX. Excluding the effects of the Cabletica Acquisition and FX, VTR/Cabletica's SG&A expenses (exclusive of share-based compensation expense) increased $9 million or 6.0%. This increase includes the following factors:

- An increase in sales, marketing and advertising expenses of $6 million or 11.7%, primarily due to higher sales commissions to third-party dealers;
- An increase in professional services of $3 million or 25.9%, primarily due to information technology services for business support systems; and
- A decrease in facilities-related expenses of $2 million and 8.5% due to decreases (i) associated with the outsourcing of our logistics center and (ii) in office-related expenses.

Liberty Puerto Rico. The increase in Liberty Puerto Rico's SG&A expenses (exclusive of share-based compensation expense) is primarily attributable to the following factors:

- An increase in personnel costs of $2 million or 7.4%, mostly driven by higher sales commissions. This increase includes a $1 million hurricane disaster relief credit from the Puerto Rico treasury department, representing relief for wages paid to employees during the period of time our business was inoperable as a result of the hurricanes;
- An increase of $1 million related to higher insurance premiums; and
- An increase in sales, marketing and advertising expenses of $1 million or 18.8%, primarily due to higher costs associated with advertising campaigns.

Corporate. The increase in Corporates' SG&A expenses is primarily attributable to added costs associated with being a separate public company, including increases in personnel costs and professional services. The increase in costs is inclusive of costs that Liberty Global charges us in connection with certain of the Split-Off Agreements, as further described in note 13 to our consolidated financial statements.

SG&A expenses—2017 compared to 2016

The following table sets forth SG&A by reportable segment and our corporate category:

	Year ended December 31,		Increase (decrease)	
	2017	2016	$	%
	in millions, except percentages			
C&W	$ 468.2	$ 309.2	$ 159.0	51.4
VTR	155.4	143.5	11.9	8.3
Liberty Puerto Rico	48.5	37.4	11.1	29.7
Corporate	25.1	17.4	7.7	44.3
Intersegment eliminations	(0.2)	0.1	(0.3)	N.M.
Total SG&A expenses excluding share-based compensation expense	697.0	507.6	189.4	37.3
Share-based compensation expense	13.7	14.0	(0.3)	(2.1)
Total	$ 710.7	$ 521.6	$ 189.1	36.3

N.M. — Not Meaningful.

Consolidated. The increase in SG&A expenses during 2017, as compared to 2016, includes an increase of $172 million attributable to the impacts of acquisitions and an increase of $4 million attributable to the impacts of FX. Excluding the effects of acquisitions, FX and share-based compensation expense, our SG&A expenses increased $14 million or 2.8%. The organic increase primarily includes increases (decreases) of ($10 million), $6 million, $11 million and $8 million at C&W, VTR, Liberty Puerto Rico and Corporate, respectively, as further discussed below.

C&W. The increase in C&W's SG&A expenses includes (i) increases of $166 million and $6 million attributable to the impacts of the C&W Acquisition and the C&W Carve-out Acquisition, respectively, and (ii) a decrease of $3 million due to FX. Excluding the effects of acquisitions and FX, C&W's SG&A expenses (exclusive of share-based compensation expense) decreased $10 million or 3.1%. This decrease includes the following factors:

- A decrease in outsourced labor and professional fees of $17 million or 43.2%, primarily due to declines in (i) costs related to the integration of C&W's operations with ours and (ii) other consulting costs;
- An increase in information technology related expenses of $9 million or 81.7%, primarily due to higher software and other information technology-related maintenance costs;
- An increase in facilities-related expenses of $3 million or 12.7%, primarily due to higher utilities and rent expenses; and
- A net decrease resulting from other individually insignificant changes in other SG&A expense categories.

VTR. The increase in VTR's SG&A expenses includes an increase of $6 million due to FX. Excluding the effect of FX, VTR's SG&A expenses (exclusive of share-based compensation expense) increased $6 million or 4.0%. This increase includes the following factors:

- An increase in marketing and advertising expenses of $3 million or 5.0%, primarily due to higher costs associated with advertising campaigns;
- An increase in information technology-related expenses of $2 million or 23.3%, primarily due to higher software and other information technology-related maintenance costs; and
- An increase in personnel costs of $2 million or 3.7%, primarily due to (i) higher staffing levels, (ii) annual wage increases and (iii) higher severance costs.

Liberty Puerto Rico. The increase in Liberty Puerto Rico's SG&A expenses (exclusive of share-based compensation expense) is primarily attributable to a $13 million increase associated with the effective settlement of certain claims in 2016, including (i) an increase of $5 million resulting from the net impact of the reversal of a previously-recorded provision and related indemnification asset associated with the resolution of certain legal claims that were originally recorded in connection with the acquisition of OneLink and (ii) the receipt of $8 million of indemnification proceeds from the former owners of OneLink.

Corporate. The increase in Corporates' SG&A expenses is primarily attributable to added costs associated with being a separate public company, including increases in personnel costs and professional services. The increase in costs is inclusive of costs that Liberty Global charges us in connection with certain of the Split-Off Agreements, as further described in note 13 to our consolidated financial statements.

Business Interruption Loss Recovery

As further described in *Overview* above and note 8 to our consolidated financial statements, during 2018, we settled insurance claims associated with the Hurricanes resulting in the recognition of business interruption loss recoveries of $49 million and $11 million at Liberty Puerto Rico and C&W, respectively. This benefit to our operating income is included in our Adjusted OIBDA performance metric as it represents the recovery of operating losses stemming from the Hurricanes, which were also included in our Adjusted OIBDA metric.

Adjusted OIBDA

Adjusted OIBDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance. For the definition of this performance measure and for a reconciliation of total Adjusted OIBDA to our loss before income taxes, see note 19 to our consolidated financial statements.

Adjusted OIBDA—2018 compared to 2017

The following table sets forth Adjusted OIBDA by reportable segment and our corporate category:

	Year ended December 31,		Increase (decrease)	
	2018	**2017**	**$**	**%**
	in millions, except percentages			
C&W	$ 915.7	$ 861.8	$ 53.9	6.3
VTR/Cabletica	421.1	383.3	37.8	9.9
Liberty Puerto Rico	195.8	132.6	63.2	47.7
Corporate	(46.1)	(25.1)	(21.0)	N.M.
Total	$ 1,486.5	$ 1,352.6	$ 133.9	9.9

N.M. — Not Meaningful.

Adjusted OIBDA—2017 compared to 2016

The following table sets forth Adjusted OIBDA by reportable segment and our corporate category:

	Year ended December 31,		Increase (decrease)	
	2017	**2016**	**$**	**%**
	in millions, except percentages			
C&W	$ 861.8	$ 538.1	$ 323.7	60.2
VTR	383.3	339.3	44.0	13.0
Liberty Puerto Rico	132.6	211.8	(79.2)	(37.4)
Corporate	(25.1)	(17.4)	(7.7)	N.M.
Total	$ 1,352.6	$ 1,071.8	$ 280.8	26.2

N.M. — Not Meaningful.

Adjusted OIBDA Margin—2018, 2017 and 2016

The following table sets forth the Adjusted OIBDA margins (Adjusted OIBDA divided by revenue) of each of our reportable segments:

	Year ended December 31,		
	2018	2017	2016
		%	
C&W	39.2	37.1	37.2
VTR/Cabletica	40.3	40.2	39.5
Liberty Puerto Rico	58.3	41.4	50.3

Adjusted OIBDA margin is impacted by organic changes in revenue, programming and other direct costs of services, other operating expenses and SG&A expenses, as further discussed above. Adjusted OIBDA margin for Liberty Puerto Rico increased during 2018, as compared with 2017, primarily due to (i) a 1,460 basis point increase resulting from the insurance settlement related to Hurricanes Irma and Maria and (ii) a 330 basis point increase due to funding from the FCC. During 2017, the Adjusted OIBDA of Liberty Puerto Rico and, to a lesser extent, C&W, were adversely impacted by Hurricanes Irma and Maria.

Results of operations (below Adjusted OIBDA)—2018 compared to 2017

Share-based compensation expense (included in other operating and SG&A expenses)

Share-based compensation expense increased $26 million during 2018, as compared to 2017. This increase is primarily due to (i) share-based incentive awards granted during 2018 and (ii) an increase in the number of Liberty Latin America employees resulting from the Split-Off. Additionally, our 2018 share-based compensation expense includes $3 million related to the estimated annual 2018 bonuses that will be settled with Liberty Latin America Shares.

For additional information regarding our share-based compensation, see note 16 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased $36 million or 4.5% during 2018, as compared to 2017. This increase is primarily due to the net effect of (i) an increase in property and equipment additions associated with the expansion and upgrade of our networks and other capital initiatives and (ii) a decrease associated with certain assets becoming fully depreciated.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of $641 million and $708 million during 2018 and 2017, respectively.

The 2018 amount primarily includes (i) impairment charges of $616 million, (ii) $36 million related to the recovery of damaged or destroyed property and equipment and (iii) restructuring charges of $34 million, including $26 million of employee severance and termination costs related to certain reorganization activities, primarily at C&W (iv) $18 million of direct acquisition and disposition costs.

During our 2018 annual goodwill impairment test, we concluded a $608 million impairment was necessary at the Panama reporting unit of our C&W segment, as further described in note 9 to our consolidated financial statements.

In December 2018, we settled our insurance claims for the Hurricanes, as further defined and described in note 8 to our consolidated financial statements, resulting in, among other things, the recovery associated with damaged or destroyed property and equipment.

The 2017 amount primarily includes (i) impairment charges of $678 million and (ii) restructuring charges of $41 million, including $35 million of employee severance and termination costs related to certain reorganization and integration activities, primarily at C&W and VTR. The impairment charge primarily relates to (i) $355 million recorded during the third and fourth quarters related to charges at Liberty Puerto Rico and C&W to reduce the carrying values of goodwill, property and equipment, and other indefinite-lived intangible assets as a result of the impacts of Hurricanes Irma and Maria and (ii) $318 million associated with our annual goodwill assessment with respect to certain C&W reporting units. We concluded impairments were necessary at certain C&W reporting units, primarily as a result of greater than expected impacts of competition and, in the case of one smaller C&W reporting unit, a longer expected recovery period from Hurricane Irma.

For additional information regarding our impairment and restructuring charges, see notes 9 and 14 to our consolidated financial statements.

Interest expense

Our interest expense increased $62 million during 2018, as compared to 2017. This increase is primarily attributable to the net effect of (i) a higher average outstanding debt balance, (ii) an increase resulting from the adoption of ASU 2014-09, as further described in notes 2 and 3 to our consolidated financial statements, and (iii) a decrease associated with the net accretion of premiums and discounts.

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

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 5 to our consolidated financial statements and under Item 7A. *Qualitative and Quantitative Disclosures about Market Risk* below, we use derivative instruments to manage our interest rate risks.

Realized and unrealized gains (losses) on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments 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 gains (losses) on derivative instruments, net are as follows:

	Year ended December 31,	
	2018	2017
	in millions	
Cross-currency and interest rate derivative contracts (a)	$ 69.6	$ (157.8)
Foreign currency forward contracts	25.2	(12.3)
Total	$ 94.8	$ (170.1)

(a) The gain during 2018 is primarily attributable to (i) changes in FX rates and (ii) changes in interest rates. In addition, the gain during 2018 includes a net loss of $23 million resulting from changes in our credit risk valuation adjustments. The loss during 2017 is primarily attributable to (i) changes in FX rates and (ii) changes in interest rates. In addition, the loss during 2017 includes a net gain of $23 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see notes 5 and 6 to our consolidated financial statements and Item 7A. *Qualitative and Quantitative Disclosures about Market Risk* below.

Foreign currency transaction gains (losses), net

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

	Year ended December 31,	
	2018	2017
	in millions	
U.S. dollar-denominated debt issued by a Chilean peso functional currency entity	$ (164.0)	$ 116.4
British pound sterling-denominated debt issued by a U.S. dollar functional currency entity	11.4	(20.7)
Intercompany payables and receivables denominated in a currency other than the entity's functional currency	(17.0)	5.2
Other	(10.4)	(6.5)
Total	$ (180.0)	$ 94.4

Losses on debt modification and extinguishment

We recognized losses on debt modification and extinguishment of $32 million and $52 million during 2018 and 2017, respectively. The loss during 2018 primarily includes (i) the payment of $21 million of redemption premiums and (ii) a net loss of $10 million associated with the write-off of unamortized premiums, discounts and deferred financing costs. The loss during 2017 includes the net impact of (i) the payment of $85 million of redemption premiums, (ii) a net gain of $37 million associated with the write-off of unamortized premiums, discounts and deferred financing costs, and (iii) the payment of $4 million of third-party costs.

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

Other income (expense), net

We recognized other income (expenses), net, of nil and $21 million during 2018 and 2017, respectively. During the 2018 period, other expense, net, primarily includes the net effect of (i) a $16 million impairment charge on our investment in TSTT, (ii) pension-related credits of $12 million, following the adoption of ASU 2017-07, and (iii) interest and dividend income of $10 million. During the 2017 period, other income primarily includes (i) pension-related credits of $15 million, following the adoption of ASU 2017-07, and (ii) third-party interest income and costs incurred in connection with the Split-Off.

For additional information regarding the adoption of ASU 2017-07 and impairment of our investment in TSTT, see notes 2 and 7, respectively, to our consolidated financial statements.

Income tax expense

On July 11, 2017, Liberty Latin America was formed as a corporation in Bermuda and, therefore, the "statutory" or "expected" tax rate for the 2018 and 2017 tax years is 0% as we are exempt from income taxes on ordinary income and capital gains. However, a majority of our subsidiaries operate in jurisdictions where income tax is imposed at local applicable statutory rates. For additional information, see note 11 to our consolidated financial statements.

We recognized income tax expense of $51 million and $148 million during 2018 and 2017, respectively.

The income tax expense attributable to our loss before income taxes during 2018 differs from the expected income tax (expense) benefit of nil (based on the Bermuda statutory income tax rate of 0%), primarily due to (i) the beneficial effects of international rate differences, which are offset by (ii) the effect of non-deductible goodwill impairments, (iii) increases in valuation allowances and (iv) net unfavorable permanent differences.

The income tax expense during 2017 differs from the expected income tax (expense) benefit of nil (based on the Bermuda statutory income tax rate of 0%), primarily due to the net effect of (i) an increase due to non-deductible expenses, (ii) a decrease due to international rate differences, which reflects the computed net tax benefit on pre-tax book income (loss) in each taxable jurisdiction, (iii) an increase due to the effect of non-deductible goodwill impairments and (iv) a decrease due to the beneficial effects of enacted corporate income tax rate changes, primarily in Trinidad and Tobago and the U.S.

For additional information regarding our income taxes, see note 11 to our consolidated financial statements.

Net loss

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

	Year ended December 31,	
	2018	2017
	in millions	
Operating loss	$ (23.6)	$ (162.9)
Net non-operating expenses	$ (561.1)	$ (488.3)
Income tax expense	$ (51.1)	$ (147.5)
Net loss	$ (635.8)	$ (798.7)

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

Due largely to the fact that we seek to maintain our debt at levels that provide for attractive equity returns, as discussed under *Liquidity and Capital Resources—Capitalization* below, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above.

Net loss attributable to noncontrolling interests

We reported net losses attributable to noncontrolling interests of $291 million and $21 million during 2018 and 2017, respectively. The change during 2018, as compared to 2017, is primarily attributable to the net effect of (i) an increase in losses of our less-than-wholly-owned subsidiaries at C&W, primarily related to a goodwill impairment charge at the Panama reporting unit, (ii) effective October 17, 2018, our acquisition of the remaining 40% partnership interests in Liberty Puerto Rico from Searchlight, (iii) during 2018, our increase in the ownership in C&W Jamaica from 82.0% to 92.3%, and (iv) effective September 1, 2017, the acquisition of all the issued outstanding common shares of C&W Barbados that we did not already own. For additional information on the goodwill impairment charge and noncontrolling interests acquisition activity, see notes 9 and 12, respectively, to our consolidated financial statements.

Results of operations (below Adjusted OIBDA)—2017 compared to 2016

Share-based compensation expense (included in other operating and SG&A expenses)

We recognized share-based compensation expense of $14 million and $15 million during 2017 and 2016, respectively. The expense recognized includes (i) amounts allocated to our company by Liberty Global prior to the Split-Off, (ii) amounts related to share-based incentive awards that were granted under VTR's share-based incentive plan and (iii) amounts related to share-based incentive awards that were granted under Liberty Puerto Rico's share-based incentive plan. The amounts allocated by Liberty Global to our company represent the share-based compensation expense associated with Liberty Global share-based incentive awards held by our employees.

For additional information regarding our share-based compensation, see note 16 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased $206 million or 35.1% during 2017, as compared to 2016. Excluding the effect of FX, depreciation and amortization expense increased $202 million or 34.4%, primarily due to the C&W Acquisition. In addition, the increase includes the net effect of (i) an increase associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives and (ii) a decrease associated with certain assets becoming fully depreciated, primarily at VTR.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of $708 million and $154 million during 2017 and 2016, respectively.

The 2017 amount primarily includes (i) impairment charges of $678 million and (ii) restructuring charges of $41 million, including $35 million of employee severance and termination costs related to certain reorganization and integration activities, primarily at C&W and VTR. The impairment charge primarily relates to (i) $355 million recorded during the third and fourth quarters related to charges at Liberty Puerto Rico and C&W to reduce the carrying values of goodwill, property and equipment, and other indefinite-lived intangible assets as a result of the impacts of Hurricanes Irma and Maria and (ii) $318 million associated with our annual goodwill assessment with respect to certain C&W reporting units. We concluded impairments were necessary at certain C&W reporting units, primarily as a result of greater than expected impacts of competition and, in the case of one smaller C&W reporting unit, a longer expected recovery period from Hurricane Irma.

The 2016 amount includes (i) direct acquisition costs of $119 million related to the C&W Acquisition and (ii) restructuring charges of $34 million. The direct acquisition costs incurred during 2016 include transfer and stamp taxes, as well as investment banking and other advisory fees. The restructuring charges include (i) $17 million of employee severance and termination costs related to certain reorganization activities, primarily at VTR, and (ii) $17 million of contract termination and other costs related to (a) the write-off of a prepaid indefeasible right of use for telecommunications capacity by Liberty Puerto Rico due to the abandonment of this capacity in favor of capacity on C&W's network and (b) contract termination charges, primarily at VTR.

For additional information regarding our acquisitions, see note 4 to our consolidated financial statements. For additional information regarding our restructuring charges, see note 14 to our consolidated financial statements.

Interest expense

Our interest expense increased $67 million during 2017, as compared to 2016. This increase is primarily attributable to the net effect of (i) higher average outstanding debt balances, largely due to the debt incurred in connection with the C&W Acquisition, and (ii) lower weighted average interest rates related to the completion of certain refinancing transactions, including the redemption of certain senior notes in September 2017 that resulted in extended maturities and decreases to certain of our interest rates.

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

Realized and unrealized losses on derivative instruments, net

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

	Year ended December 31,	
	2017	2016
	in millions	
Cross-currency and interest rate derivative contracts (a)	$ (157.8)	$ (216.8)
Foreign currency forward contracts	(12.3)	(9.1)
Total	$ (170.1)	$ (225.9)

(a) The losses during 2017 and 2016 are primarily attributable to (i) changes in FX rates and (ii) changes in interest rates. In addition, the losses during 2017 and 2016 include net gains of $23 million and $12 million, respectively, resulting from changes in our credit risk valuation adjustments.

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

Foreign currency transaction gains, net

The details of our foreign currency transaction gains, net, are as follows:

	Year ended December 31,	
	2017	2016
	in millions	
U.S. dollar-denominated debt issued by a Chilean peso functional currency entity	$ 116.4	$ 82.8
British pound sterling-denominated debt issued by a U.S. dollar functional currency entity	(20.7)	32.1
Intercompany payables and receivables denominated in a currency other than the entity's functional currency	5.2	(11.1)
Other	(6.5)	6.3
Total	$ 94.4	$ 110.1

Gains (losses) on debt modification and extinguishment, net

We recognized gains (losses) on debt modification and extinguishment, net, of ($52 million) and $1 million during 2017 and 2016, respectively.The 2017 amount includes the net impact of (i) the payment of $85 million of redemption premiums and (ii) a net gain of $37 million associated with the write-off of unamortized premiums, discounts and deferred financing costs and (iii) the payment of $4 million of third-party costs. The 2016 amount includes the net impact of (i) the write-off of $19 million of unamortized premiums and (ii) the payment of $18 million of redemption premiums.

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

Other income, net

We recognized other income, net, of $21 million and $16 million during 2017 and 2016, respectively. During the 2017 period, other income primarily includes (i) pension-related credits of $15 million, following the adoption of ASU 2017-07 and (ii) third-party interest income and costs in connection with the Split-Off. During the 2016 period, other income primarily includes (i) related-party interest income related to our loans receivable and cash and cash equivalents and (ii) pension-related credits of $4 million, following the adoption of ASU 2017-07.

Income tax expense

We recognized income tax expense of $148 million and $306 million during 2017 and 2016, respectively.

The income tax expense during 2017 differs from the expected income tax (expense) benefit of nil (based on the Bermuda statutory income tax rate of 0%), primarily due to the net effect of (i) an increase due to non-deductible expenses, (ii) a decrease due to international rate differences, which reflects the computed net tax benefit on pre-tax book income (loss) in each taxable jurisdiction, (iii) an increase due to the effect of non-deductible goodwill impairments and (iv) a decrease due to the beneficial effects of enacted corporate income tax rate changes, primarily in Trinidad and Tobago and the U.S.

The income tax expense during 2016 differs from the expected income tax benefit of $20 million (based on the U.K. statutory income tax rate of 20.0%) primarily due to the negative impacts of (i) certain permanent differences between the financial and tax accounting treatment of interest and other items, (ii) certain permanent differences between the financial and tax accounting treatment of items associated with investments and (iii) a net increase in valuation allowances.

For additional information regarding our income taxes, see note 11 to our consolidated financial statements.

Net loss

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

	Year ended December 31,	
	2017	2016
	in millions	
Operating income (loss)	$ (162.9)	$ 315.3
Net non-operating expenses	$ (488.3)	$ (413.4)
Income tax expense	$ (147.5)	$ (305.9)
Net loss	$ (798.7)	$ (404.0)

Net earnings (loss) attributable to noncontrolling interests

During 2017 and 2016, we reported net earnings (loss) attributable to noncontrolling interests of ($21 million) and $28 million, respectively. The change in net earnings (loss) attributable to noncontrolling interests during 2017, as compared to 2016, is primarily attributable to the noncontrolling interests in (i) the results of operations of Liberty Puerto Rico and (ii) the results of C&W's less-than-wholly-owned subsidiaries following the C&W Acquisition.

Liquidity and Capital Resources

Sources and Uses of Cash

As of December 31, 2018, we have four primary "borrowing groups," which include the respective restricted parent and subsidiary entities of C&W, VTR Finance, Liberty Puerto Rico and Cabletica. Our borrowing groups, which typically generate cash from operating activities, held a significant portion of our consolidated cash and cash equivalents at December 31, 2018. Our ability to access the liquidity of these and other subsidiaries may be limited by tax and legal considerations, the presence of noncontrolling interests, foreign currency exchange restrictions with respect to certain C&W subsidiaries and other factors.

Cash and cash equivalents

The details of the U.S. dollar equivalent balances of our cash and cash equivalents at December 31, 2018 are set forth in the following table (in millions):

Cash and cash equivalents held by:	
Liberty Latin America and unrestricted subsidiaries:	
Liberty Latin America (a)	$ 49.9
Unrestricted subsidiaries (b)	24.4
Total Liberty Latin America and unrestricted subsidiaries	74.3
Borrowing groups (c):	
C&W	416.2
VTR Finance	112.2
Liberty Puerto Rico	19.8
Cabletica	8.5
Total borrowing groups	556.7
Total cash and cash equivalents	$ 631.0

(a) Represents the amount held by Liberty Latin America on a standalone basis.

(b) Represents the aggregate amount held by subsidiaries of Liberty Latin America that are outside of our borrowing groups. All of these companies rely on funds provided by our borrowing groups to satisfy their liquidity needs.

(c) Represents the aggregate amounts held by the parent entity of the applicable borrowing group and their restricted subsidiaries.

Liquidity of Liberty Latin America and its unrestricted subsidiaries

Our current sources of corporate liquidity include (i) cash and cash equivalents held by Liberty Latin America and, subject to certain tax and legal considerations, Liberty Latin America's unrestricted subsidiaries, and (ii) interest and dividend income received on our and, subject to certain tax and legal considerations, our unrestricted subsidiaries' cash and cash equivalents and investments. From time to time, Liberty Latin America and its unrestricted subsidiaries may also receive (i) proceeds in the form of distributions or loan repayments from Liberty Latin America's borrowing groups upon (a) the completion of recapitalizations, refinancings, asset sales or similar transactions by these entities or (b) the accumulation of excess cash from operations or other means, (ii) proceeds upon the disposition of investments and other assets of Liberty Latin America and its unrestricted subsidiaries and (iii) proceeds in connection with the incurrence of debt by Liberty Latin America or its unrestricted subsidiaries or the issuance of equity securities by Liberty Latin America. No assurance can be given that any external funding would be available to Liberty Latin America or its unrestricted subsidiaries on favorable terms, or at all. As noted above, various factors may limit our ability to access the cash of our borrowing groups. For information regarding certain limitations imposed by our subsidiaries' debt instruments at December 31, 2018, see note 10 to our consolidated financial statements.

Our corporate liquidity requirements include (i) corporate general and administrative expenses and (ii) other liquidity needs that may arise from time to time. In addition, Liberty Latin America and its unrestricted subsidiaries may require cash in connection with (i) the repayment of third-party and intercompany debt, (ii) the satisfaction of contingent liabilities, (iii) acquisitions and other investment opportunities, (iv) the repurchase of debt securities, (v) tax payments or (vi) any funding requirements of our consolidated subsidiaries.

Prior to the Split-Off, Liberty Global had a share repurchase program with respect to its LiLAC Shares. Liberty Latin America currently does not have a share repurchase program with respect to its common shares.

Liquidity of borrowing groups

The cash and cash equivalents of our borrowing groups are detailed in the table above. In addition to cash and cash equivalents, the primary sources of liquidity of our borrowing groups are cash provided by operations, borrowing availability under their respective debt instruments and, at Liberty Puerto Rico and C&W, insurance proceeds, as discussed in *Overview* above and note 8 to our consolidated financial statements. For the details of the borrowing availability of such subsidiaries at December 31, 2018, see note 10 to our consolidated financial statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Latin America and its unrestricted subsidiaries. The liquidity of our borrowing groups generally is used to fund property and equipment additions, debt service requirements and income tax payments. From time to time, our borrowing groups may also require liquidity in connection with (i) acquisitions and other investment opportunities, (ii) loans to Liberty Latin America, (iii) capital distributions to Liberty Latin America and other equity owners or (iv) the satisfaction of contingent liabilities. No assurance can be given that any external funding would be available to our borrowing groups on favorable terms, or at all. For information regarding our borrowing groups' commitments and contingencies, see note 18 to our consolidated financial statements.

On December 20, 2017, in connection with challenging circumstances that Liberty Puerto Rico experienced as a result of the damage caused by Hurricanes Maria and Irma, the LPR Credit Agreements were amended to (i) provide Liberty Puerto Rico with relief from complying with leverage covenants through December 31, 2018, (ii) increase the consolidated first lien net leverage ratio covenant from 4.5:1 to 5.0:1 beginning with the March 31, 2019 quarterly test date, (iii) restrict Liberty Puerto Rico's ability to make certain types of payments to its shareholders through December 31, 2018 and (iv) include an equity commitment of up to $60 million from Liberty Puerto Rico's shareholders through December 31, 2018 to fund any potential liquidity shortfalls. During 2018, capital contributions aggregating $45 million were provided to Liberty Puerto Rico consisting of $27 million from us and $18 million from Searchlight.

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

Capitalization

We seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk. The ratio of our December 31, 2018 consolidated debt to our annualized consolidated Adjusted OIBDA for the quarter ended December 31, 2018 was 4.2x. In addition, the ratio of our December 31, 2018 consolidated net debt (debt, as defined above, less cash and cash equivalents) to our annualized consolidated Adjusted OIBDA for the quarter ended December 31, 2018 was 3.8x. These ratios were calculated on a latest two quarters annualized basis and therefore include the $64 million of positive contribution from the settlements of the Hurricanes during the fourth quarter of 2018, as described in note 8 to our consolidated financial statements. This contribution decreased our gross and net leverage ratios by approximately 0.4x.

When it is cost effective, we generally seek to match the denomination of the borrowings of our subsidiaries with the functional currency of the operations that support the respective borrowings. As further discussed under Item 7A. *Qualitative and Quantitative Disclosures about Market Risk* and in note 5 to our consolidated financial statements, we also use derivative instruments to mitigate foreign currency and interest rate risks associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the credit agreements and indentures of our borrowing groups is dependent primarily on our ability to maintain covenant EBITDA of our operating subsidiaries, as specified by our subsidiaries' debt agreements (**Covenant EBITDA**), and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in the various debt instruments of our borrowing groups. For example, if the Covenant EBITDA of C&W were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At December 31, 2018, each of our borrowing groups was in compliance with its debt covenants. We do not anticipate any instances of non-compliance with respect to the debt covenants of our borrowing groups that would have a material adverse impact on our liquidity during the next 12 months.

At December 31, 2018, the outstanding principal amount of our debt, together with our capital lease obligations, aggregated $6,724 million, including $303 million that is classified as current in our consolidated balance sheet and $6,271 million that is not due until 2022 or thereafter. All of our debt and capital lease obligations have been borrowed or incurred by our subsidiaries at December 31, 2018. For additional information concerning our debt, including our debt maturities, see note 10 to our consolidated financial statements.

We believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit and equity 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, any weakness in the equity markets could make it less attractive to use our shares to satisfy contingent or other obligations, and sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Consolidated Statements of Cash Flows

General. Our cash flows are subject to variations due to FX. For further information, see related discussion under Item 7A. *Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk* below.

Consolidated Statements of Cash Flows—2018 compared to 2017

Summary. Our 2018 and 2017 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		
	2018	2017	Change
	in millions		
Net cash provided by operating activities	$ 816.8	$ 573.2	$ 243.6
Net cash used by investing activities	(980.5)	(640.4)	(340.1)
Net cash provided by financing activities	256.1	52.9	203.2
Effect of exchange rate changes on cash	(18.6)	1.7	(20.3)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 73.8	$ (12.6)	$ 86.4

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase from our Adjusted OIBDA and related working capital items, which includes $30 million of net advance payments received from our third-party insurance provider associated with the settlement of insurance claims resulting from the Hurricanes, (ii) higher cash payments for taxes and interest and (iii) lower cash payments related to derivative instruments. During 2018, working capital changes of $133 million, as set forth in our consolidated statement of cash flows, include a (i) $67 million insurance receivable associated with the final insurance settlement for the Hurricanes and (ii) decline in accrued income taxes.

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to (i) $226 million of cash used during 2018 in connection with the Cabletica Acquisition, and (ii) higher capital expenditures, as further discussed below. Additionally, we received $21 million of net cash advances from our third-party insurance provider related to the Hurricanes. For additional information regarding the settlement of our insurance claims associated with the Hurricanes, see note 8 to our consolidated financial statements.

The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our consolidated statements of cash flows and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or capital lease arrangements. For further details regarding our property and equipment additions, see note 19 to our consolidated financial statements.

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

	Year ended December 31,	
	2018	2017
	in millions	
Property and equipment additions	$ 771.4	$ 776.7
Assets acquired under capital-related vendor financing arrangements	(53.9)	(54.9)
Assets acquired under capital leases	(3.9)	(4.2)
Changes in current liabilities related to capital expenditures	62.8	(78.3)
Capital expenditures	$ 776.4	$ 639.3

The decrease in our property and equipment additions during 2018, as compared to 2017, is primarily due to the net effect of (i) an increase in expenditures by Liberty Puerto Rico and C&W of $42 million and $21 million, respectively, in connection with network restoration activities following Hurricanes Maria and Irma, (ii) excluding the impact of hurricane restoration activities, a decrease in the expansion and upgrade of our networks and other capital initiatives, (iii) a decrease in support-related equipment and (iv) a decrease related to customer premises equipment. During 2018 and 2017, our property and equipment additions represented 20.8% and 21.6% of revenue, respectively. Our property and equipment additions as a percentage of revenue decreased primarily due to the net effect of (i) an decrease in property and equipment additions at C&W and (ii) an increase in property and equipment additions at Liberty Puerto Rico.

We expect the percentage of revenue represented by our aggregate 2019 property and equipment additions to be approximately 19%. The actual amount of the 2019 consolidated property and equipment additions may vary from expected amounts for a variety of reasons, including (i) changes in (a) the competitive or regulatory environment, (b) business plans, (c) our expected future operating results and (d) foreign currency exchange rates and (ii) the availability of sufficient capital. Accordingly, no assurance can be given that our actual property and equipment additions will not vary materially from our expectations.

Financing Activities. During 2018, we received $256 million in net cash from financing activities, due in part to $310 million in net borrowings of debt and $18 million in capital contributions from Searchlight. These cash inflows were partially offset by $39 million for financing cost and debt premiums, $23 million in distributions to a noncontrolling interest owner and $20 million of cash used in connection with the C&W Jamaica NCI Acquisition. During 2017, we received $53 million in net cash from financing activities, which includes $290 million in net borrowings of debt, partially offset by payments for financing costs and debt premiums of $104 million, distributions to Liberty Global and a noncontrolling interest owner of $55 million and $46 million, respectively, and $32 million of cash used for the C&W Barbados NCI Acquisition. For additional information relating to debt transactions during 2018 and 2017, see note 10 to our consolidated financial statements

Consolidated Statements of Cash Flows—2017 compared to 2016

Summary. Our 2017 and 2016 consolidated statements of cash flows are summarized as follows:

	Year ended December 31, 2017	Year ended December 31, 2016	Change
	in millions		
Net cash provided by operating activities	$ 573.2	$ 468.2	$ 105.0
Net cash used by investing activities	(640.4)	(424.2)	(216.2)
Net cash provided by financing activities	52.9	258.6	(205.7)
Effect of exchange rate changes on cash	1.7	3.7	(2.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (12.6)	$ 306.3	$ (318.9)

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) a net increase from our Adjusted OIBDA and related working capital items, including an increase due to the impacts of the C&W Acquisition and the C&W Carve-out Acquisition, and (ii) a decrease due to higher cash payments for interest, including higher payments due to the impact of the C&W Acquisition.

Investing Activities. The increase in total net cash used by our investing activities is primarily attributable to higher capital expenditures. Capital expenditures increased from $490 million during 2016 to $639 million during 2017, primarily due to the impact of the C&W Acquisition.

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

	Year ended December 31, 2017	Year ended December 31, 2016
	in millions	
Property and equipment additions	$ 776.7	$ 568.2
Assets acquired under capital-related vendor financing arrangements	(54.9)	(45.5)
Assets acquired under capital leases	(4.2)	(7.4)
Changes in current liabilities related to capital expenditures	(78.3)	(24.9)
Capital expenditures	$ 639.3	$ 490.4

The increase in our property and equipment additions during 2017, as compared to 2016, is primarily due to the impact of the C&W Acquisition. During 2017 and 2016, our property and equipment additions represented 21.6% and 20.9% of revenue, respectively.

Financing Activities. The decrease in total net cash provided by our financing activities is primarily attributable to (i) $75 million related to lower net borrowings of third-party debt and capital lease obligations, (ii) $73 million due to higher payments of financing costs, (iii) $35 million due to an increase in distributions to our former parent entity and (iv) $32 million paid during 2017 in connection with the C&W Barbados NCI Acquisition. The increase in distributions to our former parent entity was the result of $55 million distributed to Liberty Global during 2017 that was used to repurchase LiLAC Shares, compared with distributions of only $20 million for the same use during 2016.

Adjusted Free Cash Flow

We define adjusted free cash flow as net cash provided by our operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, (ii) expenses financed by an intermediary and (iii) insurance recoveries related to damaged and destroyed property and equipment, less (a) capital expenditures, (b) distributions to noncontrolling interest owners, (c) principal payments on amounts financed by vendors and intermediaries and (d) principal payments on capital leases. Effective December 31, 2018, and in connection with our hurricane insurance settlements, we changed the way we define adjusted free cash flow to include proceeds from insurance recoveries related to damaged and destroyed property and equipment. We believe this change is appropriate as such cash proceeds effectively partially offset payments for capital expenditures to replace the property and equipment that was damaged or destroyed as a result of the Hurricanes. On January 1, 2018, we retroactively adopted ASU 2016-18, which resulted in an immaterial decrease in cash from operating activities for the years ended December 31, 2017 and 2016. For additional information regarding the impact of adopting ASU 2016-18, see note 2 to our consolidated financial statements. We believe that our presentation of adjusted free cash flow provides useful information to our investors because this measure can be used to gauge our ability to service debt and fund new investment opportunities. Adjusted free cash flow should not be understood to represent our ability to fund discretionary amounts, as we have various mandatory and contractual obligations, including debt repayments, which are not deducted to arrive at this amount. Investors should view adjusted free cash flow as a supplement to, and not a substitute for, U.S. GAAP measures of liquidity included in our consolidated statements of cash flows.

The following table provides the details of our adjusted free cash flow:

	Year ended December 31,		
	2018	2017	2016
	in millions		
Net cash provided by operating activities	$ 816.8	$ 573.2	$ 468.2
Cash payments for direct acquisition and disposition costs	12.9	4.2	86.0
Expenses financed by an intermediary (a)	171.7	82.7	3.0
Capital expenditures	(776.4)	(639.3)	(490.4)
Recovery on damaged or destroyed property and equipment	20.7	—	—
Distributions to noncontrolling interest owners	(22.7)	(45.9)	(61.9)
Principal payments on amounts financed by vendors and intermediaries	(196.5)	(59.4)	—
Principal payments on capital leases	(7.7)	(8.6)	(5.2)
Adjusted free cash flow	$ 18.8	$ (93.1)	$ (0.3)

(a) For purposes of our consolidated statements of cash flows, expenses, including VAT, financed by an intermediary are treated as hypothetical operating cash outflows and hypothetical financing cash inflows when the expenses are incurred. When we pay the financing intermediary, we record financing cash outflows in our consolidated statements of cash flows. For purposes of our adjusted free cash flow definition, we add back the hypothetical operating cash outflow when these financed expenses are incurred and deduct the financing cash outflows when we pay the financing intermediary.

Off Balance Sheet Arrangements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future. For information concerning certain indemnifications provided by C&W, see note 18 to our consolidated financial statements.

Contractual Commitments

The following table sets forth the U.S. dollar equivalents of our commitments as of December 31, 2018:

	Payments due during						
	2019	2020	2021	2022	2023	Thereafter	Total
	in millions						
Debt (excluding interest)	$ 292.2	$ 24.1	$ 124.2	$ 1,440.8	$ 486.9	$ 4,342.5	$ 6,710.7
Capital leases (excluding interest)	9.2	2.1	0.6	0.2	0.2	0.6	12.9
Programming commitments	70.5	26.7	18.9	1.9	1.3	0.6	119.9
Network and connectivity commitments	87.7	45.8	36.5	14.4	13.9	22.0	220.3
Purchase commitments	105.9	39.3	13.3	1.0	0.5	—	160.0
Operating leases	40.4	34.5	27.8	22.7	17.2	34.5	177.1
Other commitments	9.9	4.3	2.5	1.6	1.3	9.3	28.9
Total (a)	$ 615.8	$ 176.8	$ 223.8	$ 1,482.6	$ 521.3	$ 4,409.5	$ 7,429.8
Projected cash interest payments on debt and capital lease obligations (b)	$ 439.3	$ 419.7	$ 415.9	$ 365.3	$ 299.0	$ 577.6	$ 2,516.8

(a) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2018 consolidated balance sheet other than debt and capital lease obligations. Our liability for uncertain tax positions, including accrued interest, in the various jurisdictions in which we operate ($297 million at December 31, 2018) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation.

(b) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of December 31, 2018. 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, see note 10 to our consolidated financial statements. For information concerning our commitments, see note 18 to our consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with our derivative instruments, see Item 7A. *Quantitative and Qualitative Disclosures about Market Risk—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 2018, 2017 and 2016, see note 5 to our consolidated financial statements. For information regarding our defined benefit plans, see note 15 to our consolidated financial statements.

Critical Accounting Policies, Judgments and Estimates

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

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

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

Impairment of Property and Equipment and Intangible Assets

The aggregate carrying value of our property and equipment and intangible assets (including goodwill) that was held for use comprised 83% of our total assets at December 31, 2018.

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

We evaluate goodwill and other indefinite-lived intangible assets (primarily cable television franchise rights) for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. When evaluating impairment with respect to goodwill and other indefinite-lived intangibles, we first make a qualitative assessment to determine if the goodwill or other indefinite-lived intangible may be impaired. In the case of goodwill, if it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). Goodwill impairment is recorded as the excess of a reporting unit's carrying value over its fair value and is charged to operations. With respect to other indefinite-lived intangible assets, if it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value is also charged to operations as an impairment loss.

When required, considerable management judgment is necessary to estimate the fair value of reporting units and underlying long-lived and indefinite-lived assets. We typically determine fair value using a market-based approach or an income-based approach (discounted cash flows) based on assumptions in our long-range business plans, or a combination of an income-based and market-based approach. With respect to our discounted cash flow analysis used in the income-based approach, the timing and amount of future cash flows under these business plans require estimates of, among other items, subscriber growth and retention rates, rates charged per product, expected gross margins and Adjusted OIBDA margins and expected property and equipment additions. The development of these cash flows, and the discount rate applied to the cash flows, is subject to inherent uncertainties, and actual results could vary significantly from such estimates. Our determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. With respect to a market-based approach, the fair value of a reporting unit is estimated based upon a market multiple typically applied to the reporting unit's Adjusted OIBDA. We determine the market multiple for each reporting unit taking the following into consideration: (i) public company trading multiples for entities with similar business characteristics as the respective reporting unit, adjusted to reflect an appropriate control premium or discount, a "trading multiple;" and (ii) multiples derived from the value of recent transactions for businesses with similar operations and in geographically similar locations, a "transaction multiple." Changes in the underlying assumptions used in both the income-based and market-value valuation methods can result in materially different determinations of fair value. An increase/decrease of 0.1x to the market multiple used in the impairment of our Panama reporting unit would have resulted in an increase/decrease of $26 million to the related impairment. For additional information regarding impairments recorded during 2017 and 2018, see notes 6 and 9 to our consolidated financial statements.

Further impairment charges may be required if we experience additional declines in the fair value of certain C&W reporting units.

Costs Associated with Construction and Installation Activities

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

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

Fair Value Measurements in Acquisition Accounting

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

Income Tax Accounting

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

Net deferred tax assets are reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. Establishing or reducing a tax valuation allowance requires us to make assessments about the timing of future events, including the probability of expected future taxable income and available tax planning strategies. At December 31, 2018, the aggregate valuation allowance provided against deferred tax assets was $1,309 million. The actual amount of deferred income tax benefits realized in future periods will likely differ from the net deferred tax assets reflected in our December 31, 2018 consolidated balance sheet due to, among other factors, possible future changes in income tax law or interpretations thereof in the jurisdictions in which we operate and differences between estimated and actual future taxable income. Any such factors could have a material effect on our current and deferred tax positions. A high degree of judgment is required to assess the impact of possible future outcomes on our current and deferred tax positions.

Tax laws in jurisdictions in which we have a presence are subject to varied interpretation, and tax positions we may take could be subject to significant uncertainty regarding whether the position will be ultimately sustained after review by the relevant tax authority. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. The determination of whether the tax position meets the more-likely-than-not threshold requires a facts-based judgment using all information available. In a number of cases, we have concluded that the more-likely-than-not threshold is not met and, accordingly, the amount of tax benefit recognized in our consolidated financial statements is different than the amount taken or expected to be taken in our tax returns. As of December 31, 2018, the amount of unrecognized tax benefits for financial reporting purposes, but taken or expected to be taken in our tax returns, was $297 million, all of which would have a favorable impact on our effective income tax rate if ultimately recognized, after considering amounts that we would expect to be offset by valuation allowances.

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

For additional information concerning our income taxes, see note 11 to our consolidated financial statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the normal course of our business operations due to our investments in various countries and ongoing investing and financing activities. Market risk refers to the risk of loss arising from adverse changes in foreign currency exchange rates, interest rates and stock prices. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. As further described below, we have established policies, procedures and processes governing our management of market risks and the use of derivative instruments to manage our exposure to such risks.

Cash and Investments

We invest our cash in highly liquid instruments that meet high credit quality standards. We are exposed to exchange rate risk to the extent that the denominations of our cash and cash equivalent balances, revolving lines of credit and other short-term sources of liquidity do not correspond to the denominations of Liberty Latin America's short-term liquidity requirements. In order to mitigate this risk, we actively manage the denominations of our cash balances in consideration of Liberty Latin America's forecasted liquidity requirements. At December 31, 2018, $112 million or 17.7% of our cash balance was denominated in Chilean pesos.

Foreign Currency Risk

We are exposed to foreign currency exchange rate risk with respect to our debt in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to service, repay or refinance such debt. Although we generally seek to match the denomination of our borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and when cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. For additional information concerning the terms of our derivative instruments, see note 5 to our consolidated financial statements.

In addition to the exposure that results from unmatched debt, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our operating subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases and programming contracts. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheet related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have entered into foreign currency forward contracts to hedge certain of these risks. Certain non-functional currency risks related to our direct costs of services and other operating and SG&A expenses and property and equipment additions were not hedged as of December 31, 2018. For additional information concerning our foreign currency forward contracts, see note 5 to our consolidated financial statements.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings or loss as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive earnings or loss and equity with respect to our holdings solely as a result of FX. Our primary exposure to FX risk during 2018 was to the Chilean peso as 27.3% of our reported revenue during the period was derived from VTR, whose functional currency is the Chilean peso. In addition, our reported operating results are impacted by changes in the exchange rates for other local currencies in Latin America and the Caribbean. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our operating subsidiaries and affiliates into U.S. dollars.

The relationship between (i) the Chilean peso, the Costa Rican colon and the Jamaican dollar and (ii) the U.S. dollar, which is our reporting currency, is shown below, per one U.S. dollar:

	As of December 31,	
	2018	2017
Spot rates:		
Chilean peso	694.00	615.40
Jamaican dollar	128.59	124.58

	Year ended December 31,		
	2018	2017	2016
Average rates:			
Chilean peso	642.17	648.80	676.21
Jamaican dollar	129.26	128.15	125.13

Inflation and Foreign Investment Risk

We are subject to inflationary pressures with respect to labor, programming and other costs. While we attempt to increase our revenue to offset increases in costs, there is no assurance that we will be able to do so. Therefore, costs could rise faster than associated revenue, thereby resulting in a negative impact on our operating results, cash flows and liquidity. The economic environment in the respective countries in which we operate is a function of government, economic, fiscal and monetary policies and various other factors beyond our control that could lead to inflation. We are unable to predict, with any meaningful long term degree of certainty, the extent that price levels might be impacted in future periods by the current state of the economies in the countries in which we operate.

Interest Rate Risks

We are exposed to changes in interest rates primarily as a result of our borrowing activities, which include fixed-rate and variable-rate borrowings by our borrowing groups. Our primary exposure to variable-rate debt is through the LIBOR-indexed debt of C&W and Liberty Puerto Rico. In 2017, regulators in the U.K. announced that LIBOR will be phased out by the end of 2021. Our loan documents contain customary provisions that contemplate alternative calculations of the applicable base rate once LIBOR is no longer available. Currently, we do not expect that these alternative calculations will be materially different from what would have been calculated under LIBOR.

In general, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt. Accordingly, we have entered into various derivative transactions to reduce exposure to increases in interest rates. We use interest rate derivative contracts to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. We also use interest rate cap agreements that lock in a maximum interest rate if variable rates rise, but also allow our company to benefit from declines in market rates. At December 31, 2018, we paid a fixed rate of interest on 96% of our total debt, which includes the impact of our effective interest rate cap agreements. The final maturity dates of our various portfolios of interest rate derivative instruments generally fall short of the respective maturities of the underlying variable-rate debt. In this regard, we use judgment to determine the appropriate maturity dates of our portfolios of interest rate derivative instruments, taking into account the relative costs and benefits of different maturity profiles in light of current and expected future market conditions, liquidity issues and other factors. For additional information concerning the impacts of these interest rate derivative instruments, see note 5 to our consolidated financial statements.

Weighted Average Variable Interest Rate. At December 31, 2018, the outstanding principal amount of our variable-rate indebtedness aggregated $3,316 million, and the weighted average interest rate (including margin) on such variable-rate indebtedness was approximately 6.0%, excluding the effects of interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Assuming no change in the amount outstanding, and without giving effect to any interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual interest expense and cash outflows by $17 million. As discussed above and in note 5 to our consolidated financial statements, we use interest rate derivative contracts to manage our exposure to increases in variable interest rates. In this regard, increases in the fair value of these contracts generally would be expected to offset most of the economic impact of increases in the variable interest rates applicable to our indebtedness to the extent and during the period that principal amounts are matched with interest rate derivative contracts.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to the derivative instruments, undrawn debt facilities and cash investments of our borrowing groups will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments and undrawn debt facilities is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under the derivative instruments of our borrowing groups. Most of our cash at Liberty Latin America and its unrestricted subsidiaries currently is invested in AAA rated money market funds, including funds that invest in government obligations or repurchase agreements serviced by such obligations. Where local financial sector constraints restrict our ability to meet the above criteria for our cash holdings, cash may be deposited with one of the three highest rated financial institutions locally for operational purposes until such time as the above investments are made. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

At December 31, 2018, our exposure to counterparty credit risk included (i) derivative assets with an aggregate fair value of $95 million, (ii) cash and cash equivalent and restricted cash balances of $642 million and (iii) aggregate undrawn debt facilities of $1,043 million.

Each of our borrowing groups has entered into derivative instruments under agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of our counterparties and we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Sensitivity Information

Information concerning the sensitivity of the fair value of certain of our more significant derivative instruments to changes in market conditions is set forth below. The potential changes in fair value set forth below do not include any amounts associated with the remeasurement of the derivative asset or liability into the applicable functional currency. For additional information, see notes 5 and 6 to our consolidated financial statements.

VTR Finance Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2018:

i. an instantaneous increase (decrease) of 10% in the value of the Chilean peso relative to the U.S. dollar would have decreased (increased) the aggregate fair value of the VTR Finance cross-currency derivative contracts by approximately CLP 99 billion or $143 million; and

ii. an instantaneous increase (decrease) in the relevant base rate of 100 basis points (1.0%) would have increased (decreased) the aggregate fair value of the VTR Finance cross-currency and interest rate derivative contracts by approximately CLP 11 billion or $15 million.

C&W Cross-currency and Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2018, an instantaneous increase (decrease) in the relevant base rate of 100 basis points (1.0%) would have increased (decreased) the aggregate fair value of the C&W cross-currency and interest rate derivative contracts by approximately $110 million.

Liberty Puerto Rico Interest Rate Derivative Contracts

Holding all other factors constant, at December 31, 2018, an instantaneous increase (decrease) in the relevant base rate of 100 basis points (1.0%) would have increased (decreased) the aggregate fair value of the Liberty Puerto Rico interest rate derivative contracts by approximately $25 million.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments. The U.S. dollar equivalents presented below are based on interest rates and exchange rates that were in effect as of December 31, 2018. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 5 to our consolidated financial statements.

	Payments (receipts) due during:						
	2019	2020	2021	2022	2023	Thereafter	Total
	in millions						
Projected derivative cash payments (receipts), net:							
Interest-related (a)	$ (8.3)	$ (1.4)	$ (11.3)	$ (3.4)	$ 10.5	$ 27.8	$ 13.9
Principal-related (b)	4.1	—	—	(15.4)	—	(15.8)	(27.1)
Other (c)	(14.6)	—	—	—	—	—	(14.6)
Total	$ (18.8)	$ (1.4)	$ (11.3)	$ (18.8)	$ 10.5	$ 12.0	$ (27.8)

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

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

(c) Includes amounts related to our foreign currency forward contracts.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Liberty Latin America are filed under this Item, beginning on page II-46. Financial statement schedules are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the **Exchange Act**), that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (**SEC**) rules and forms, and that such information is accumulated and communicated to our management, including our Principle Executive Officer and our Principal Financial Officer (the **Executives**), as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the Executives recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply judgment in evaluating the cost-benefit relationship of possible controls and objectives.

Our management, with the participation of the Executives, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2018. Based on that evaluation, the Executives concluded that our disclosure controls and procedures are not effective as of December 31, 2018 due to material weaknesses in internal control over financial reporting, as described below. Notwithstanding such material weaknesses in internal control over financial reporting, our management concluded that our consolidated financial statements in this Annual Report on Form 10-K present fairly, in all material respects, the company's financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with U.S. GAAP.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, (iii) provide reasonable assurance that receipts and expenditures are being made only in accordance with authorizations of management and directors, and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

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

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

Our management, with the participation of the Executives, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018, using the criteria in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (**COSO**). Our evaluation of internal control over financial reporting did not include the internal control of Cabletica S.A. (Cabletica), which was acquired in 2018. The amount of total assets and revenue included in our consolidated financial statements as of and for the year ended December 31, 2018 that is attributable to Cabletica was $281 million and $33 million, respectively.

As a result of its evaluation, management has identified the following control deficiencies:

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

As a consequence, the Company did not have effective control activities related to the design, implementation and operation of process-level control activities related to order-to-cash (including revenue, trade receivables, and deferred revenue), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued expenses), hire-to-pay (including compensation expense and accrued expenses), long-lived assets (including goodwill impairment expense), inventory and other financial reporting processes, including business combinations.

These control deficiencies resulted in immaterial misstatements, some of which were corrected, in our consolidated financial statements as of and for the year ended December 31, 2018. These control deficiencies create a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis, and therefore we conclude that the deficiencies represent material weaknesses in internal control over financial reporting and our internal control over financial reporting is not effective as of December 31, 2018.

Our independent registered public accounting firm, KPMG, LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, has expressed an adverse report on the operating effectiveness of the Company's internal control over financial reporting. KPMG LLP's report is included herein on page II-46.

Management's Remediation Plan

We, with the oversight from the Audit Committee of the Board of Directors, have initiated a plan to remediate the aforementioned material weaknesses in internal control over financial reporting as follows:

- Hire, train, and retain individuals with appropriate skills and experience, assign responsibilities and hold individuals accountable for their roles related to internal control over financial reporting.
- Design and implement a comprehensive and continuous risk assessment process to identify and assess risks of material misstatement and ensure that the financial reporting processes and related internal controls are in place to respond to those risks in our financial reporting.
- Design and implement additional monitoring controls to assess the consistent operation of controls and to remediate deficiencies.
- Design and implement general control activities over IT to support business processes.
- Enhance the design of existing control activities and implement additional process-level control activities (including controls over the order-to-cash, procure-to-pay, hire-to-pay, long-lived assets, inventory, other financial reporting processes and business combinations) and ensure they are properly evidenced and operating effectively.

Certain of these remediation efforts began in the third quarter of 2018 and we believe the new controls, when fully implemented, will strengthen our internal control over financial reporting and remediate the material weaknesses identified.

Changes in Internal Control over Financial Reporting

Other than the material weaknesses described above (and in our June 30, 2018 and September 30, 2018 Quarterly Reports on Form 10-Q Item 4(c)), there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during our fourth fiscal quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not applicable.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Latin America Ltd.:

Opinion on Internal Control Over Financial Reporting

We have audited Liberty Latin America Ltd.'s and subsidiaries (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedules I to II (collectively, the consolidated financial statements), and our report dated February 20, 2019 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Televisora's cable operations in Costa Rica operating under the Cabletica brand (Cabletica) during 2018, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2018, Cabletica's internal control over financial reporting associated with total assets of $281 million and total revenue of $33 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2018. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Cabletica.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

- The Company did not have a sufficient number of trained resources with the appropriate skills and knowledge with assigned responsibilities and accountability for the design and operation of internal controls over financial reporting.
- The Company did not have an effective risk assessment process that successfully identified and assessed risks of misstatement to ensure controls were designed and implemented to respond to those risks. The Company did not adequately communicate the changes necessary in financial reporting and related internal controls throughout its organization and to affected third parties.
- The Company did not have an effective monitoring process to assess the consistent operation of internal control over financial reporting and to remediate known control deficiencies.
- The Company did not have an effective information and communication process to identify, capture and process relevant information necessary for financial accounting and reporting.
- The Company did not i) establish effective general information technology controls (GITCs), specifically program change controls and access controls, commensurate with financial and IT personnel job responsibilities that support the consistent operation of the Company's IT operating systems, databases and IT applications, and end user computing over all financial reporting, ii) have policies and procedures through which general information technology controls are deployed across the organization. Automated process-level controls and manual controls dependent upon the accuracy and completeness of information derived from information technology systems were also rendered ineffective because they are affected by the lack of GITCs.
- The Company did not have effective control activities related to the design, implementation and operation of process-level control activities related to order-to-cash (including revenue, trade receivables, and deferred revenue), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued expenses), hire-to-pay (including compensation expense and accrued expenses), long-lived assets (including goodwill impairment expense), inventory and other financial reporting processes, including business combinations.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Denver, Colorado
February 20, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Latin America Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Liberty Latin America Ltd. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedules I to II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 20, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for revenue from contracts with customers in 2018 due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*.

Basis for Opinion

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

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

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

Denver, Colorado
February 20, 2019

LIBERTY LATIN AMERICA LTD.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2018	2017
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 631.0	$ 529.9
Trade receivables, net of allowances of $144.4 million and $142.2 million, respectively	607.3	556.5
Prepaid expenses	73.2	65.5
Other current assets	333.3	222.9
Total current assets	1,644.8	1,374.8
Goodwill	5,133.3	5,673.6
Property and equipment, net	4,236.9	4,169.2
Intangible assets subject to amortization, net	1,165.7	1,316.2
Intangible assets not subject to amortization	562.5	565.4
Other assets, net	703.4	517.7
Total assets	$ 13,446.6	$ 13,616.9

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

LIBERTY LATIN AMERICA LTD.
CONSOLIDATED BALANCE SHEETS – (Continued)

	December 31, 2018	December 31, 2017
	in millions	
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 297.4	$ 286.8
Deferred revenue	161.7	143.4
Current portion of debt and capital lease obligations	302.5	263.3
Accrued capital expenditures	75.0	128.6
Accrued interest	118.7	115.6
Accrued income taxes	29.8	91.5
Other accrued and current liabilities	623.6	557.7
Total current liabilities	1,608.7	1,586.9
Long-term debt and capital lease obligations	6,379.6	6,108.2
Deferred tax liabilities	543.0	533.4
Other long-term liabilities	791.9	697.8
Total liabilities	9,323.2	8,926.3
Commitments and contingencies		
Equity:		
Liberty Latin America shareholders:		
Class A, $0.01 par value; 500,000,000 shares authorized; 48,501,803 and 48,428,841 shares issued and outstanding, respectively	0.5	0.5
Class B, $0.01 par value; 50,000,000 shares authorized; 1,935,949 and 1,940,193 shares issued and outstanding, respectively	—	—
Class C, $0.01 par value; 500,000,000 shares authorized; 130,526,158 and 120,843,539 shares issued and outstanding, respectively	1.3	1.2
Undesignated preference shares, $0.01 par value; 50,000,000 shares authorized; nil shares issued and outstanding at each period	—	—
Additional paid-in capital	4,494.1	4,402.8
Accumulated deficit	(1,367.0)	(1,010.7)
Accumulated other comprehensive loss, net of taxes	(16.3)	(64.2)
Total Liberty Latin America shareholders	3,112.6	3,329.6
Noncontrolling interests	1,010.8	1,361.0
Total equity	4,123.4	4,690.6
Total liabilities and equity	$ 13,446.6	$ 13,616.9

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

LIBERTY LATIN AMERICA LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2018	2017	2016
	in millions, except per share amounts		
Revenue	$ 3,705.7	$ 3,590.0	$ 2,723.8
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):			
Programming and other direct costs of services	889.8	876.2	677.2
Other operating	639.7	664.7	468.6
Selling, general and administrative (**SG&A**)	789.0	710.7	521.6
Business interruption loss recovery	(59.5)	—	—
Depreciation and amortization	829.8	793.7	587.3
Impairment, restructuring and other operating items, net	640.5	707.6	153.8
	3,729.3	3,752.9	2,408.5
Operating income (loss)	(23.6)	(162.9)	315.3
Non-operating income (expense):			
Interest expense	(443.7)	(381.8)	(314.4)
Realized and unrealized gains (losses) on derivative instruments, net	94.8	(170.1)	(225.9)
Foreign currency transaction gains (losses), net	(180.0)	94.4	110.1
Gains (losses) on debt modification and extinguishment, net	(32.1)	(51.8)	0.9
Other income (expense), net	(0.1)	21.0	15.9
	(561.1)	(488.3)	(413.4)
Loss before income taxes	(584.7)	(651.2)	(98.1)
Income tax expense	(51.1)	(147.5)	(305.9)
Net loss	(635.8)	(798.7)	(404.0)
Net loss (earnings) attributable to noncontrolling interests	290.6	20.6	(28.3)
Net loss attributable to Liberty Latin America shareholders	$ (345.2)	$ (778.1)	$ (432.3)
Basic and diluted net loss per share attributable to Liberty Latin America shareholders	$ (1.99)	$ (4.53)	$ (3.44)

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

LIBERTY LATIN AMERICA LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31,		
	2018	2017	2016
	in millions		
Net loss	$ (635.8)	$ (798.7)	$ (404.0)
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	2.7	(35.6)	(58.7)
Reclassification adjustments included in net loss	2.2	2.6	1.1
Pension-related adjustments and other, net	34.5	(13.6)	(14.3)
Other comprehensive earnings (loss)	39.4	(46.6)	(71.9)
Comprehensive loss	(596.4)	(845.3)	(475.9)
Comprehensive loss (earnings) attributable to noncontrolling interests	291.9	19.7	(27.4)
Comprehensive loss attributable to Liberty Latin America shareholders	$ (304.5)	$ (825.6)	$ (503.3)

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

LIBERTY LATIN AMERICA LTD.

CONSOLIDATED STATEMENTS OF EQUITY

	Liberty Latin America shareholders									
	Common shares									
	Class A	Class B	Class C	Additional paid-in capital	Accumulated net contributions (distributions)	Retained earnings (accumulated deficit)	Accumulated other comprehensive earnings (loss), net of taxes	Total Liberty Latin America shareholders	Non-controlling interests	Total equity
					in millions					
Balance at January 1, 2016	$ —	$ —	$ —	$ —	$ (46.5)	$ 199.7	$ 54.3	$ 207.5	$ 63.3	$ 270.8
Net loss	—	—	—	—	—	(432.3)	—	(432.3)	28.3	(404.0)
Other comprehensive loss	—	—	—	—	—	—	(71.0)	(71.0)	(0.9)	(71.9)
Impact of the C&W Acquisition	—	—	—	—	4,490.1	—	—	4,490.1	1,451.8	5,941.9
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	(61.9)	(61.9)
Distributions to Liberty Global	—	—	—	—	(21.4)	—	—	(21.4)	—	(21.4)
Share-based compensation	—	—	—	—	8.7	—	—	8.7	—	8.7
Other, net	—	—	—	—	(2.0)	—	—	(2.0)	0.2	(1.8)
Balance at December 31, 2016	$ —	$ —	$ —	$ —	$ 4,428.9	$ (232.6)	$ (16.7)	$ 4,179.6	$ 1,480.8	$ 5,660.4

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

LIBERTY LATIN AMERICA LTD.

CONSOLIDATED STATEMENTS OF EQUITY – (Continued)

	Liberty Latin America shareholders									
	Common shares									
	Class A	Class B	Class C	Additional paid-in capital	Accumulated net contributions (distributions)	Retained earnings (accumulated deficit)	Accumulated other comprehensive earnings (loss), net of taxes	Total Liberty Latin America shareholders	Non-controlling interests	Total equity
						in millions				
Balance at January 1, 2017	$ —	$ —	$ —	$ —	$ 4,428.9	$ (232.6)	$ (16.7)	$ 4,179.6	$ 1,480.8	$ 5,660.4
Net loss	—	—	—	—	—	(778.1)	—	(778.1)	(20.6)	(798.7)
Other comprehensive loss	—	—	—	—	—	—	(47.5)	(47.5)	0.9	(46.6)
Change in capitalization in connection with the Split-Off	0.5	—	1.2	4,402.8	(4,404.5)	—	—	—	—	—
C&W Barbados NCI Acquisition	—	—	—	—	14.6	—	—	14.6	(54.2)	(39.6)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	(45.9)	(45.9)
Distributions to Liberty Global	—	—	—	—	(53.2)	—	—	(53.2)	—	(53.2)
Shared-based compensation	—	—	—	—	12.0	—	—	12.0	—	12.0
Other, net	—	—	—	—	2.2	—	—	2.2	—	2.2
Balance at December 31, 2017	$ 0.5	$ —	$ 1.2	$ 4,402.8	$ —	$ (1,010.7)	$ (64.2)	$ 3,329.6	$ 1,361.0	$ 4,690.6

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

LIBERTY LATIN AMERICA LTD.
CONSOLIDATED STATEMENTS OF EQUITY – (Continued)

	Liberty Latin America shareholders								
	Common shares								
	Class A	Class B	Class C	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive earnings (loss), net of taxes	Total Liberty Latin America shareholders	Non-controlling interests	Total equity
	in millions								
Balance at January 1, 2018	$ 0.5	$ —	$ 1.2	$ 4,402.8	$ (1,010.7)	$ (64.2)	$ 3,329.6	$ 1,361.0	$ 4,690.6
Accounting change (note 2)	—	—	—	—	(11.1)	—	(11.1)	3.6	(7.5)
Balance at January 1, 2018, as adjusted for accounting change	0.5	—	1.2	4,402.8	(1,021.8)	(64.2)	3,318.5	1,364.6	4,683.1
Net loss	—	—	—	—	(345.2)	—	(345.2)	(290.6)	(635.8)
Other comprehensive earnings	—	—	—	—	—	40.7	40.7	(1.3)	39.4
C&W Jamaica NCI Acquisition	—	—	—	(13.7)	—	7.2	(6.5)	(15.1)	(21.6)
Impact of the Cabletica Acquisition	—	—	—	—	—	—	—	25.1	25.1
Capital contributions from noncontrolling interest owner	—	—	—	—	—	—	—	18.0	18.0
LPR NCI Acquisition	—	—	0.1	68.2	—	—	68.3	(68.3)	—
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(22.7)	(22.7)
Shared-based compensation	—	—	—	35.2	—	—	35.2	1.1	36.3
Other	—	—	—	1.6	—	—	1.6	—	1.6
Balance at December 31, 2018	$ 0.5	$ —	$ 1.3	$ 4,494.1	$ (1,367.0)	$ (16.3)	$ 3,112.6	$ 1,010.8	$ 4,123.4

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

LIBERTY LATIN AMERICA LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2018	2017	2016
	in millions		
Cash flows from operating activities:			
Net loss	$ (635.8)	$ (798.7)	$ (404.0)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Share-based compensation expense	39.8	14.2	15.4
Depreciation and amortization	829.8	793.7	587.3
Impairment	615.7	677.9	2.2
Amortization of debt financing costs, premiums and discounts, net	(0.3)	(12.5)	(8.3)
Realized and unrealized losses (gains) on derivative instruments, net	(94.8)	170.1	225.9
Foreign currency transaction losses (gains), net	180.0	(94.4)	(110.1)
Losses (gains) on debt modification and extinguishment, net	32.1	51.8	(0.9)
Unrealized loss due to change in fair value of investment	16.4	—	—
Deferred income tax expense (benefit)	(32.9)	(135.1)	93.5
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Receivables and other operating assets	(66.2)	118.3	(83.7)
Payables and accruals	(67.0)	(212.1)	150.9
Net cash provided by operating activities	816.8	573.2	468.2
Cash flows from investing activities:			
Capital expenditures	(776.4)	(639.3)	(490.4)
Cash received (paid) in connection with acquisitions, net	(226.4)	(1.3)	17.0
Recovery on damaged or destroyed property and equipment	20.7	—	—
Other investing activities, net	1.6	0.2	49.2
Net cash used by investing activities	$ (980.5)	$ (640.4)	$ (424.2)

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

LIBERTY LATIN AMERICA LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)

	Year ended December 31,		
	2018	2017	2016
		in millions	
Cash flows from financing activities:			
Borrowings of debt	$ 1,235.3	$ 1,759.7	$ 1,520.6
Repayments of debt and capital lease obligations	(925.2)	(1,470.2)	(1,156.5)
Distributions to noncontrolling interest owners	(22.7)	(45.9)	(61.9)
Payment of financing costs and debt premiums	(39.3)	(104.3)	(31.5)
Cash payment related to the C&W Jamaica NCI Acquisition	(19.7)	—	—
Cash payment related to the C&W Barbados NCI Acquisition	(1.2)	(32.3)	—
Capital contributions from noncontrolling interest owner	18.0	—	—
Distributions to Liberty Global, net	—	(54.9)	(20.0)
Other financing activities, net	10.9	0.8	7.9
Net cash provided by financing activities	256.1	52.9	258.6
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(18.6)	1.7	3.7
Net increase (decrease) in cash, cash equivalents and restricted cash	73.8	(12.6)	306.3
Cash, cash equivalents and restricted cash:			
Beginning of year	568.2	580.8	274.5
End of year	$ 642.0	$ 568.2	$ 580.8
Cash paid for interest	$ 418.2	$ 393.1	$ 304.6
Net cash paid for taxes	$ 145.6	$ 110.9	$ 131.0

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

(1) Basis of Presentation

General

Liberty Latin America Ltd. (**Liberty Latin America**) is a registered company in Bermuda, primarily comprised of (i) Cable & Wireless Communications Limited (**C&W**), (ii) VTR Finance B.V. (**VTR Finance**) and its subsidiaries, which include VTR.com SpA (**VTR**), (iii) LiLAC Communications Inc. (**LiLAC Communications**) and its subsidiaries, which include Liberty Cablevision of Puerto Rico LLC (**Liberty Puerto Rico**), an entity that, effective October 2018, is a wholly-owned subsidiary, and (iv) Liberty Costa Rica Holdings Ltd. (an 80.0%-owned entity) and its subsidiaries, which include Cabletica (as defined in note 4). As further described in note 19, effective October 1, 2018, VTR and Cabletica together comprise one of our reportable segments referred to as "**VTR/Cabletica**."

C&W owns less than 100% of certain of its consolidated subsidiaries, including Cable & Wireless Panama, SA (**C&W Panama**) (a 49.0%-owned entity that owns most of our operations in Panama), The Bahamas Telecommunications Company Limited (**BTC**) (a 49.0%-owned entity that owns all of our operations in the Bahamas), and Cable & Wireless Jamaica Limited (**C&W Jamaica**) (a 92.3%-owned entity that owns the majority of our operations in Jamaica).

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (**U.S. GAAP**) and include the historical financial information of (i) certain former subsidiaries of Liberty Global plc (**Liberty Global**) for periods prior to the Split-Off, as defined below, and (ii) Liberty Latin America and its consolidated subsidiaries for the period following the Split-Off. Although Liberty Latin America was previously reported on a combined basis, these financial statements present all prior periods as consolidated. In these notes, the terms "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to Liberty Latin America or collectively to Liberty Latin America and its subsidiaries. Unless otherwise indicated, ownership percentages and convenience translations into United States (**U.S.**) dollars are calculated as of December 31, 2018.

We are an international provider of fixed, mobile and subsea telecommunications services. We provide residential and business-to-business (**B2B**) services in (i) 18 countries, primarily in Latin America and the Caribbean, through C&W, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico. C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale communication services over its subsea and terrestrial fiber optic cable networks that connect over 40 markets in that region.

LiLAC Transaction

On July 1, 2015, Liberty Global completed the "**LiLAC Transaction**," pursuant to which each holder of Class A, Class B and Class C Liberty Global ordinary shares (**Liberty Global Shares**) received one share of the corresponding class of "**LiLAC Shares**" for each 20 Liberty Global Shares held as of the record date for such distribution. Accordingly, Liberty Global issued 12,625,362 Class A, 523,626 Class B and 30,776,883 Class C LiLAC Shares upon the completion of the LiLAC Transaction. The LiLAC Shares were tracking shares, which were intended to reflect or "track" the economic performance of Liberty Global's "**LiLAC Group**" rather than the economic performance of Liberty Global as a whole. The LiLAC Group comprised the same entities as Liberty Latin America. As further described below, in connection with the Split-Off, the LiLAC Shares were effectively replaced by corresponding classes of Liberty Latin America common shares.

LiLAC Distribution

On July 1, 2016, a total of 117,430,965 Class A and Class C LiLAC Shares were issued to holders of Class A and Class C Liberty Global Shares in recognition of the Liberty Global Shares that were issued to acquire C&W (the **LiLAC Distribution**). For additional information regarding the acquisition of C&W, see note 4.

Split-off of Liberty Latin America from Liberty Global

On December 29, 2017 (the **Split-Off Distribution Date**), Liberty Global completed its previously announced split-off (the **Split-Off**) of its former wholly-owned subsidiary Liberty Latin America.The Split-Off was accomplished by (i) the distribution by Liberty Global to holders of its LiLAC Shares of all of the Company's common shares and (ii) immediately following the distribution, the LiLAC Shares were redesignated as deferred shares (with virtually no economic rights) and those deferred shares were transferred for no consideration to a third-party designee, in each case, in accordance with Liberty Global's articles of association and applicable law. Pursuant to the Split-Off, Liberty Global distributed to holders of its LiLAC Shares, as a dividend, (i) one Class A common share of the Company for each Class A LiLAC ordinary share, (ii) one Class B common share of the Company for each Class B LiLAC ordinary share and (iii) one Class C common share of the Company for each Class C LiLAC ordinary share, in each case, held by such holder as of the Split-Off Distribution Date. In the Split-Off, 48,428,841 Class A common shares, 1,940,193 Class B common shares and 120,843,539 Class C common shares of Liberty Latin America were issued (collectively, **Liberty Latin America Shares**). As a result of the Split-Off, Liberty Latin America is an independent, publicly traded company, and its assets and liabilities consist of the businesses, assets and liabilities that were formerly attributed to Liberty Global's LiLAC Group. The Split-Off was accounted for at historical cost due to the pro rata distribution of Liberty Latin America Shares to holders of Liberty Global's LiLAC Shares.

Several agreements were entered into in connection with the Split-Off (the **Split-Off Agreements**) between Liberty Latin America, Liberty Global and/or certain of their respective subsidiaries, including the Tax Sharing Agreement, the Reorganization Agreement, the Services Agreement, the Sublease Agreement and the Facilities Sharing Agreement, each as defined and described in note 13.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

ASU 2014-09

In May 2014, the Financial Accounting Standards Board (**FASB**) issued Accounting Standards Update (**ASU**) No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. We adopted ASU 2014-09 effective January 1, 2018 by recording the cumulative effect to the opening balance of our accumulated deficit. We applied the new standard to contracts that were not complete as of January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The most significant impacts of ASU 2014-09 on our revenue recognition policies relate to our accounting for (i) long-term capacity contracts, (ii) subsidized handset plans and (iii) certain installation and other upfront fees, each as set forth below:

- We enter into certain long-term capacity contracts with customers where the customer pays the transaction consideration at inception of the contract. Under previous accounting standards, we did not impute interest for advance payments from customers related to services that are provided over time. Under ASU 2014-09, payment received from a customer significantly in advance of the provision of services is indicative of a financing component within the contract. If the financing component is significant, interest expense is accreted over the life of the contract with a corresponding increase to revenue.

- ASU 2014-09 requires the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price consideration from customers is allocated to each performance obligation under the contract on the basis of relative standalone selling price. Under previous accounting standards, when we offered discounted equipment, such as handsets under a subsidized contract, upfront revenue recognition was limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees associated with the equipment, were contingent upon delivering future airtime. This limitation is not applied under ASU 2014-09. The primary impact on revenue reporting is that when we sell discounted equipment together with airtime services to customers, revenue allocated to equipment and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will decrease.

- When we enter into contracts to provide services to our customers, we often charge installation or other upfront fees. Under previous accounting standards, installation fees related to services provided over our fixed networks were recognized as revenue during the period in which the installation occurred to the extent those fees were equal to or less than direct selling costs. Under ASU 2014-09, these fees are generally deferred and recognized as revenue over the contractual period for those contracts with substantive termination penalties, or for the period of time the upfront fees convey a material right for month-to-month contracts and contracts that do not include substantive termination penalties.

ASU 2014-09 also impacted our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our previous policy, these costs were expensed as incurred unless the costs were in the scope of other accounting standards that allowed for capitalization. Under ASU 2014-09, the upfront costs associated with contracts that have substantive termination penalties and a term of longer than one year are recognized as assets and amortized to other operating expenses over the applicable period benefited.

We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of ASU 2014-09 on our consolidated financial statements. We do not believe such new controls represent significant changes to our internal control over financial reporting.

For information regarding changes to our accounting policies following the adoption of ASU 2014-09 and our contract assets and deferred revenue balances, see note 3. For our disaggregated revenue by product, see note 19.

The cumulative effect of the changes made to our consolidated balance sheet as of January 1, 2018 is as follows:

	Balance at December 31, 2017	Cumulative catch up adjustments upon adoption	Balance at January 1, 2018
		in millions	
Assets:			
Other current assets	$ 222.9	$ 15.8	$ 238.7
Other assets, net	$ 517.7	$ 15.6	$ 533.3
Liabilities:			
Deferred revenue	$ 143.4	$ 13.3	$ 156.7
Other long-term liabilities	$ 697.8	$ 25.6	$ 723.4
Equity:			
Accumulated deficit	$ (1,010.7)	$ (11.1)	$ (1,021.8)
Noncontrolling interests	$ 1,361.0	$ 3.6	$ 1,364.6

The impact of our adoption of ASU 2014-09 to our consolidated statement of operations for the year ended December 31, 2018 is as follows:

	Before adoption of ASU 2014-09	Impact of ASU 2014-09 Increase (decrease)	As reported
		in millions	
Revenue	$ 3,697.3	$ 8.4	$ 3,705.7
Operating costs and expenses – selling, general and administrative	$ 789.7	$ (0.7)	$ 789.0
Non-operating expense – interest expense	$ 424.6	$ 19.1	$ 443.7
Income tax expense	$ 52.6	$ (1.5)	$ 51.1
Net loss	$ 627.3	$ 8.5	$ 635.8

ASU 2016-18

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows–Restricted Cash* (**ASU 2016-18**), which addresses the presentation of restricted cash in the statement of cash flows. This ASU requires that the statement of cash flows reflect the change in the beginning-of-period and end-of-period totals of cash, cash equivalents and restricted cash balances for all periods presented. We adopted ASU 2016-18 on January 1, 2018, which resulted in an increase (decrease) to our operating, investing and financing cash flows of ($1 million), nil and $11 million, respectively, during 2017, and nil, $17 million and $11 million, respectively, during 2016. At December 31, 2018 and 2017, our restricted cash balances were $11 million and $38 million, respectively.

ASU 2017-07

In March 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits—Improving the Presentation of the Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (**ASU 2017-07**), which includes changes to the presentation of periodic benefit cost components in our consolidated statements of operations. Under ASU 2017-07, we continue to present the service component of our net benefit cost as a component of operating income (loss) but present the other components of our net benefit cost computation, which can include credits, within non-operating income (expense) in our consolidated statements of operations. We adopted ASU 2017-07 on January 1, 2018. The change in presentation to our consolidated statements of operations from ASU 2017-07 was applied on a retrospective basis. As a result of the adoption of ASU 2017-07, we have presented pension-related credits in other income (expense), net, in our consolidated statements of operations that aggregated $12 million, $15 million and $4 million during 2018, 2017 and 2016, respectively.

ASU 2018-13

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (**ASU 2018-13**). ASU 2018-13 modifies certain disclosure requirements on fair value measurements, including (i) clarifying narrative disclosure regarding measurement uncertainty from the use of unobservable inputs, if those inputs reasonably could have been different as of the reporting date, (ii) adding certain quantitative disclosures, including (a) changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and (b) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and (iii) removing certain fair value measurement disclosure requirements, including (a) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (b) the policy for timing of transfers between levels of the fair value hierarchy and (c) the valuation processes for Level 3 fair value measurements. The amendments in ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We are permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. As of December 31, 2018, we have removed certain fair value measurement disclosures from our consolidated financial statements as permitted by ASU 2018-13. Although we are currently evaluating the effect the remaining disclosure requirements of ASU 2018-13 will have on our consolidated financial statements, we do not expect the impact to have a material effect.

Recent Accounting Pronouncements

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (**ASU 2016-02**), which, for most leases, will result in lessees recognizing right-of-use assets and lease liabilities on the balance sheet and additional disclosures. ASU 2016-02, as amended by ASU No. 2018-11, *Targeted Improvements*, requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using one of two modified retrospective approaches. A number of optional practical expedients may be applied in transition. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted.

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

We expect the right-of-use assets and lease obligations recognized in connection with the adoption of ASU 2016-02 will not exceed 2% of our total assets as of January 1, 2019. In addition, we do not expect ASU 2016-02 will have a significant impact on our consolidated statements of operations or cash flows. For a summary of our undiscounted future minimum lease payments under non-cancellable operating leases as of December 31, 2018, see note 18.

ASU 2018-14

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans* (**ASU 2018-14**), which removes and modifies certain existing disclosure requirements and adds new disclosure requirements related to employer sponsored defined benefit pension or other postretirement plans. ASU 2018-14 is effective for annual reporting periods after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the effect that ASU 2018-14 will have on our disclosures.

ASU 2018-15

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software—Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (***ASU 2018-15***).* ASU 2018-15 provides additional guidance on ASU No. 2015-05, *Intangibles—Goodwill and Other—Internal-Use Software—Customer's Accounting for Fees Paid in a Cloud Computing Arrangement,* which was issued to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The guidance (i) provides criteria for determining which implementation costs to capitalize as an asset related to the service contract and which costs to expense, (ii) requires an entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement and (iii) clarifies the presentation requirements for reporting such costs in the entity's financial statements. ASU 2018-15 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. ASU 2018-15 should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We are currently evaluating the method and date of adoption, as well as the effect that ASU 2018-15 will have on our consolidated financial statements and related disclosures.

ASU 2018-18

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements—Clarifying the interaction between Topic 808 and Topic 606 (***ASU 2018-18***).* ASU 2018-18 clarifies that certain transactions between participants in a collaborative arrangement should be accounted for as revenue when the counterparty is a customer. If the counterparty in a transaction is not a customer, ASU 2018-18 precludes the presentation of consideration from that collaborative arrangement as revenue. In addition, the guidance amends ASC 808*—Collaborative Arrangements,* to include the unit-of account guidance under ASU 2014-09. ASU 2018-18 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. The standard is required to be adopted retrospectively to the date of the initial application of ASU 2014-09, with the cumulative effect recorded as an adjustment to the opening balance of retained earnings of the later of (i) the earliest annual period presented, or (ii) the annual period that includes the date of the entity's initial application of ASU 2014-09. We are currently evaluating the effect that ASU 2018-18 will have on our consolidated financial statements and related disclosures.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation

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

Cash and Cash Equivalents and Restricted Cash

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

Restricted cash consists of cash held in restricted accounts, including cash held as collateral for debt and other compensating balances. Cash that is restricted to a specific use is classified as current or long-term based on the expected timing of the disbursement. At December 31, 2018 and 2017, our current and long-term restricted cash balances aggregated $11 million and $38 million, respectively.

Trade Receivables

Our trade receivables are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based upon our assessment of probable loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries, with the exception of $55 million and $54 million at December 31, 2018 and 2017, respectively, due from a single government.

Investments

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

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

For additional information regarding our fair value measurements, see note 6. For additional information regarding these investments, see notes 7 and 15.

Financial Instruments

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

Derivative Instruments

All derivative instruments, whether designated as hedging relationships or not, are recorded on the consolidated balance sheets at fair value. If the derivative instrument is not designated as a hedge, changes in the fair value of the derivative instrument are recognized in earnings. If the derivative instrument is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative instrument are recorded in other comprehensive earnings or loss and subsequently reclassified into our consolidated statements of operations when the hedged forecasted transaction affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in realized and unrealized gains (losses) on derivative instruments in our consolidated statements of operations. With the exception of certain foreign currency forward contracts, we do not apply hedge accounting to our derivative instruments.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For cross-currency and interest rate derivative contracts, the net cash paid or received related to current interest is classified as an operating activity in our consolidated statements of cash flows. For cross-currency derivative contracts, the net cash paid or received related to principal is classified as a financing activity in our consolidated statements of cash flows. For foreign currency forward contracts that are used to hedge capital expenditures, the net cash paid or received is classified as an adjustment to capital expenditures in our consolidated statements of cash flows. For foreign currency forward contracts that are used to hedge principal exposure on foreign currencies, the net cash paid or received is classified as a financing activity in our consolidated statements of cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity in our consolidated statements of cash flows.

For information regarding our derivative instruments, see note 5.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves significant judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Interest capitalized with respect to construction activities was not material during any of the periods presented.

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

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

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

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations primarily relate to assets placed on leased wireless towers and other premises. Asset retirement obligations of $37 million and $36 million at December 31, 2018 and 2017, respectively, are included in other long-term liabilities in our consolidated balance sheets.

Intangible Assets

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

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

We do not amortize our cable television franchise rights and certain other intangible assets as these assets have indefinite lives. For additional information regarding the useful lives of our intangible assets, see note 9.

Impairment of Property and Equipment and Intangible Assets

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

We evaluate goodwill and other indefinite-lived intangible assets (primarily cable television franchise rights) for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. For impairment evaluations with respect to both goodwill and other indefinite-lived intangibles, we first make a qualitative assessment to determine if the goodwill or other indefinite-lived intangible may be impaired. In the case of goodwill, if it is more-likely-than-not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). Goodwill impairment is recorded as the excess of a reporting unit's carrying value over its fair value and is charged to operations as an impairment loss. With respect to other indefinite-lived intangible assets, if it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value is also charged to operations as an impairment loss. For additional information regarding the fair value measurements of our property and equipment and intangible assets, see note 6. For additional information regarding impairments recorded during 2017 and 2018, see note 9.

Contract Assets

When we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets are reclassified to trade receivables, net, in our consolidated balance sheet at the point in time we have the unconditional right to payment. Our contract assets were $9 million and $13 million as of December 31, 2018 and January 1, 2018, respectively. The change in our contract assets during 2018 was not material. The current and long-term portion of contract assets are included in other current assets and other assets, net, respectively, in our consolidated balance sheet.

Deferred Contract Costs

Incremental costs to obtain a contract with a customer, such as incremental sales commissions, are recognized as an asset and amortized to SG&A expenses over the applicable period benefited, which is the longer of the contract life or the economic life of the commission. If, however, the amortization period is one year or less, we expense such costs in the period incurred. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred. Our deferred contract costs were $9 million as of both December 31, 2018 and January 1, 2018. The change in our deferred contract costs during 2018 was not material. The current and long-term portion of deferred contract costs are included in other current assets and other assets, net, respectively, in our consolidated balance sheet.

Deferred Revenue

We record deferred revenue when we have received payment prior to transferring goods or services to a customer. Deferred revenue primarily relates to (i) advanced payments on fixed subscription services, mobile airtime services and long-term capacity contracts and (ii) deferred installation and other upfront fees. Our aggregate current and long-term deferred revenue as of December 31, 2018 and December 31, 2017 was $401 million and $397 million, respectively. Long-term deferred revenue is included in other long-term liabilities in our consolidated balance sheets. We recorded an aggregate of $19 million of current and long-term deferred revenue on January 1, 2018 upon the adoption of ASU 2014-09. The remaining change in the current portion and long-term deferred revenue balances during 2018 was not material.

Income Taxes

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

For additional information regarding our income taxes, see note 11.

Employee Benefit Plans

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

For additional information regarding our defined benefit plans, see note 15.

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

Foreign Currency Translation and Transactions

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

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

Revenue Recognition

We categorize revenue into two major categories: (i) residential revenue, which includes revenue from fixed and mobile services provided to residential customers, and (ii) B2B revenue, which includes B2B service and subsea network revenue. In addition, we have "other revenue," which includes franchise fee revenue and government funding revenue. For additional information regarding our revenue by major category, see note 19. Our revenue recognition policies are as follows.

General. Most of our fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts.

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

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

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

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

Mobile Revenue – Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been transferred to the customer. Revenue from mobile handset sales is included in residential mobile non-subscription revenue in our revenue by major category and was $47 million, $44 million and $27 million for the years ended December 31, 2018, 2017 and 2016, respectively.

B2B Subsea Network Revenue – Long-term Capacity Contracts. We enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. We assess whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and generally recognized on a straight-line basis over the life of the contract. As of December 31, 2018, we have approximately $550 million of unfulfilled performance obligations relating to our long-term capacity contracts, primarily subsea contracts, that generally will be recognized as revenue over an average remaining life of seven years**.**

Government Funding Revenue. During 2018, we received funds from the U.S. Federal Communications Commission (the **FCC**), which were granted to help restore and improve coverage and service quality from damages caused by Hurricanes Irma and Maria. The recognition of these funds is not within the scope of ASU 2014-09, as the FCC does not meet the definition of a customer. We recognized the funds granted from the FCC as other revenue in the period in which we were entitled to receive the funds. For additional information regarding funding received during the third quarter of 2018, see note 19.

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

Share-based Compensation

We recognize compensation expense associated with share-based incentive awards based on their grant-date fair values. The grant-date fair values for stock appreciation rights (**SARs**) are estimated using the Black-Scholes-Merton valuation model and the grant-date fair values for restricted stock units (**RSUs**) and performance-based restricted stock units (**PSUs**) are based upon the closing market price of our stock on the date of grant. We use the legal life of the award for the expected life of SARs granted to executives. For SARs granted to non-executives, the expected life is calculated using the "simplified method." We believe the simplified method is appropriate for these awards as we do not have historical exercise data for periods prior to the Split-Off. The expected volatility of SARs is calculated utilizing a weighted average computation of data from a comparable group of peer companies, Liberty Latin America's share trading history, and the implied volatility from traded LILA and LILAK options. We recognize the grant-date fair value of outstanding awards as a charge to operations over the requisite service period, which is generally the vesting period, and account for forfeitures as they occur. We use the straight-line method to recognize share-based compensation expense for share-based incentive awards that do not contain a performance condition and the accelerated expense attribution method for our share-based incentive awards that contain a performance condition and vest on a graded basis.

For additional information regarding our share-based compensation, see note 16.

Earnings (Loss) per Share

Basic earnings (loss) per share (**EPS**) is computed by dividing net earnings (loss) attributable to Liberty Latin America shareholders by the weighted average number of LiLAC Shares and/or Liberty Latin America Shares outstanding during the years presented, as further described below. Diluted earnings (loss) per share presents the dilutive effect, if any, on a per share basis of potential shares (e.g., SARs and RSUs) as if they had been exercised or vested at the beginning of the periods presented.

	Year ended December 31,		
	2018 (a)	**2017 (b)**	**2016 (c)**
Weighted average shares outstanding - basic and dilutive	173,313,575	171,850,041	125,627,811

(a) Represent the weighted average number of Liberty Latin America Shares outstanding during the year.

(b) Represents (i) the weighted average number of LiLAC Shares outstanding during the year prior to the Split-Off and (ii) the weighted average number of Liberty Latin America Shares outstanding during the year subsequent to the Split-Off. Amount was used for both basic and dilutive EPS, as no Company equity awards were outstanding prior to the Split-Off.

(c) Represents the actual weighted average number of LiLAC Shares outstanding, as adjusted to reflect the total 117,430,965 Class A and Class C LiLAC Shares issued to holders of Class A and Class C Liberty Global Shares pursuant to the LiLAC Distribution, as if such distribution was completed on the May 16, 2016 date of the acquisition of C&W. Amount was used for both basic and dilutive EPS, as no Company equity awards were outstanding prior to the Split-Off.

We reported a loss attributable to Liberty Latin America shareholders during 2018. As a result, the potentially dilutive effect at December 31, 2018 of the following items was not included in the computation of diluted loss per share because their inclusion would have been anti-dilutive to the computation or, in the case of certain PSUs because such awards had not yet met the applicable performance criteria: (i) the aggregate number of shares issuable pursuant to outstanding options, SARs and RSUs of approximately 13.1 million and (ii) the aggregate number of shares issuable pursuant to outstanding PSUs of approximately 2.1 million. A portion of these amounts relate to Liberty Latin America Shares held by employees of Liberty Global.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Acquisitions

2018 Acquisition

Cabletica. On February 12, 2018, we entered into a definitive agreement to acquire certain net assets related to Televisora de Costa Rica S.A.'s (**Televisora**) cable operations in Costa Rica ("**Cabletica**") based on an enterprise value of $252 million, subject to certain customary adjustments. As part of the agreement, the owners of Televisora agreed to retain a 20% ownership interest in Cabletica. On October 1, 2018, we completed the acquisition of our 80% interest in Cabletica (the **Cabletica Acquisition**) for an effective purchase price of $226 million, after working capital adjustments and deducting the value of Televisora's retained equity interest. The Cabletica Acquisition was financed through a combination of debt and existing cash.

We have accounted for the Cabletica 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 Cabletica based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. The preliminary opening balance sheet is subject to adjustment based on our final assessment of the fair values of the acquired identifiable assets and liabilities. Although most items in the valuation process remain open, the items with the highest likelihood to change upon finalization of the valuation process include property and equipment, goodwill, intangible assets and income taxes. A summary of the purchase price and preliminary opening balance sheet of Cabletica at the October 1, 2018 acquisition date is presented in the following table (in millions):

Other current assets	$	6.3
Property and equipment		64.6
Goodwill (a)		151.3
Intangible assets subject to amortization (b)		61.9
Other assets		0.1
Other accrued and current liabilities		(13.4)
Non-current deferred tax liabilities		(18.6)
Other long-term liabilities		(0.7)
Noncontrolling interest (c)		(25.1)
Total purchase price (d)	$	226.4

(a) The goodwill recognized in connection with the Cabletica Acquisition is primarily attributable to the ability to take advantage of Cabletica's existing advanced broadband communications network as a base on which to expand our footprint in the region, and to gain immediate access to potential customers.

(b) Amount primarily includes intangible assets related to customer relationships. As of October 1, 2018, the weighted average useful life of Cabletica's intangible assets was approximately six years.

(c) Amount represents the fair value of Televisora's interest in Cabletica as of the October 1, 2018 acquisition date.

(d) Excludes $5 million of direct acquisition costs, including $3 million incurred during 2018, which are included in impairment, restructuring and other operating items, net, in our consolidated statements of operations.

Our consolidated statement of operations for the year ended December 31, 2018 includes revenue and a net loss of $33 million and $5 million, respectively, attributable to Cabletica.

2017 Acquisition

Carve-out Entities. In connection with the C&W Acquisition in 2016, as defined and described below, and C&W's acquisition of Columbus International Inc. and its subsidiaries (collectively, **Columbus**) in 2015 (the **Columbus Acquisition**), certain entities (the **Carve-out Entities**) that hold licenses granted by the FCC were transferred to entities not controlled by C&W (collectively, **New Cayman**).The arrangements with respect to the Carve-out Entities, which were executed in connection with the Columbus Acquisition and the C&W Acquisition, contemplated that upon receipt of regulatory approval, we would acquire the Carve-out Entities. On March 8, 2017, the FCC granted its approval for our acquisition of the Carve-out Entities. Accordingly, on April 1, 2017, subsidiaries of C&W acquired the Carve-out Entities (the **C&W Carve-out Acquisition**) for an aggregate purchase price of $86 million, which represents the amount due under notes receivable that were exchanged for the equity of the Carve-out Entities.

2016 Acquisition

C&W. On May 16, 2016, Liberty Global acquired C&W for shares of Liberty Global (the **C&W Acquisition**) and C&W was contributed to our company as part of the Split-Off. Further, immediately prior to the acquisition, C&W declared a special cash dividend (the **Special Dividend**) to its shareholders in the amount of £0.03 ($0.04 at the transaction date) per C&W share, which was paid to C&W shareholders promptly following the closing of the transaction. The Special Dividend and the payment of fees and expenses related to the acquisition were funded with C&W liquidity, including incremental debt borrowings, and Liberty Latin America corporate liquidity. The C&W Acquisition was completed in order to achieve certain financial, operational and strategic benefits through the integration of C&W with our existing operations.

The C&W Acquisition triggered regulatory approval requirements in certain jurisdictions in which C&W operates. The regulatory authorities in certain of these jurisdictions, including Trinidad and Tobago and the Seychelles, have not completed their review of the C&W Acquisition or granted their approval. While we expect to receive all outstanding approvals, such approvals may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

For accounting purposes, the C&W Acquisition was treated as the acquisition of C&W by Liberty Latin America. In this regard, the equity and cash consideration paid to acquire C&W are set forth below (in millions):

Class A Liberty Global Shares (a)	$ 1,167.2
Class C Liberty Global Shares (a)	2,803.5
Class A LiLAC Shares (a)	144.1
Class C LiLAC Shares (a)	375.3
Special Dividend (b)	193.8
Total	$ 4,683.9

(a) Represents the fair value of the 31,607,008 Class A Liberty Global Shares, 77,379,774 Class C Liberty Global Shares, 3,648,513 Class A LiLAC Shares and 8,939,316 Class C LiLAC Shares issued to C&W shareholders in connection with the C&W Acquisition. These amounts are based on the market price per share at closing on May 16, 2016 of $36.93, $36.23, $39.50 and $41.98, respectively. The aggregate fair value of the Liberty Global Shares issued to acquire C&W has been reflected as an increase to accumulated net contributions (distributions) in our consolidated statement of equity. On July 1, 2016, a total of 117,430,965 Class A and Class C LiLAC Shares were issued to holders of Class A and Class C Liberty Global Shares in recognition of the Liberty Global Shares that were issued to acquire C&W.

(b) Represents the Special Dividend of £0.03 ($0.04 at the transaction date) per C&W share paid pursuant to the scheme arrangement based on 4,433,222,313 outstanding shares of C&W on May 16, 2016.

We have accounted for the C&W Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of C&W based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and the opening balance sheet of C&W at the May 16, 2016 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash and cash equivalents	$ 210.8
Other current assets	578.5
Property and equipment	2,914.2
Goodwill (a)	5,410.8
Intangible assets subject to amortization (b)	1,416.0
Other assets	511.3
Current portion of debt and capital lease obligations	(94.1)
Other accrued and current liabilities	(753.2)
Long-term debt and capital lease obligations	(3,305.4)
Other long-term liabilities	(751.8)
Noncontrolling interests (c)	(1,453.2)
Total purchase price (d)	$ 4,683.9

(a) The goodwill recognized in connection with the C&W Acquisition is primarily attributable to (i) the ability to take advantage of C&W's existing terrestrial and subsea networks to gain immediate access to potential customers and (ii) synergies that were expected to be achieved through the integration of C&W with other operations of Liberty Latin America.

(b) Amount primarily includes intangible assets related to customer relationships. The weighted average useful life of C&W's intangible assets at the May 16, 2016 acquisition date was approximately nine years.

(c) Represents the estimated aggregate fair value of the noncontrolling interests in C&W's subsidiaries as of May 16, 2016.

(d) The total purchase price (i) includes the issuance of Liberty Global Shares and LiLAC Shares that were collectively valued at $4,490 million and the Special Dividend of $194 million and (ii) excludes direct acquisition costs of $135 million, including $119 million incurred during 2016. Direct acquisition costs are included in impairment, restructuring and other operating items, net, in our consolidated statements of operations.

Our consolidated statement of operations for 2016 includes revenue and a net loss of $1,444 million and $30 million, respectively, attributable to C&W.

Pro Forma Information

The following unaudited pro forma operating results for the year ended December 31, 2016 (in millions) reflect the C&W Acquisition as if it had been completed as of January 1, 2016. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

Revenue	$ 3,621.2
Net loss attributable to Liberty Latin America shareholders	$ (174.4)
Net loss per share attributable to Liberty Latin America shareholders – basic and dilutive (a)	$ (1.00)

(a) Amount represents the actual weighted average number of LiLAC Shares outstanding, as adjusted to reflect the total 117,430,965 Class A and Class C LiLAC Shares issued to holders of Class A and Class C Liberty Global Shares pursuant to the LiLAC Distribution as if such distribution was completed on the May 16, 2016 date of the C&W Acquisition.

(5) Derivative Instruments

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

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

	December 31, 2018			December 31, 2017		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	$ 30.7	$ 82.1	$ 112.8	$ 2.9	$ 38.4	$ 41.3
Foreign currency forward contracts	14.1	—	14.1	—	—	—
Total	$ 44.8	$ 82.1	$ 126.9	$ 2.9	$ 38.4	$ 41.3
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	$ 23.9	$ 41.4	$ 65.3	$ 29.4	$ 51.9	$ 81.3
Foreign currency forward contracts	—	—	—	12.8	—	12.8
Total	$ 23.9	$ 41.4	$ 65.3	$ 42.2	$ 51.9	$ 94.1

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

(b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions within each of our primary borrowing groups (see note 10). The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains (losses) of ($23 million), $23 million and $12 million during 2018, 2017 and 2016, respectively. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations. For further information regarding our fair value measurements, see note 6.

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

	Year ended December 31,		
	2018	2017	2016
	in millions		
Cross-currency and interest rate derivative contracts	$ 69.6	$ (157.8)	$ (216.8)
Foreign currency forward contracts	25.2	(12.3)	(9.1)
Total	$ 94.8	$ (170.1)	$ (225.9)

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

	Year ended December 31,		
	2018	2017	2016
	in millions		
Operating activities	$ (15.9)	$ (26.9)	$ (6.1)
Investing activities	(2.3)	(3.7)	(3.4)
Financing activities	10.0	—	—
Total	$ (8.2)	$ (30.6)	$ (9.5)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to the derivative instruments of our borrowing groups will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under the derivative instruments of our borrowing groups. At December 31, 2018, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of $95 million.

Each of our borrowing groups has entered into derivative instruments under agreements with each counterparty that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument. The master netting arrangements under each of these master agreements are limited to the derivative instruments governed by the relevant master agreement within each individual borrowing group and are independent of similar arrangements of our other subsidiary borrowing groups.

Details of our Derivative Instruments

Cross-currency Derivative Contracts

As noted above, we are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than the functional currency of the operations whose cash flows support our ability to service, repay or refinance such debt. Although we generally seek to match the denomination of our borrowings with the functional currency of the operations that are supporting the respective borrowings, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the functional currency of the underlying operations (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements, whenever possible and when cost effective to do so, by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at December 31, 2018:

Borrowing group	Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
	in millions				in years
C&W	$	108.3	JMD	13,817.5	8.1
	$	56.3	COP	180,000.0	7.6
	£	83.6	$	110.7	0.2
VTR Finance	$	1,260.0	CLP	854,020.0	3.5

Interest Rate Derivative Contracts

Interest Rate Swaps

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. The following table sets forth the total U.S. dollar equivalents of the notional amounts and the related weighted average remaining contractual lives of our interest rate swap contracts at December 31, 2018:

Borrowing group		Notional amount due from counterparty	Weighted average remaining life
		in millions	in years
C&W (a)	$	2,975.0	5.3
VTR Finance	$	203.0	4.2
Liberty Puerto Rico (a)	$	1,018.8	2.5
Cabletica	$	53.5	4.8

(a) Includes forward-starting derivative instruments.

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. The following table sets forth the total U.S. dollar equivalents of the notional amounts and the related weighted average remaining contractual lives of our basis swap contracts at December 31, 2018:

Borrowing group		Notional amount due from counterparty	Weighted average remaining life
		in millions	in years
C&W	$	1,875.0	1.0
Liberty Puerto Rico (a)	$	942.5	1.0

(a) Includes forward-starting derivative instruments.

Interest Rate Caps

We enter into interest rate cap agreements that lock in a maximum interest rate if variable rates rise, but also allow us to benefit from declines in market rates. At December 31, 2018, the total U.S. dollar notional amount of our interest rate caps, which include forward-starting instruments, was $93 million and the related weighted average remaining contractual life of our interest rate caps was 4.5 years. All of our interest rate caps are held by our Liberty Puerto Rico borrowing group.

Impact of Derivative Instruments on Borrowing Costs

The weighted average impact of the derivative instruments, excluding forward-starting derivative instruments, on our borrowing costs at December 31, 2018 was as follows:

Borrowing group	**Increase (decrease) to borrowing costs**
C&W	0.03 %
VTR Finance	(0.21)%
Liberty Puerto Rico	(0.06)%
Cabletica	0.26 %
Liberty Latin America borrowing groups	(0.03)%

Foreign Currency Forwards Contracts

We enter into foreign currency forward contracts with respect to non-functional currency exposure. At December 31, 2018, the total U.S. dollar equivalent of the notional amounts of our foreign currency forward contracts was $180 million, all of which was held by our VTR Finance borrowing group. All our foreign currency forward contracts have maturities in less than a year.

(6) Fair Value Measurements

General

We use the fair value method to account for our derivative instruments and the available-for-sale method to account for our investment in the U.K. Government Gilts. The reported fair values of our derivative instruments as of December 31, 2018 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (non-interest rate curves and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

Recurring Fair Value Measurements

Derivatives

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 5. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data mostly includes interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. 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 cross-currency and interest rate derivative contracts are quantified and further explained in note 5. Due to the lack of Level 2 inputs for the valuation of the U.S dollar to the Jamaican dollar cross-currency swaps (the **Sable Currency Swaps**) held by Sable International Finance Limited (**Sable**), a wholly-owned subsidiary of C&W, we believe this valuation falls under Level 3 of the fair value hierarchy. The Sable Currency Swaps are our only Level 3 financial instruments. The fair values of the Sable Currency Swaps at December 31, 2018 and 2017 were $36 million and $22 million, respectively, which are included in other long-term liabilities in our consolidated balance sheets. The change in the fair values of the Sable Currency Swaps resulted in net losses of $14 million, $11 million and $11 million during 2018, 2017 and 2016, respectively, which are reflected in realized and unrealized gains (losses) on derivative instruments, net, in our consolidated statements of operations.

Available-for-sale Investments

Our investment in the U.K. Government Gilts falls under Level 1 of the fair value hierarchy. At December 31, 2018 and 2017, the carrying values of our investment in the U.K. Government Gilts, which are included in other assets, net, in our consolidated balance sheets, were $35 million and $37 million, respectively.

Nonrecurring Fair Value Measurements

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

Acquisition Accounting

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

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

- *Property and equipment*. Property and equipment is typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence.

During 2018, we performed preliminary, nonrecurring valuations related to the acquisition accounting for the Cabletica Acquisition. The weighted average discount rate used in the preliminary valuation of the customer relationships acquired as a result of the Cabletica Acquisition was approximately 14%. During 2017, we performed nonrecurring valuations related to the acquisition accounting for the C&W Acquisition and C&W Carve-out Acquisition. The weighted average discount rates used in the final valuation of the customer relationships acquired as a result of the C&W Acquisition ranged from 9% to 12%.

Impairment Assessments

The nonrecurring valuations associated with impairment assessments, which use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy, primarily include the valuation of reporting units for the purpose of testing for goodwill impairment. Unless a reporting unit has a readily determinable fair value, we estimate the fair value of the reporting unit using either a market-based approach or discounted cash flow analysis. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions.

As part of our annual goodwill impairment assessments in the fourth quarters of 2018 and 2017, we used a market-based valuation approach to determine the fair value of certain reporting units within C&W. The fair value of a reporting unit using a market-based approach is estimated based upon a market multiple typically applied to the reporting unit's Adjusted OIBDA, as defined in note 19. We determine the market multiple for each reporting unit taking the following into consideration: (i) public company trading multiples for entities with similar business characteristics as the respective reporting unit, adjusted to reflect an appropriate control premium or discount , a "trading multiple," and (ii) multiples derived from the value of recent transactions for businesses with similar operations and in geographically similar locations, a "transaction multiple." For additional information regarding impairment charges resulting from our impairment analyses, see note 9.

In September 2017, Hurricanes Irma and Maria impacted a number of our markets in the Caribbean, resulting in varying degrees of damage to homes, businesses and infrastructure in these markets. The most extensive damage occurred in Puerto Rico and certain markets within our C&W segment, most notably British Virgin Islands and Dominica (collectively, the **Impacted Markets**). The effects of the hurricanes were deemed to constitute triggering events with respect to the need to assess certain assets for impairment. Nonrecurring valuations were performed in connection with these impairment assessments, most notably to measure the fair value of Liberty Puerto Rico and certain reporting units within C&W for purposes of assessing goodwill impairments, and to measure the fair value of Liberty Puerto Rico's cable television franchise rights. We used discount rates of 8% and 10% in the valuation of Liberty Puerto Rico and certain reporting units within C&W, respectively, while a discount rate of 9% was used in the valuation of Liberty Puerto Rico's cable television franchise rights. These valuations used projected cash flows that reflected the significant risks and uncertainties associated with our recovery from Hurricanes Irma and Maria, including variables such as (i) the length of time estimated to restore the power and transmission systems, particularly in Puerto Rico, (ii) the number of people estimated to leave these islands for an extended period or permanently and the associated impact on customer churn, (iii) the amount of potential insurance recoveries and (iv) the estimated capital expenditures required to restore the damaged networks in the Impacted Markets. For additional information regarding the impairment charges related to the hurricanes, see note 8.

(7) Investments

A subsidiary of C&W holds a 49% interest in TSTT. Our investment in TSTT is included in other assets, net, in our consolidated balance sheets. Pursuant to certain conditions to the regulatory approval of the acquisition of Columbus International, Inc. by C&W in 2015, we are required to dispose of our investment in TSTT, subject to certain terms and conditions. During the third quarter of 2018, we recorded an impairment charge of $16 million due to a decline in the estimated fair value of this investment. As of December 31, 2018 and 2017, the carrying value of our investment in TSTT was $77 million and $93 million, respectively. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT.

(8) Insurance Recoveries

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

In December 2018, we settled our insurance claims for Hurricanes Irma, Maria and Matthew (collectively, the **Hurricanes**) as follows: (i) $109 million for Hurricanes Maria and Irma, after deducting $30 million of self-insurance, and (ii) $12 million for Hurricane Matthew, after deducting $15 million of self-insurance.

The following table summarizes the impact of the insurance settlements to our consolidated statements of operations:

	Year ended December 31,	
	2018	2017
	in millions	
Other operating (a)	$ 2.2	$ 2.5
SG&A	2.4	—
Business interruption (b)	59.5	—
Impairment, restructuring and other operating items, net (c)	35.7	18.2
Total	$ 99.8	$ 20.7

(a) The 2017 amount represents recoveries related to Hurricane Matthew.

(b) The 2018 amount includes $3 million attributable to Hurricane Matthew.

(c) Amounts for each year include $3 million attributable to Hurricane Matthew.

During 2018 and 2017, we received net advance payments related to the Hurricanes from our third-party insurance provider totaling $51 million and $3 million, respectively. Of the amount received during 2018, $21 million is presented as a cash inflow from investing activities on our consolidated statement of cash flows. With respect to the advances received during 2018, $45 million was provided to Liberty Puerto Rico and $6 million was provided to C&W. The advance received during 2017 related to Hurricane Matthew and was provided to C&W. Subsequent to December 31, 2018, we received $49 million in insurance proceeds. We expect to receive the remaining balance due of $18 million during the first quarter of 2019.

(9) Long-lived Assets

Impairment Charges

The following table sets forth the details of our impairment charges during 2018:

	C&W	Liberty Puerto Rico	VTR/Cabletica	Total
		in millions		
Goodwill	$ 610.0	$ —	$ —	$ 610.0
Other	5.0	0.4	0.3	5.7
Total impairment charges	$ 615.0	$ 0.4	$ 0.3	$ 615.7

Goodwill. We evaluate goodwill and other indefinite-lived intangible assets (primarily cable television franchise rights) for impairment at least annually on October 1 and whenever facts and circumstances indicate that their carrying amounts may not be recoverable. During our 2018 annual goodwill impairment test, we concluded a $608 million impairment was necessary at the Panama reporting unit of our C&W segment. This impairment primarily resulted from the impacts of a significant increase in competition, particularly with respect to the prepaid mobile business. The accumulation of prepaid mobile subscriber losses, together with associated adverse impacts to average monthly subscription revenue per mobile subscriber, negatively impacted the actual results for the year and the expected future financial performance of the Panama reporting unit, resulting in the impairment during the fourth quarter of 2018.

The following table sets forth the details of our impairment charges during 2017:

	C&W	Liberty Puerto Rico	VTR	Total
		in millions		
Annual impairment analysis – goodwill	$ 317.9	$ —	$ —	$ 317.9
Hurricane-related:				
Goodwill	117.3	120.9	—	238.2
Property and equipment	22.8	50.2	—	73.0
Other indefinite-lived intangible assets	—	44.1	—	44.1
Total hurricane-related	140.1	215.2	—	355.3
Other	—	—	4.7	4.7
Total impairment charges	$ 458.0	$ 215.2	$ 4.7	$ 677.9

Annual Impairment Analysis. During our 2017 annual goodwill impairment test, we concluded impairments were necessary at certain C&W reporting units primarily as a result of greater than expected impacts of competition and, in the case of one smaller C&W reporting unit, a longer expected recovery period from Hurricane Irma.

Hurricane-related Impairment. In September 2017, certain of our operations in the Caribbean were severely impacted by Hurricanes Irma and Maria, with the most extensive damage occurring in Puerto Rico and certain of C&W's markets. Based on our then estimates of the impacts on our operations from these hurricanes, we recorded impairment charges to reduce the carrying values of our goodwill, property and equipment and other indefinite-lived intangible assets as set forth in the table above. These impairment charges were based on our assessments of then currently available information.

For additional information regarding the impacts of the hurricanes and the fair value methods and related assumptions used in our impairment assessments, see note 6. For information regarding the impact of the hurricanes on our debt, see note 10.

Goodwill

Changes in the carrying amount of our goodwill during 2018 are set forth below:

	January 1, 2018	Acquisitions and related adjustments	Foreign currency translation adjustments and other	Impairments (a)	December 31, 2018
			in millions		
C&W	$ 4,962.5	$ 23.6	$ (50.5)	$ (610.0)	$ 4,325.6
VTR/Cabletica	433.4	151.3	(54.7)	—	530.0
Liberty Puerto Rico	277.7	—	—	—	277.7
Total	$ 5,673.6	$ 174.9	$ (105.2)	$ (610.0)	$ 5,133.3

(a) Amount primarily represents an impairment charge associated with the Panama reporting unit of our C&W segment as further discussed above.

Based on the results of our October 1, 2018 goodwill impairment test, declines in the estimated fair value of certain C&W reporting units could result in the need to record additional goodwill impairment charges. If, among other factors, (i) our equity values were to decline significantly or (ii) the adverse impacts of competition, economic, regulatory or other factors, including macro-economic and demographic trends, were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that impairment charges are required in order to reduce the carrying values of the goodwill and, to a lesser extent, other long-lived assets of C&W. Any such impairment charges could be significant.

Changes in the carrying amount of our goodwill during 2017 are set forth below:

	January 1, 2017	Acquisitions and related adjustments	Foreign currency translation adjustments and other	Impairments (a)	December 31, 2017
			in millions		
C&W	$ 5,557.0	$ (157.0)	$ (2.3)	$ (435.2)	$ 4,962.5
VTR	397.9	—	35.5	—	433.4
Liberty Puerto Rico	277.7	—	—	—	277.7
Corporate and other (b)	120.9	—	—	(120.9)	—
Total	$ 6,353.5	$ (157.0)	$ 33.2	$ (556.1)	$ 5,673.6

(a) Amounts represent (i) impairment charges at C&W and Liberty Puerto Rico that were recorded during the third quarters of 2017 based on our assessments of the impacts of Hurricanes Irma and Maria and (ii) impairment charges at C&W related to our annual October 1 goodwill impairment analysis. For additional information regarding the impacts of Hurricanes Irma and Maria and the fair value method and related assumptions used in our impairment assessments, see above and notes 6 and 8.

(b) Represents enterprise-level goodwill that was allocated to our Liberty Puerto Rico segment for purposes of our impairment tests.

At December 31, 2018 and 2017, our accumulated goodwill impairments were $1,166 million and $556 million, respectively.

Property and Equipment, Net

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

	Estimated useful life at December 31, 2018	December 31, 2018	December 31, 2017
		in millions	
Distribution systems	3 to 25 years	$ 4,115.0	$ 3,878.4
Customer premises equipment	3 to 5 years	1,606.0	1,382.8
Support equipment, buildings and land	3 to 40 years	1,398.8	1,306.3
		7,119.8	6,567.5
Accumulated depreciation		(2,882.9)	(2,398.3)
Total		$ 4,236.9	$ 4,169.2

Depreciation expense related to our property and equipment was $641 million, $596 million and $451 million during 2018, 2017 and 2016, respectively.

We recorded non-cash increases to our property and equipment related to vendor financing arrangements of $54 million, $55 million and $46 million during 2018, 2017 and 2016, respectively.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization, which had estimated useful lives ranging from four to 15 years at December 31, 2018, are set forth below:

	December 31, 2018	December 31, 2017
	in millions	
Gross carrying amount:		
Customer relationships	$ 1,509.7	$ 1,415.1
Licenses and other	186.8	199.8
Total gross carrying amount	1,696.5	1,614.9
Accumulated amortization:		
Customer relationships	(504.7)	(284.2)
Licenses and other	(26.1)	(14.5)
Total accumulated amortization	(530.8)	(298.7)
Net carrying amount	$ 1,165.7	$ 1,316.2

Amortization expense related to intangible assets with finite useful lives was $189 million, $198 million and $136 million during 2018, 2017 and 2016, respectively.

Based on our amortizable intangible asset balance at December 31, 2018, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2019	$ 187.6
2020	186.5
2021	176.1
2022	146.7
2023	138.6
Thereafter	330.2
Total	$ 1,165.7

Intangible Assets Not Subject to Amortization

At December 31, 2018 and 2017, our other indefinite-lived intangible assets aggregated $563 million and $565 million, respectively, including $540 million related to the cable television franchise rights of Liberty Puerto Rico at both December 31, 2018 and 2017.

(10) Debt and Capital Lease Obligations

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

	December 31, 2018			Estimated fair value (c)		Principal Amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)		December 31,		December 31,	
		Borrowing currency	US $ equivalent	2018	2017	2018	2017
				in millions			
C&W Credit Facilities	5.52%	$ 760.0	$ 760.0	$ 2,135.6	$ 2,216.4	$ 2,193.6	$ 2,212.2
C&W Notes	7.16%	—	—	1,724.7	1,749.7	1,781.6	1,648.4
VTR Finance Senior Notes	6.88%	—	—	1,265.0	1,479.6	1,260.0	1,400.0
VTR Credit Facilities	6.55%	(d)	228.2	245.7	—	250.7	—
LPR Bank Facility (e)	6.11%	$ 40.0	40.0	905.4	951.8	942.5	982.5
Cabletica Credit Facilities	10.03%	(f)	15.0	122.2	—	124.7	—
Vendor financing (g)	4.93%	—	—	157.6	137.4	157.6	137.4
Total debt before premiums, discounts and deferred financing costs	6.40%		$ 1,043.2	$ 6,556.2	$ 6,534.9	$ 6,710.7	$ 6,380.5

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

	December 31,	
	2018	2017
	in millions	
Total debt before premiums, discounts and deferred financing costs	$ 6,710.7	$ 6,380.5
Premiums, discounts and deferred financing costs, net	(41.5)	(26.5)
Total carrying amount of debt	6,669.2	6,354.0
Capital lease obligations	12.9	17.5
Total debt and capital lease obligations	6,682.1	6,371.5
Less: Current maturities of debt and capital lease obligations	(302.5)	(263.3)
Long-term debt and capital lease obligations	$ 6,379.6	$ 6,108.2

(a) Represents the weighted average interest rate in effect at December 31, 2018 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our indebtedness was 6.5% at December 31, 2018. For information regarding our derivative instruments, see note 5.

(b) Unused borrowing capacity represents the maximum availability under the applicable facility at December 31, 2018 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2018, the full amount of unused borrowing capacity was available to be borrowed under each of the respective subsidiary facilities, both before and after completion of the December 31, 2018 compliance reporting requirements. At December 31, 2018, there were no restrictions on the respective subsidiary's ability to make loans or distributions from this availability to Liberty Latin America or its subsidiaries or other equity holders.

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

(d) The VTR Credit Facilities comprise certain CLP term loans and U.S. dollar and CLP revolving credit facilities, including unused borrowing capacity. For further information, see *VTR Credit Facilities* below.

(e) In September 2017 Hurricanes Maria and Irma resulted in extensive damage to the homes, businesses and infrastructure in Puerto Rico. The operations of Liberty Puerto Rico support the debt outstanding under the LPR Bank Facility (as defined and described below). See *LPR Bank Facility* section below for additional information regarding relief on certain covenant compliance requirements under the LPR Credit Agreements (as defined below) that was provided in December 2017.

(f) The Cabletica Credit Facilities comprise certain Costa Rican colón (**CRC**) and U.S. dollar term loans and a U.S. dollar revolving credit facility. For further information, see *Cabletica Credit Facilities* below.

(g) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Our operating expenses include $172 million, $83 million and $3 million for the years ended December 31, 2018, 2017 and 2016, respectively, that were financed by an intermediary and are reflected on the borrowing date as a hypothetical cash outflow within net cash provided by operating activities and a hypothetical cash inflow within net cash provided by financing activities in our consolidated statements of cash flows. Repayments of vendor financing obligations are included in repayments of debt and capital lease obligations in our consolidated statements of cash flows.

General Information

At December 31, 2018, all of our outstanding debt had been incurred by one of our four primary "borrowing groups": C&W, VTR Finance, Liberty Puerto Rico and Cabletica.

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

- Our credit facilities contain certain net leverage ratios, as specified in the relevant credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facilities contain certain restrictions which, among other things, restrict the ability of the entities of the relevant borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions, and (iv) make certain restricted payments to their direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our credit facilities require that certain entities of the relevant borrowing group guarantee the payment of all sums payable under the relevant credit facility and such entities are required to grant first-ranking security over their shares or, in certain borrowing groups, over substantially all of their assets to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under the relevant credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);
- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;
- Our credit facilities require entities of the relevant borrowing group to observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facilities generally include certain cross-default and cross-acceleration provisions with respect to other indebtedness of entities of the relevant borrowing group, subject to agreed minimum thresholds and other customary and agreed exceptions.

See *LPR Bank Facility* section below for additional information on relief Liberty Puerto Rico was granted on certain covenant compliance requirements under the LPR Credit Agreements (as defined below).

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

- Our notes contain certain customary incurrence-based covenants. In addition, our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of the issuer or certain of its subsidiaries, over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;
- Our notes contain certain restrictions that, among other things, restrict the ability of the entities of the relevant borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make

certain restricted payments to its direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants; and

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

C&W Notes

The details of the outstanding C&W Notes as of December 31, 2018 are summarized in the following table:

C&W Notes	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: U.S. $ equivalent	Estimated fair value	Carrying value (a)
				in millions		
2019 C&W Senior Notes (b) (c)	March 25, 2019	8.625%	£ 83.6	$ 106.6	$ 107.4	$ 107.7
2022 C&W Senior Notes (b) (d)	August 1, 2022	6.875%	$ 475.0	475.0	488.5	486.4
2026 C&W Senior Notes	October 15, 2026	7.500%	$ 500.0	500.0	482.9	493.1
2027 C&W Senior Notes	September 15, 2027	6.875%	$ 700.0	700.0	645.9	694.8
Total				$ 1,781.6	$ 1,724.7	$ 1,782.0

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

(b) Carrying values of the 2019 C&W Senior Notes and the 2022 C&W Senior Notes (previously known as the Sable Senior Notes) include the impact of premiums recorded in connection with the acquisition accounting for the C&W Acquisition.

(c) Interest on the 2019 C&W Senior Notes is payable annually on March 25. In October 2018, 43.0% of the outstanding 2019 C&W Senior Notes were repurchased and cancelled in connection with a tender offer, as further described below.

(d) Interest on the 2022 C&W Senior Notes is payable semi-annually on February 1 and August 1. In November 2018, we redeemed certain of the 2022 C&W Senior Notes, as further described below.

Financing Transactions

C&W Senior Financing Designated Activity Company (**C&W Senior Financing**) is a special purpose financing entity that is 100% owned by a third-party, created for the primary purpose of facilitating certain debt offerings. C&W is required to consolidate C&W Senior Financing as a result of the variable interests created by debt issued by C&W Senior Financing to C&W, for which C&W is considered the primary beneficiary. C&W Senior Financing is dependent upon payments from C&W in order to service its payment obligations under the 2026 C&W Senior Notes and 2027 C&W Senior Notes.

2027 C&W Senior Notes. In August 2017, C&W Senior Financing issued the 2027 C&W Senior Notes. Interest on the 2027 C&W Senior Notes is payable semi-annually on January 15 and July 15.

C&W Senior Financing used the proceeds from the 2027 C&W Senior Notes issuance to fund a new term loan (the **2027 C&W Financing Loan**) with Sable, as the borrower and certain other C&W subsidiaries as guarantors. The call provisions, maturity and applicable interest rate for the 2027 C&W Financing Loan are the same as those for the 2027 C&W Senior Notes. C&W Senior Financing's obligations under the 2027 C&W Senior Notes are secured by interests over (i) certain of C&W Senior Financing's bank accounts and (ii) C&W Senior Financing's rights under the 2027 C&W Financing Loan.

The net proceeds from the C&W Term Loan B-3 Facility Add-on (as defined and described below) and the 2027 C&W Financing Loan were used (i) to redeem in full $1,250 million outstanding principal amount of senior notes, issued by Columbus prior to the Columbus Acquisition, and (ii) for general corporate purposes. In connection with these transactions, C&W recognized a loss on debt modification and extinguishment, net, of $24 million. This loss includes (i) the payment of $85 million of redemption premiums and (ii) the write-off of $61 million of unamortized premiums.

2026 C&W Senior Notes. In October 2018, C&W Senior Financing issued the 2026 C&W Senior Notes. Interest on the 2026 C&W Senior Notes is payable semi-annually on April 15 and October 15.

C&W Senior Financing used the proceeds from the 2026 C&W Senior Notes issuance to fund a new term loan (the **2026 C&W Financing Loan**) with Sable as borrower and together with certain other C&W subsidiaries as guarantors. The call provisions, maturity and applicable interest rate for the 2026 C&W Financing Loan are the same as those for the 2026 C&W Senior Notes. C&W Senior Financing's obligations under the 2026 C&W Senior Notes are secured by interests over (i) certain of C&W Senior Financing's bank accounts and (ii) C&W Senior Financing's rights under the 2026 C&W Financing Loan.

The net proceeds from the 2026 C&W Financing Loan were partially used to (i) repurchase £63 million ($80 million, at the applicable rate) of outstanding principal under the 2019 C&W Senior Notes, as further described below, and (ii) redeem $275 million of outstanding principal under the 2022 C&W Senior Notes. In connection with these transactions, C&W recognized a loss on debt modification and extinguishment, net, of $13 million. This loss primarily includes (i) the payment of $17 million of redemption premiums, (ii) the write-off of $5 million of unamortized premiums, discounts and deferred financing costs and (iii) the payment of third-party costs.

Redemption Rights. Subject to the circumstances described below, the 2026 C&W Senior Notes and 2027 C&W Senior Notes are non-callable until October 15, 2021 and September 15, 2022, respectively. At any time prior to (i) October 15, 2021 in the case of the 2026 C&W Senior Notes and (ii) September 15, 2022 in the case of the 2027 C&W Senior Notes, Sable and C&W Senior Financing may redeem some or all of the applicable notes by paying a price equal to 100% of the principal amount of the applicable notes redeemed plus accrued and unpaid interest and a "make-whole" premium, which is generally the present value of all remaining scheduled interest payments to October 15, 2021 or September 15, 2022 (as applicable) using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points. In addition, at any time prior to (i) October 15, 2021 in the case of the 2026 C&W Senior Notes and (ii) September 15, 2022 in the case of the 2027 C&W Senior Notes, subject to certain restrictions (as specified in the applicable indenture), up to 40% of each of the 2026 C&W Senior Notes and the 2027 C&W Senior Notes may be redeemed with the net proceeds of one or more specified equity offerings at a redemption price equal to 107.500% and 106.875%, respectively, of the principal amount redeemed, plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date.

Sable and C&W Senior Financing (as applicable) may redeem some or all of the 2022 C&W Senior Notes, 2026 C&W Senior Notes and 2027 C&W Senior Notes, respectively, at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the indenture), if any, to the applicable redemption date, as set forth below:

	Redemption price		
	2022 C&W Senior Notes	**2026 C&W Senior Notes**	**2027 C&W Senior Notes**
12-month period commencing:	August 1	October 15	September 15
2018	105.156%	N.A.	N.A.
2019	103.438%	N.A.	N.A.
2020	101.719%	N.A.	N.A.
2021	100.000%	103.750%	N.A.
2022	100.000%	101.875%	103.438%
2023	N.A.	100.000%	101.719%
2024	N.A.	100.000%	100.859%
2025 and thereafter	N.A.	100.000%	100.000%

Tender Offer – 2019 C&W Senior Notes. On October 15, 2018, C&W launched a tender offer to repurchase, for cash, any and all of its outstanding 2019 C&W Senior Notes (the **Tender Offer**). The price of the Tender Offer was 103% of the principal amount of the bonds tendered, plus accrued and unpaid interest up to, but not including, the payment date. Pursuant to the Tender Offer, which was completed on October 31, 2018, we paid total consideration of £68 million ($87 million at the transaction date), including accrued interest of £3 million ($4 million at the transaction date), for 43.0% of the outstanding 2019 C&W Senior Notes and cancelled the 2019 C&W Senior Notes that were tendered.

2022 C&W Senior Notes. In November 2018, we completed the redemption of $275 million of aggregate principal amount of the 2022 C&W Senior Notes for total consideration of $294 million, including (i) the 105.156% redemption price and (ii) accrued and unpaid interest on the redeemed notes.

C&W Credit Facilities

The C&W Credit Facilities are the senior secured credit facilities of certain subsidiaries of C&W. The details of our borrowings under the C&W Credit Facilities as of December 31, 2018 are summarized in the following table:

C&W Credit Facilities	Maturity	Interest rate	Facility amount (in borrowing currency)	Unused borrowing capacity (a)	Outstanding principal amount	Carrying value (b)
				in millions		
C&W Revolving Credit Facility (c)	June 30, 2023	LIBOR (d) + 3.25%	$ 625.0	$ 625.0	$ —	$ —
C&W Term Loan B-4 Facility (c)	January 31, 2026	LIBOR + 3.25%	$ 1,875.0	—	1,875.0	1,870.5
C&W Regional Facilities (e)	various dates ranging from 2019 to 2038	4.01% (f)	$ 453.6	135.0	318.6	317.3
Total				$ 760.0	$ 2,193.6	$ 2,187.8

(a) The amount related to the C&W Revolving Credit Facility represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2018, based on the applicable leverage-based restricted payment tests and leverage covenants, the full amount of unused borrowing capacity under the C&W Credit Facilities was available to be borrowed.

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

(c) In March 2018, we amended and restated the credit agreement originally dated May 16, 2016, as amended and restated as of May 26, 2017, providing for the additional C&W Term Loan B-4 Facility, as further described below, and a $625 million revolving credit facility. The C&W Revolving Credit Facility has a fee on unused commitments of 0.5% per year.

(d) London Interbank Offered Rate.

(e) Represents certain amounts borrowed by C&W Panama, C&W Jamaica, Marpin 2K4 Ltd., Cable & Wireless Dominica Limited, BTC and, for periods prior to June 30, 2018, Cable & Wireless (Barbados) Limited (**C&W Barbados**) (collectively, the **C&W Regional Facilities**).

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

Financing Transactions

In January 2018, C&W Panama entered into a $100 million principal amount term loan facility that bears interest at 4.35%, payable on a quarterly basis, and matures in January 2023. The proceeds from the term loan were primarily used to repay existing C&W Panama debt.

In February 2018, C&W entered into a $1,875 million principal amount term loan facility (the **C&W Term Loan B-4 Facility**). The net proceeds of the C&W Term Loan B-4 Facility were used to repay in full the $1,825 million outstanding principal amount of the C&W Term Loan B-3 Facility and repay $40 million drawn under the C&W Revolving Credit Facility. The exchange in principal amounts of $1,825 million was treated as a non-cash transaction in our consolidated statement of cash flows. In connection with this transaction, we recognized a loss on debt modification and extinguishment of $13 million, which represents the write-off of unamortized discounts and deferred financing costs.

In May 2017, C&W entered into the C&W Term Loan B-3 Facility, a $1,125 million term loan facility. The net proceeds from the C&W Term Loan B-3 Facility were used to prepay in full $1,100 million outstanding principal amount under term loans issued in May 2016 (the **C&W Term Loans**). Certain lenders of the C&W Term Loans novated $929 million principal amount under the C&W Term Loans into the C&W Term Loan B-3 Facility, which was treated as a non-cash financing transaction in our consolidated statement of cash flows. In connection with these transactions, C&W recognized a loss on debt modification and extinguishment, net, of $25 million. This loss includes (i) the write-off of $23 million of unamortized discounts and deferred financing costs and (ii) the payment of $2 million of third-party costs.

In July 2017, the commitments under the C&W Term Loan B-3 Facility were increased by $700 million (the **C&W Term Loan B-3 Facility Add-on**). The C&W Term Loan B-3 Facility Add-on was issued at 99.5% of par with the same maturity and interest rate as the C&W Term Loan B-3 Facility. In addition, we drew down $50 million under the C&W Revolving Credit Facility to fund a portion of a required contribution to the CWSF (as defined and discussed in note 15). We repaid the outstanding balance of the C&W Revolving Credit Facility in 2018, $40 million of which was paid with the net proceeds of the C&W Term Loan B-4 Facility.

VTR Finance Senior Notes

In January 2014, VTR Finance issued $1.4 billion principal amount of senior notes (the **VTR Finance Senior Notes**), due January 15, 2024. At any time prior to January 15, 2019, VTR Finance may redeem some or all of the VTR Finance Senior Notes by paying a "make-whole" premium, which is the present value of all remaining scheduled interest payments to January 15, 2019 using the discount rate (as specified in the indenture) as of the applicable redemption date plus 50 basis points. In October 2018, VTR Finance redeemed $140 million of aggregate principal amount of the VTR Finance Senior Notes for total consideration of $147 million, including (i) the 103% redemption price and (ii) accrued and unpaid interest on the redeemed notes. In connection with this transaction, VTR Finance recognized a loss on debt modification and extinguishment of $6 million. This loss includes (i) the payment of $4 million of redemption premiums and (ii) the write-off of $2 million of deferred financing costs. At December 31, 2018, the carrying value of the VTR Finance Senior Notes was $1,243 million.

VTR Finance may redeem all or part of the VTR Finance Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the related indenture), if any, to the applicable redemption date, as set forth below:

	Redemption price
12-month period commencing January 15:	
2019	103.438%
2020	102.292%
2021	101.146%
2022 and thereafter	100.000%

VTR Credit Facilities

In May 2018, VTR entered into (i) the VTR TLB-1 Facility and the VTR TLB-2 Facility (collectively, the **VTR Term Loan Facilities**) and (ii) new U.S. dollar and CLP revolving credit facilities (collectively, the **VTR Revolving Credit Facilities** and together with the VTR Term Loan Facilities, the **VTR Credit Facilities**). Upon closing of the VTR Credit Facilities, the previously existing VTR Credit Facility was cancelled.

The details of our borrowings under the VTR Credit Facilities as of December 31, 2018 are summarized in the following table:

			Unused borrowing capacity		Outstanding principal amount		
VTR Credit Facilities	**Maturity**	**Interest rate**	**Borrowing currency**	**US $ equivalent**	**Borrowing currency**	**US $ equivalent**	**Carrying value (a)**
					in millions		
VTR TLB-1 Facility	(b)	ICP (c) + 3.80%	CLP —	$ —	CLP 140,900.0	$ 203.0	$ 197.9
VTR TLB-2 Facility	May 23, 2023	7.00%	CLP —	—	CLP 33,100.0	47.7	46.6
VTR RCF – A (d)	May 23, 2023	TAB (e) + 3.35%	CLP 30,000.0	43.2	CLP —	—	—
VTR RCF – B (f)	March 14, 2024	LIBOR + 2.75%	$ 185.0	185.0	$ —	—	—
Total				$ 228.2		$ 250.7	$ 244.5

(a) Amounts are net of deferred financing costs.

(b) Under the terms of the credit agreement, VTR is obligated to repay 50% of the outstanding aggregate principal amount of the VTR TLB-1 Facility on November 23, 2022, with the remaining principal amount due on May 23, 2023, which represents the ultimate maturity date of the facility.

(c) Índice de Cámara Promedio rate.

(d) The VTR RCF – A has a fee on unused commitments of 1.34% per year.

(e) Tasa Activa Bancaria rate.

(f) Includes a $1 million credit facility that matures on May 23, 2023. The VTR RCF – B has a fee on unused commitments of 1.10% per year.

LPR Bank Facility

On December 20, 2017, in connection with challenging circumstances that Liberty Puerto Rico experienced as a result of the damage caused by the hurricanes, in particular Hurricane Maria, the LPR First Lien Term Loan and the LPR Second Lien Term Loan credit agreements (collectively, the **LPR Credit Agreements**) were amended to (i) provide Liberty Puerto Rico with relief from complying with leverage covenants through December 31, 2018, (ii) increase the consolidated first lien net leverage ratio covenant from 4.5:1 to 5.0:1 beginning with the March 31, 2019 quarterly test date, (iii) restrict Liberty Puerto Rico's ability to make certain types of payments to its shareholders through December 31, 2018 and (iv) include an equity commitment of up to $60 million (the **LPR Equity Commitment**) from Liberty Puerto Rico's shareholders through December 31, 2018 to fund any potential liquidity shortfalls. The consolidated total net leverage ratio covenant level remained unchanged at 5.50:1. In addition, there was no change to the margins under the LPR Credit Agreements, no fees were paid in connection with these amendments and all other terms of the LPR Credit Agreements remain in full force and effect.

The LPR Bank Facility is the senior secured credit facility of Liberty Puerto Rico. The details of our borrowings under the LPR Bank Facility as of December 31, 2018 are summarized in the following table:

LPR Bank Facility	Maturity	Interest rate	Facility amount (in borrowing currency)	Unused borrowing capacity	Outstanding principal amount	Carrying value (a)
				in millions		
LPR Revolving Credit Facility (b)	July 7, 2020	LIBOR + 3.50%	$ 40.0	$ 40.0	$ —	$ —
LPR First Lien Term Loan	January 7, 2022	LIBOR + 3.50% (c)	$ 850.0	—	850.0	842.3
LPR Second Lien Term Loan	July 7, 2023	LIBOR + 6.75% (c)	$ 92.5	—	92.5	91.4
Total				$ 40.0	$ 942.5	$ 933.7

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

(b) The LPR Revolving Credit Facility has a fee on unused commitments of 0.50% or 0.375%, depending on the consolidated total net leverage ratio (as specified in the LPR Bank Facility). In October 2017, Liberty Puerto Rico borrowed in full the $40 million LPR Revolving Credit Facility under the LPR Bank Facility. In December 2018, the outstanding LPR Revolving Credit Facility balance was repaid in full.

(c) The LPR First Lien Term Loan and the LPR Second Lien Term Loan credit agreements each have a LIBOR floor of 1.0%.

Financing Transactions

During 2017, Liberty Puerto Rico borrowed an additional $85 million under the existing LPR First Lien Term Loan. The net proceeds were used to prepay $85 million of the outstanding principal amount under the LPR Second Lien Term Loan. The exchange in principal amounts was treated as a non-cash transaction in our consolidated statement of cash flows.

Cabletica Credit Facilities

In October 2018, in connection with the completion of the Cabletica Acquisition, Cabletica entered into certain senior secured credit facilities (the **Cabletica Credit Facilities**).

The details of our borrowings under the Cabletica Credit Facilities as of December 31, 2018 are summarized in the following table:

Cabletica Credit Facilities	Maturity	Interest rate	Unused borrowing capacity: Borrowing currency	Unused borrowing capacity: U.S. $ equivalent	Outstanding principal: Borrowing currency	Outstanding principal: U.S. $ equivalent	Carrying value (a)
				in millions			
Cabletica Term Loan B-1 Facility	(b)	LIBOR + 5.00%	$ —	$ —	$ 53.5	$ 53.5	$ 51.8
Cabletica Term Loan B-2 Facility	(b)	TBP (c) + 6.00%	CRC —	—	CRC 43,177.4	71.2	68.9
Cabletica Revolving Credit Facility (d)	October 5, 2023	LIBOR + 4.25%	$ 15.0	15.0	$ —	—	—
				$ 15.0		$ 124.7	$ 120.7

(a) Amounts are net of deferred financing costs.

(b) Under the terms of the credit agreement, Cabletica is obligated to repay 50% of the outstanding aggregate principal amounts of the Cabletica Term Loan B-1 Facility and the Cabletica Term Loan B-2 Facility on April 5, 2023, with the remaining respective principal amounts due on October 5, 2023, which represents the ultimate maturity date of the facilities.

(c) Tasa Básica Pasiva rate.

(d) The Cabletica Revolving Credit Facility has a fee on unused commitments of 1.70% per year.

Maturities of Debt

Maturities of our debt as of December 31, 2018 are presented below. Amounts presented below represent U.S. dollar equivalents based on December 31, 2018 exchange rates:

	C&W	VTR Finance	Liberty Puerto Rico	Cabletica	Consolidated
			in millions		
Years ending December 31:					
2019	$ 191.5	$ 100.7	$ —	$ —	$ 292.2
2020	24.1	—	—	—	24.1
2021	124.2	—	—	—	124.2
2022	489.3	101.5	850.0	—	1,440.8
2023	120.5	149.2	92.5	124.7	486.9
Thereafter	3,082.5	1,260.0	—	—	4,342.5
Total debt maturities	4,032.1	1,611.4	942.5	124.7	6,710.7
Premiums, discounts and deferred financing costs, net	(5.4)	(23.3)	(8.8)	(4.0)	(41.5)
Total debt	$ 4,026.7	$ 1,588.1	$ 933.7	$ 120.7	$ 6,669.2
Current portion	$ 192.7	$ 100.7	$ —	$ —	$ 293.4
Noncurrent portion	$ 3,834.0	$ 1,487.4	$ 933.7	$ 120.7	$ 6,375.8

(11) Income Taxes

Period post Split-Off

As further described in note 1, we entered into a Tax Sharing Agreement (as defined in note 13) with Liberty Global that became effective upon consummation of the Split-Off. Pursuant to the Tax Sharing Agreement, tax liabilities and benefits relating to taxable periods before and after the Split-Off will be computed and apportioned between Liberty Latin America and Liberty Global, and responsibility for payment of those tax liabilities (including any taxes attributable to the Split-Off and related internal restructurings) and use of those tax benefits, will be allocated between Liberty Latin America and Liberty Global. Furthermore, the Tax Sharing Agreement sets forth the rights of Liberty Latin America and Liberty Global in respect of the preparation and filing of tax returns, the handling of audits or other tax proceedings and assistance and cooperation and other matters, in each case, for taxable periods ending on or before or that otherwise include the date of the Split-Off.

Periods prior to Split-Off

Prior to the Split-Off, the income taxes of Liberty Latin America were presented on a standalone basis, and each tax paying entity or group within Liberty Latin America was presented on a separate return basis. Liberty Latin America included Liberty Global subsidiaries that were included in combined or consolidated tax returns, including tax returns in the Netherlands (the **Dutch Fiscal Unity**), the U.K. (the **U.K. Tax Group**) and the U.S. (the **U.S. Tax Group**). These tax groups also included Liberty Global subsidiaries that were not included in Liberty Latin America. Certain of the entities included in the Dutch Fiscal Unity, the U.K. Tax Group and the U.S. Tax Group were included in Liberty Latin America. As a result, we recorded related-party tax allocations to recognize changes in the tax attributes of certain entities of Liberty Latin America that were included in the Dutch Fiscal Unity, the U.K. Tax Group or the U.S. Tax Group.

In connection with the LiLAC Transaction, effective July 1, 2015, the allocation of tax attributes between Liberty Latin America and subsidiaries of Liberty Global that were not included in Liberty Latin America were based on a tax sharing policy. This tax sharing policy generally resulted in the allocation of a portion of Liberty Global's tax attributes to Liberty Latin America based on the relative tax attributes of the legal entities included in Liberty Latin America. Nevertheless, to the extent that Liberty Global management concluded the actions or results of one group gave rise to changes in the tax attributes of the other group, the change in those tax attributes were generally allocated to the group whose actions or results gave rise to such changes. Similarly, in cases where legal entities in one group joined in a common tax filing with entities of the other group, changes in the tax attributes of the group that included the filing entity that were the result of the actions or financial results of one or more entities of the other group were allocated to the group that did not include the filing entity. For periods beginning on and after July 1, 2015, we did not record non-interest bearing related-party payables and receivables in connection with the allocation of tax attributes to the extent that tax assets were utilized or taxable income was included in the return for the applicable tax year. These related-party payables and receivables were expected to be cash settled annually within 90 days following the filing of the relevant tax return. Changes to previously filed tax returns will be reflected in the related-party payables and receivables, and any prior settlement of payables will be adjusted to reflect amended tax filings.

On July 11, 2017, Liberty Latin America was formed as a corporation in Bermuda where a Tax Assurance Certificate has been granted to guarantee that any imposition of income or other taxes will not be applicable to Liberty Latin America through March 31, 2035. Accordingly, Liberty Latin America does not file a primary corporate income tax return in Bermuda, although various subsidiaries in other jurisdictions are taxable on operations and do file income tax returns in their respective jurisdictions. The income taxes of Liberty Latin America are presented, prior to the Split-Off, on a separate return basis for each tax-paying entity or group.

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

	Year ended December 31,		
	2018	**2017**	**2016**
		in millions	
Domestic (a)	$ (32.5)	$ —	$ (234.8)
Foreign (b) (c)	(552.2)	(651.2)	136.7
Total	$ (584.7)	$ (651.2)	$ (98.1)

(a) During the year ended December 31, 2016, Liberty Latin America is considered a member of Liberty Global, a U.K. entity. During the year ended December 31, 2017, Liberty Latin America is considered a stand-alone entity, which is a Bermuda entity.

(b) The amount for the year ended December 31, 2018 includes an impairment charge of $608 million at our Panama reporting unit. The amount for the year ended December 31, 2017 includes impairment charges of $211 million, $191 million, $113 million and $97 million at our Puerto Rico, Trinidad and Tobago, British Virgin Islands and Bahamas reporting units, respectively. For additional information regarding asset impairments, see note 9.

(c) For the year ended December 31, 2018, material jurisdictions that comprise the "foreign" component of our loss before income taxes include Panama, Chile, the U.K., the Netherlands, Barbados and Puerto Rico. For the years ended December 31, 2017 and 2016, material jurisdictions that comprise the "foreign" component of our loss before income taxes include Panama, Chile, the U.K., the Netherlands, Barbados, Puerto Rico, Jamaica, the U.S. and Bahamas.

Income tax benefit (expense) consists of:

	Current	Deferred	Total
		in millions	
Year ended December 31, 2018:			
Domestic	$ —	$ —	$ —
Foreign (a)	(84.0)	32.9	(51.1)
Total	$ (84.0)	$ 32.9	$ (51.1)
Year ended December 31, 2017:			
Domestic	$ —	$ —	$ —
Foreign (a)	(282.6)	135.1	(147.5)
Total	$ (282.6)	$ 135.1	$ (147.5)
Year ended December 31, 2016:			
Domestic	$ (3.0)	$ (6.4)	$ (9.4)
Foreign (a)	(209.4)	(87.1)	(296.5)
Total	$ (212.4)	$ (93.5)	$ (305.9)

(a) The amounts include (i) during 2018, a $4 million current related-party tax benefit attributable to Liberty Latin America, (ii) during 2017, a $9 million current related-party current tax expense attributable to Liberty Latin America, and (iii) during 2016, a $12 million current related-party current tax benefit attributable to the U.S. Tax Group.

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

	Year ended December 31,		
	2018	2017	2016
		in millions	
Computed expected tax benefit (a)	$ —	$ —	$ 19.6
Permanent differences (b)	(23.3)	(173.4)	(155.8)
Basis and other differences in the treatment of items associated with investments in Liberty Latin America entities	2.4	5.5	(92.0)
Increases in valuation allowances	(23.8)	(59.0)	(27.2)
International rate differences (a) (c)	130.3	116.4	(17.1)
Enacted tax law and rate changes (d) (e) (f) (g) (h) (i)	1.5	83.7	(4.5)
Effect of non-deductible goodwill impairments	(157.0)	(101.9)	—
Other, net	18.8	(18.8)	(28.9)
Total income tax expense	$ (51.1)	$ (147.5)	$ (305.9)

(a) On July 11, 2017, Liberty Latin America was formed as a corporation in Bermuda where the company is exempt from income taxes on ordinary income and capital gains, and therefore has a "statutory" or "expected" tax rate of 0% in 2018 and 2017. The majority of our subsidiaries operate in jurisdictions where income tax is imposed at local applicable rates, resulting in "international rate differences," as shown in the table above that reflect the computed tax benefit (expense) of pre-tax book income (loss) in the respective taxable jurisdiction. During 2016, the statutory or "expected" tax rate was the U.K. tax rate of 20% to align with the organizational structure of the Company during that year.

(b) Permanent differences primarily relate to various non-taxable income or non-deductible expenses, such as Caricom treaty income, limitations on deductible management fees, or executive compensation, among others.

(c) The 2018 corporate tax rates applicable to our primary tax jurisdictions are as follows: Chile, 27%; Puerto Rico, 39%; the U.K., 19%; Barbados, 0.25%, 2.5% or 30%; the Netherlands, 25%; and Panama, 25%. The corporate tax rates applicable to our Barbados operations vary, as we have operations that represent different types of business entities and, accordingly, calculate tax at 0.25%, 2.5% or 30%.

(d) During 2018, legislation was enacted that changed the income tax rate in Barbados from 25.0% to 30.0% on Regular Barbados Companies. Substantially all of the impact of this rate change on our deferred tax balances was recorded during the fourth quarter of 2018 when the change in law was enacted.

(e) On December 10, 2018, legislation was enacted that changed the total corporate income tax rate in Puerto Rico from 39.0% to 37.5%, for tax years beginning after December 31, 2018. Substantially all of the impact of this rate change on our deferred balances was recorded during the fourth quarter of 2018 when the change in law was enacted.

(f) On January 1, 2017, legislation was enacted that changed the income tax rate in Trinidad and Tobago from 25.0% to 30.0%. Substantially all of the impact of this rate change on our deferred tax balances was recorded during the first quarter of 2017 when the change in tax law was enacted.

(g) On December 22, 2017, the Tax Cuts and Jobs Act legislation was enacted in the U.S., which permanently reduced the corporate income tax rate to 21.0% (effective January 1, 2018), among other corporate income tax changes. Substantially all of the impact of this rate change on our U.S. deferred tax balances was recorded during the fourth quarter of 2017 when the change in tax law was enacted.

(h) During the third quarter of 2016, the U.K. enacted legislation that will reduce the corporate income tax rate in April 2020 from 18.0% to 17.0%. Substantially all of the impact of this rate change on our deferred tax balances was recorded during the third quarter of 2016.

(i) The corporate tax rate applicable to our Chilean operations increased from 22.5% in 2015 to 24.0% in 2016, and to 25.5% in 2017. In 2018 and future years, the tax rate will be 27.0%. As of 2017, the 35.0% withholding tax applicable to payments made by our Chilean operations to non-resident shareholders will be based only on actual distributions to shareholders and only 65.0% of the actual corporate tax paid by our Chilean operations will be available to be used as a credit against this withholding tax. In the case of shareholders resident in countries that have tax treaties in force with Chile, there will be a full credit for the corporate tax paid.

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

	December 31,	
	2018	**2017**
	in millions	
Deferred tax assets	$ 144.7	$ 138.0
Deferred tax liabilities	(543.0)	(533.4)
Net deferred tax liability	$ (398.3)	$ (395.4)

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

	December 31,	
	2018	2017
	in millions	
Deferred tax assets:		
Net operating losses, credits and other carryforwards	$ 1,388.2	$ 1,320.8
Deferred revenue	2.0	11.6
Unrealized gains and losses	68.8	83.7
Accrued expenses	68.6	76.4
Other future deductible amounts	3.7	1.6
Deferred tax assets	1,531.3	1,494.1
Valuation allowance	(1,308.9)	(1,282.2)
Deferred tax assets, net of valuation allowance	222.4	211.9
Deferred tax liabilities:		
Investments	(231.6)	(217.7)
Intangible assets	(197.5)	(198.5)
Property and equipment, net	(173.5)	(166.9)
Un-remitted foreign earnings	(18.1)	(16.1)
Other future taxable amounts	—	(8.1)
Deferred tax liabilities	(620.7)	(607.3)
Net deferred tax liability	$ (398.3)	$ (395.4)

The changes in our valuation allowances are summarized below:

	Year ended December 31,		
	2018	2017	2016
	in millions		
Balance at beginning of period	$ 1,282.2	$ 1,328.4	$ 70.1
Net tax expense related to operations	23.8	59.0	27.2
Translation adjustments	2.9	26.1	(238.0)
Business acquisitions and other	—	(131.3)	1,469.1
Balance at end of period	$ 1,308.9	$ 1,282.2	$ 1,328.4

Deferred tax assets related to net operating losses may be used to offset future taxable income. The significant components of our tax loss carryforwards and related tax assets at December 31, 2018 are as follows:

Country	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
U.K.:			
Amount attributable to capital losses	$ 4,732.9	$ 804.6	Indefinite
Amount attributable to net operating losses	1,391.1	236.5	Indefinite
Barbados	1,075.9	51.3	2019 - 2025
Jamaica	447.5	148.0	Indefinite
U.S.	154.5	37.8	2028 - 2038
Puerto Rico	31.5	11.8	2025 - 2028
Chile	23.2	6.3	Indefinite
Other	220.8	54.9	Various
Total	$ 8,077.4	$ 1,351.2	

As of December 31, 2018, a valuation allowance of $1,280 million has been recorded on the net operating loss carryforwards where we do not expect to generate future taxable income or where certain losses may be limited in use due to change in control or same-business tests.

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

In 2018 and 2017, we have foreign tax credit carryforwards of $25 million and $8 million, respectively, which are available in the U.S., but are subject to a full valuation allowance. Substantially all credits not utilized will expire at the end of 2027. Other credit carry forwards at the end of 2018 and 2017, in the amounts of $12 million and $7 million, respectively, predominantly represent alternative minimum tax credits attributable to our operations in Puerto Rico for which the current tax law provides no period of expiration.

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

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

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

In general, tax returns filed by, or that include, entities comprising Liberty Latin America for years prior to 2009 are no longer subject to examination by tax authorities. We are currently undergoing income tax audits in Chile, Panama, Trinidad and Tobago and certain other jurisdictions within the Caribbean and Latin America. Except as noted below, any adjustments that might arise from the foregoing examinations are not expected to have a material impact on our consolidated financial position or results of operations. At VTR, we have received adjustments from the Chilean tax authorities for the tax years 2011 through 2017, which are in dispute and have been appealed.

The changes in our unrecognized tax benefits are summarized below:

	Year ended December 31,		
	2018	2017	2016
	in millions		
Balance at January 1	$ 264.5	$ 182.3	$ 3.6
Additions for tax positions of prior years	26.2	67.6	136.4
Effects of business acquisitions	—	—	38.0
Additions based on tax positions related to the current year	29.6	24.0	10.0
Lapse of statute of limitations	(10.7)	(5.9)	(6.0)
Foreign currency translation	(29.9)	17.8	1.1
Decrease for settlement with tax authorities	—	(1.0)	—
Reductions for tax positions of prior years	(30.7)	(20.3)	(0.8)
Balance at December 31	$ 249.0	$ 264.5	$ 182.3

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

As of December 31, 2018, all of our unrecognized tax benefits would have a favorable impact on our effective income tax rate if ultimately recognized.

During 2019, it is reasonably possible that the resolution of ongoing examinations by tax authorities as well as expiration of statutes of limitation could result in reductions to our unrecognized tax benefits related to tax positions taken as of December 31, 2018. Other than the potential impacts of ongoing examinations and the expected expiration of certain statutes of limitation, we do not expect any material changes to our unrecognized tax benefits during 2019. No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2019.

During 2018, 2017 and 2016, our income tax expense includes interest expense of $8 million, $22 million, and $15 million, respectively, representing the net accrual of interest and penalties incurred during the period. Our other long-term liabilities include accrued interest and penalties of $48 million and $41 million at December 31, 2018 and 2017, respectively.

(12) Equity

Share Capital. In connection with the Split-Off, we issued 48,428,841, 1,940,193 and 120,843,539 shares of Class A, Class B and Class C common stock, respectively. As a result, the accumulated net contributions balance as of December 29, 2017 was reclassified to additional paid-in capital and reflected as a change in capitalization in connection with the Split-Off in our consolidated statement of equity.

A summary of the changes in our share capital during 2018 is set forth in the table below:

	Class A	Class B	Class C
Balance at January 1, 2018	48,428,841	1,940,193	120,843,539
LPR NCI Acquisition	—	—	9,500,000
Issued in connection with share-based compensation plans	68,718	—	153,629
Issued in connection with 401(k) company match	—	—	28,990
Conversions	4,244	(4,244)	—
Balance at December 31, 2018	48,501,803	1,935,949	130,526,158

Voting rights. Holders of Class A common shares and Class B common shares vote together as a single class on all matters submitted to a vote of Liberty Latin America's shareholders. The holders of Class A common shares have one vote per share; the holders of Class B common shares have 10 votes per share; and the holders of Class C common shares generally have no votes per share. In the event a right to vote is required under applicable law, holders of Class C common shares will vote as a single class with the holders of Class A common shares and Class B common shares and will be entitled to 1/100 of a vote on such matter for each Class C common share. Each Class B common share is convertible at the option of the holder for one Class A common share.

C&W Jamaica NCI Acquisition

During 2018, we increased our ownership in C&W Jamaica from 82.0% to 92.3% by acquiring 1,727,047,174 of the issued and outstanding ordinary stock units of C&W Jamaica that we did not already own (the **C&W Jamaica NCI Acquisition**) for JMD $1.45 per share or JMD $2,504 million ($20 million at the transaction dates) of paid consideration.

LPR NCI Acquisition

On October 17, 2018, we acquired the remaining 40.0% partnership interests in Liberty Puerto Rico from Searchlight Capital Partners, L.P. (**Searchlight**) in exchange for 9,500,000 unregistered Liberty Latin America Class C common shares (the **LPR NCI Acquisition**). In connection with the LPR NCI Acquisition (i) we entered into a registration rights agreement with Searchlight related to the Class C common shares and (ii) Searchlight is subject to certain restrictions regarding the transfer of the shares issued in the transaction for a period of up to two years.

LPR Equity Commitment

In December 2017, and in connection with challenging circumstances that Liberty Puerto Rico experienced as a result of the damage caused by hurricanes during September 2017, the LPR Credit Agreements were amended to provide for, among other things, the LPR Equity Commitment from Liberty Puerto Rico's shareholders through December 31, 2018 to fund potential liquidity shortfalls. During 2018, prior to the LPR NCI Acquisition, capital contributions aggregating $45 million were provided to Liberty Puerto Rico consisting of $27 million from us and $18 million from investment funds affiliated with Searchlight. The capital contributions from Searchlight are included in our consolidated statement of equity as an increase to noncontrolling interests.

C&W Barbados NCI Acquisition

Effective September 1, 2017, we increased our ownership in C&W Barbados from 81.1% to 100% by acquiring all of the issued and outstanding common shares of C&W Barbados that we did not already own for Barbadian dollars **(Bds)** of Bds $2.86 per share (the **C&W Barbados NCI Acquisition**). As of December 31, 2018, Bds $67 million ($34 million) of the consideration was paid, including Bds $2 million ($1 million) in transaction fees, and the remaining Bds $12 million ($6 million) was recorded as a liability in our consolidated balance sheet.

Distributions to Liberty Global

During 2017 (for the period prior to the Split-Off) and 2016, we made capital distributions of $53 million and $21 million, respectively, to reimburse Liberty Global for LiLAC Shares it repurchased pursuant to its then share repurchase program with respect to LiLAC Shares.

(13) Related-party Transactions

Prior to the consummation of the Split-Off, certain Liberty Global subsidiaries charged fees and allocated costs and expenses to our company, as further described below. Upon completion of the Split-Off, these amounts were replaced by fees pursuant to the Split-Off Agreements, as further described below.

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

	December 31, 2018	December 31, 2017
	in millions	
Other current assets (a)	$ 3.2	$ 4.2
Current liabilities:		
Accounts payable (b)	$ 7.0	$ 0.4
Other accrued and current liabilities (c)	3.5	1.0
Total current liabilities	$ 10.5	$ 1.4

(a) Represents non-interest bearing receivables due from certain Liberty Global subsidiaries.

(b) Represents non-interest bearing payables to certain Liberty Global subsidiaries, including with respect to capital assets as further discussed below.

(c) Represents other accrued and current liabilities to certain Liberty Global subsidiaries.

Related-Party Transactions After the Split-Off

Split-Off Agreements

In connection with the Split-Off, Liberty Latin America, Liberty Global and/or certain of their respective subsidiaries entered into the Split-Off Agreements. During 2018, we incurred $11 million of expenses and acquired $19 million of capital assets associated with the Split-Off Agreements, all of which are cash settled. The following summarizes the material agreements:

- a reorganization agreement, (the **Reorganization Agreement**), which provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Split-Off , certain conditions to the Split-Off and provisions governing the relationship between Liberty Global and Liberty Latin America with respect to and resulting from the Split-Off;

- a services agreement (the **Services Agreement**), pursuant to which, for up to two years following the Split-Off with the option to renew for a one-year period, Liberty Global will provide Liberty Latin America with specified services, including certain technical and information technology services (including software development services associated with the Connect Box and the Horizon platform, management information systems, hardware, data storage, and network and telecommunications services), access to Liberty Global's procurement team and tools to leverage scale and take advantage of joint purchasing opportunities, certain management services, and other services to support Liberty Latin America's legal, tax, accounting and finance departments;

- a sublease agreement (the **Sublease Agreement**), pursuant to which Liberty Latin America will sublease office space from Liberty Global in Denver, Colorado until May 31, 2031, subject to customary termination and notice provisions;

- a facilities sharing agreement (the **Facilities Sharing Agreement**), pursuant to which, for as long as the Sublease Agreement remains in effect, Liberty Latin America will pay a fee for the usage of certain facilities at the office space in Denver, Colorado; and

- a tax sharing agreement (the **Tax Sharing Agreement**), which governs the parties' respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters. For additional information, see note 11.

Other Transactions

During 2018, we purchased an aircraft from a subsidiary of Liberty Global for $8 million, which is included in property and equipment, net, in our consolidated balance sheet.

Our related-party transactions prior to the Split-Off are as follows:

	Year ended December 31,	
	2017	2016
	in millions	
Revenue	$ 4.0	$ 6.5
Allocated share-based compensation expense	(12.5)	(8.7)
Charges from Liberty Global	(12.0)	(8.5)
Included in operating income (loss)	(20.5)	(10.7)
Interest income	1.5	4.2
Allocated tax benefit (expense)	(9.4)	12.0
Included in net loss	$ (28.4)	$ 5.5

Revenue. Amounts primarily represent revenue from the Carve-out Entities for (i) management services C&W provided to the Carve-out Entities to operate and manage their business under a management services agreement and (ii) products and services that C&W provided to the Carve-out Entities in the normal course of business. The services provided to the Carve-out Entities were provided at the direction of, and subject to the ultimate control and oversight of, the Carve-out Entities. As discussed in note 4, C&W acquired the Carve-out Entities on April 1, 2017.

Allocated share-based compensation expense. Amounts represent share-based compensation that Liberty Global allocated to us with respect to share-based incentive awards held by our employees. For additional information, see note 16.

Charges from Liberty Global. Following the LiLAC Transaction, Liberty Global began to allocate to us a portion of the costs of their corporate functions, excluding share-based compensation expense, based primarily on the estimated percentage of time spent by corporate personnel providing services to us. For 2017 and 2016, the annual allocation was $12 million and $9 million, respectively. The allocated costs, which were cash settled, are included in SG&A expense in our consolidated statements of operations. Although we believe the allocated costs are reasonable, no assurance can be given that such costs are reflective of the costs we would have incurred as a standalone company. Upon consummation of the Split-Off, we are no longer allocated costs by Liberty Global, but instead incur charges prospectively under certain of the Split-Off Agreements, as described above.

Interest income. Amounts include interest income on C&W's related-party loans receivable from New Cayman, which bore interest at 8.0% per annum. On April 1, 2017, subsidiaries of C&W acquired the Carve-out Entities, at which time these loans receivable were settled in exchange for the equity of the Carve-out Entities. Related-party interest income is included in other income (expense), net, in our consolidated statements of operations. For additional information regarding the Carve-out Entities, see note 4.

Tax allocations. Amounts represent related-party income tax allocations recognized prior to the Split-Off, as further described in note 11. See above and note 11 for additional information regarding the Tax Sharing Agreement with Liberty Global that became effective upon the consummation of the Split-Off.

(14) Restructuring Liabilities

A summary of changes in our restructuring liabilities during 2018 is set forth in the table below:

	Employee severance and termination	Contract termination and other	Total
		in millions	
Restructuring liability as of January 1, 2018	$ 6.2	$ 25.4	$ 31.6
Restructuring charges	25.6	8.8	34.4
Cash paid	(24.3)	(13.5)	(37.8)
Foreign currency translation adjustments and other	0.1	(2.7)	(2.6)
Restructuring liability as of December 31, 2018	$ 7.6	$ 18.0	$ 25.6
Current portion	$ 7.6	$ 10.4	$ 18.0
Noncurrent portion	—	7.6	7.6
Total	$ 7.6	$ 18.0	$ 25.6

Our restructuring charges during 2018 primarily relate to (i) employee severance and termination costs primarily associated with reorganization programs at C&W of $15 million and (ii) $6 million of contract termination costs at VTR.

In addition to the restructuring charges set forth in the table above, we also incurred $9 million in restructuring charges related to employee severance and termination costs at C&W, which impacted our net pension liability. For additional information, see note 15.

A summary of changes in our restructuring liabilities during 2017 is set forth in the table below:

	Employee severance and termination	Contract termination and other	Total
		in millions	
Restructuring liability as of January 1, 2017	$ 4.0	$ 26.9	$ 30.9
Restructuring charges	34.7	6.3	41.0
Cash paid	(33.1)	(10.0)	(43.1)
Foreign currency translation adjustments and other	0.6	2.2	2.8
Restructuring liability as of December 31, 2017	$ 6.2	$ 25.4	$ 31.6
Current portion	$ 6.2	$ 11.0	$ 17.2
Noncurrent portion	—	14.4	14.4
Total	$ 6.2	$ 25.4	$ 31.6

Our restructuring charges during 2017 primarily include (i) employee severance and termination costs associated with certain reorganization and integration activities of $23 million and $10 million at C&W and VTR, respectively, and (ii) contract termination costs of $6 million at VTR.

A summary of changes in our restructuring liabilities during 2016 is set forth in the table below:

	Employee severance and termination	Contract termination and other	Total
	in millions		
Restructuring liability as of January 1, 2016	$ 2.2	$ 28.9	$ 31.1
Restructuring charges	17.3	17.1	34.4
Cash paid	(27.8)	(12.0)	(39.8)
C&W Acquisition	15.3	0.7	16.0
Foreign currency translation adjustments and other	(3.0)	(7.8)	(10.8)
Restructuring liability as of December 31, 2016	$ 4.0	$ 26.9	$ 30.9

Our restructuring charges during 2016 primarily include (i) employee severance and termination of $12 million at VTR related to certain reorganization and integration activities, and (ii) contract termination costs of $12 million and $6 million at Liberty Puerto Rico and VTR, respectively.

(15) Defined Benefit Plans

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

C&W also operates unfunded defined benefit arrangements in the U.K., which are governed by individual trust deeds. One arrangement incorporates a covenant requiring C&W to hold security against the value of the liabilities. The security is in the form of U.K. Government Gilts, which are included in other assets, net, in our consolidated balance sheets. At December 31, 2018 and 2017, the carrying value of our investment in the U.K. Government Gilts was $35 million and $37 million, respectively.

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

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

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

	December 31, 2018	December 31, 2017
Expected rate of salary increase	0.7%	0.6%
Discount rate	3.6%	3.0%
Discount rate – CWSF uninsured liability	2.8%	2.4%
Return on plan assets	3.6%	3.2%
Retail price index inflation rate	3.5%	3.7%
Consumer price index inflation rate	2.2%	2.2%

The present value of the CWSF vested benefit obligations has been calculated as of December 31, 2018. Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions related to mortality rates for the CWSF and U.K. unfunded plans are based upon the second series of Self-Administered Pension Scheme and the actual experience of the plan participants and dependents. In addition, allowance was made for future mortality improvements in line with the 2017 Continuous Mortality Investigation core projections with a long-term rate of improvement of 1.25% per annum. Based on these assumptions, the life expectancies of participants aged 60 are as follows:

	December 31,		
	2018	2028	2038
		years	
Male participants and dependents	28	29	29
Female participants and dependents	28	29	30

Risk

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

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

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

At December 31, 2018, the above risks have been mitigated for approximately 66% of the CWSF's liabilities and 64% of the Jamaican plan's liabilities through the purchase of insurance policies, the payments from which exactly match the corresponding obligations to employees. The remaining investment risks in the plans have also been mitigated to a reasonable extent by a combination of matching assets and diversification of the return-seeking assets.

Sensitivity analysis

The following table summarizes (i) the impact a 1.0% increase or decrease in the applicable actuarial assumed rate would have on the valuation of our pension plans and (ii) the impact of plan participants living, on average, one year longer or one year less than assumed would have on the valuation of the CWSF:

	Increase	Decrease
	in millions	
CWSF and U.K. unfunded arrangements		
Discount rate:		
Effect on defined benefit obligation	$ (191)	$ 238
Effect on defined benefit obligation, net of annuity insurance policies	$ (89)	$ 116
Inflation (and related increases):		
Effect on defined benefit obligation	$ 134	$ (128)
Effect on defined benefit obligation, net of annuity insurance policies	$ 70	$ (65)
Life expectancy:		
Effect on defined benefit obligation	$ 76	$ (75)
Effect on defined benefit obligation, net of annuity insurance policies	$ 20	$ (19)
Other plans		
Effect on defined benefit obligation:		
Discount rate	$ (47)	$ 57
Life expectancy	$ 7	$ (7)

The sensitivity analysis is based on a standalone change in each assumption while holding all other assumptions constant. As reflected above, the impact on the net pension liability is significantly reduced for the CWSF as a result of the annuity insurance policies we hold.

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

The following tables summarize the activities of the C&W pension plans for 2018, 2017 and the period from the date of the C&W Acquisition (May 16, 2016) to December 31, 2016, as applicable.

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

	December 31,	
	2018	2017
	in millions	
Projected benefit obligation at beginning of period	$ 2,020.0	$ 1,944.0
Bahamas plan adjustment (a)	328.4	—
Service cost	6.3	1.2
Prior service cost (b)	16.4	—
Contributions by plan participants	1.3	1.2
Interest cost	69.1	58.8
Actuarial gain	(123.6)	(47.2)
Benefits paid	(124.3)	(103.1)
Other	6.4	0.3
Effect of changes in foreign currency exchange rates	(103.3)	164.8
Projected benefit obligation at end of period	$ 2,096.7	$ 2,020.0
Accumulated benefit obligation at end of period	$ 2,084.1	$ 2,016.3
Fair value of plan assets at beginning of period	$ 2,118.7	$ 1,909.1
Bahamas plan adjustment (a)	152.3	—
Actual return on plan assets	24.2	13.8
Contributions by employer	7.0	130.0
Contributions by plan participants	1.3	1.2
Benefits paid	(124.3)	(103.1)
Other	0.2	0.3
Effect of changes in foreign currency exchange rates	(111.3)	167.4
Fair value of plan assets at end of period	$ 2,068.1	$ 2,118.7
Net pension asset (liability)	$ (28.6)	$ 98.7

(a) During 2018, C&W recognized a net pension liability that is largely indemnified by a government entity. At December 31, 2018, the indemnification asset balance was $132 million, which is included in other assets, net, in our consolidated balance sheet.

(b) Amount relates to an allowance recorded during 2018 in connection with expected costs associated with guaranteed minimum pension inequalities in the CWSF.

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

	December 31,	
	2018	2017
	in millions	
Noncurrent assets	$ 177.3	$ 143.9
Noncurrent liabilities	(205.9)	(45.2)
	$ (28.6)	$ 98.7

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

	Asset mix (a)	December 31, 2018			
		Total	Level 1	Level 2	Level 3
	%	in millions			
Equity securities	17.9	$ 369.7	$ 207.8	$ 161.9	$ —
Bonds (b)	25.1	518.9	504.6	14.3	—
Insurance annuity contracts (c)	54.1	1,119.3	—	91.0	1,028.3
Real estate	1.3	26.0	9.9	1.2	14.9
Private equity	0.4	9.7	—	—	9.7
Cash	1.2	24.5	24.5	—	—
Total	100.0	$ 2,068.1	$ 746.8	$ 268.4	$ 1,052.9

	Asset mix (a)	December 31, 2017			
		Total	Level 1	Level 2	Level 3
	%	in millions			
Equity securities	27.0	$ 572.8	$ 347.5	$ 225.3	$ —
Bonds (b)	8.4	177.2	175.1	2.1	—
Insurance annuity contracts (c)	59.2	1,255.3	—	107.5	1,147.8
Real estate	1.3	26.5	13.9	0.9	11.7
Private equity	0.6	11.9	—	—	11.9
Other	0.7	15.2	10.8	4.4	—
Cash	2.8	59.8	59.8	—	—
Total	100.0	$ 2,118.7	$ 607.1	$ 340.2	$ 1,171.4

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

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

(c) The trustees of the CWSF and Jamaica plan have each purchased annuity policies pursuant to which the insurer assumed responsibility for the benefits payable to certain participants of the CWSF and Jamaica plan. At December 31, 2018 and 2017, approximately 66% of the liabilities in the CWSF and 64% and 69%, respectively, of the liabilities in the Jamaica plan are matched by related annuity policy assets, which reduces our funding risk for these plans.

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

	December 31,	
	2018	2017
	in millions	
Balance at beginning of year	$ 1,171.4	$ 1,042.6
Gains (losses) relating to assets still held at year-end	10.4	(9.0)
Purchases, sales and settlements of investments, net	(64.4)	38.0
Foreign currency translation adjustments	(64.5)	99.8
Balance at end of year	$ 1,052.9	$ 1,171.4

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

	Year ended December 31,		
	2018	2017	2016
	in millions		
Included in operating income – service costs	$ 3.7	$ 1.2	$ 0.9
Other income (expense), net:			
Interest costs	64.5	58.8	42.9
Expected return on plan assets	(74.8)	(73.0)	(46.7)
Other	(1.9)	(0.3)	—
	(12.2)	(14.5)	(3.8)
Total net periodic pension benefit	$ (8.5)	$ (13.3)	$ (2.9)

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

	Year ended December 31,		
	2018	2017	2016
	in millions		
Balance at beginning of year	$ (19.8)	$ (9.7)	$ —
Actuarial gain (loss) on projected benefit obligation	81.9	47.2	(213.0)
Actuarial gain (loss) on plan assets (a)	(51.1)	(59.2)	202.9
Foreign currency translation adjustments and other	(0.3)	1.9	0.4
Balance at end of year	$ 10.7	$ (19.8)	$ (9.7)

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

Based on December 31, 2018 exchange rates, the benefits that we currently expect to pay during the next five years and in the aggregate for the five years thereafter with respect to our defined benefit plans are as follows (in millions):

Year ending December 31:		
2019	$	102.9
2020		103.8
2021		105.9
2022		107.7
2023		111.4
2024 – 2028		564.7

Other

The C&W Acquisition constituted a "change of control" under a contingent funding agreement between C&W and the trustee of the CWSF (the **Contingent Funding Agreement**). Under the terms of the Contingent Funding Agreement, the change in control provided the trustee of the CWSF with the right to satisfy certain funding requirements of the CWSF through the utilization of letters of credit aggregating £100 million that were put in place in connection with the Columbus Acquisition. On June 26, 2017, the trustee of the CWSF elected to utilize the funding right under these letters of credit and, accordingly, C&W contributed £100 million ($130 million at the applicable rate) to the CWSF on July 3, 2017, comprising $80 million (equivalent) of existing cash and $50 million of borrowings under the C&W Revolving Credit Facility, which was repaid during 2018.

Taking into account the aforementioned £100 million contribution and based on the triennial valuation that was completed in July 2017, no funding deficit exists with respect to the CWSF. As a result, we do not expect to make material contributions to the CWSF through April 2019.

Based on December 31, 2018 foreign exchange rates and information available as of that date, we expect contributions of $9 million in aggregate to our defined benefit plans in 2019.

(16) Share-based Compensation

Our share-based compensation expense includes (i) amounts related to share-based incentive awards held by our employees and employees of our subsidiaries, (ii) amounts allocated from Liberty Global to Liberty Latin America prior to the Split-Off related to share-based incentive awards held by our employees, as further discussed below, and (iii) amounts related to share-based incentive awards issued under plans that have expired at VTR and Liberty Puerto Rico. Amounts allocated from Liberty Global to Liberty Latin America relate to share-based incentive awards held by our employees prior to the Split-Off associated with both LiLAC Shares and Liberty Global Shares, and are reflected as an increase (decrease) to accumulated net contributions (distributions) in our consolidated statements of equity. As discussed below, in conjunction with the Split-Off, LiLAC Shares previously issued to our employees were replaced with Liberty Latin America based awards. Following the Split-Off, Liberty Global no longer allocates share-based compensation expense to our company. The following table summarizes our share-based compensation expense:

	Year ended December 31,		
	2018	2017	2016
		in millions	
Included in:			
Other operating expense	$ 0.6	$ 0.5	$ 1.4
SG&A expense	39.2	13.7	14.0
Total	$ 39.8	$ 14.2	$ 15.4

As of December 31, 2018, we have $67 million of total unrecognized compensation expense related to awards held by our employees that is expected to be recognized as a future expense over a weighted-average period of approximately 2.3 years.

The following table summarizes certain information related to the share-based incentive awards granted and exercised during the year ended December 31, 2018:

Assumptions used to estimate fair value of SARs granted:		
Risk-free interest rate		2.24 - 3.05%
Expected life		4.6 - 7.0 years
Expected volatility		29.8 - 38.2%
Expected dividend yield		none
Weighted average grant-date fair value per share of awards granted:		
SARs	$	7.05
RSUs	$	18.41
PSUs	$	19.49
Total intrinsic value of SARs exercised (in millions)	$	—
Income tax benefit related to share-based compensation (in millions)	$	6.2

Equity Incentive Plans

In connection with the Split-Off, we adopted the Liberty Latin America Ltd. 2018 Incentive Plan (the **Employee Incentive Plan**) and the Liberty Latin America Ltd. 2018 Nonemployee Director Incentive Plan (the **Nonemployee Director Incentive Plan**). Options, SARs, RSUs, cash awards, performance awards or any combination of the foregoing may be granted under the Employee Incentive Plan and the Nonemployee Director Incentive Plan. The maximum number of Liberty Latin America common shares that may be issued under the Employee Incentive Plan and the Nonemployee Director Incentive Plan is 25 million (of which no more than 10 million shares may consist of Class B shares) and 5 million, respectively, in each case subject to anti-dilution and other adjustment provisions in the respective plans. Liberty Latin America common shares issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by Liberty Latin America.

RSUs and SARs under the Employee Incentive Plan generally vest 12.5% on the six-month anniversary of the grant date and then vest at a rate of 6.25% each quarter thereafter over a four year term. SARs expire seven years after the grant date and may be granted with an exercise price at or above the fair market value of the shares on the date of grant in any class of common shares. RSUs issued under the Nonemployee Director Incentive Plan vest on the first anniversary of the grant date.

Liberty Latin America Ltd. Transitional Share Conversion Plan

In connection with the Split-Off, share-based incentive awards with respect to LiLAC Shares outstanding as of December 29, 2017 (the **Original Awards**) were cancelled and replaced with corresponding share-based incentive awards with respect to Liberty Latin America Shares, pursuant to the Liberty Latin America Ltd. Transitional Share Conversion Plan (the **Transition Plan**). Specifically, each option, SAR, RSU and PSU outstanding as of the Split-Off Distribution Date was cancelled and replaced with the same number of corresponding Liberty Latin America awards (the **Replacement Awards**). We did not recognize any incremental share-based compensation expense associated with these modifications, as we determined that the incremental value was immaterial. For PSUs outstanding under the Transition Plan, Liberty Latin America's compensation committee will determine and approve the number of PSUs earned by each participant based upon the three-year performance period ending December 31, 2018. The percentage of the PSUs that has been earned by participants has not been finalized. The earned PSUs will vest 50% on each of April 1 and October 1 of 2019.

Share-based Incentive Awards

The following tables summarize the share-based incentive award activity during 2018 with respect to Liberty Latin America awards held by our employees.

	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
SARs – Class A shares			in years	in millions
Outstanding at January 1, 2018	1,001,578	$ 27.95		
Granted	1,699,375	$ 19.90		
Forfeited	(162,378)	$ 24.70		
Exercised	(2,242)	$ 21.43		
Outstanding at December 31, 2018	2,536,333	$ 22.77	5.6	$ —
Exercisable at December 31, 2018	595,605	$ 27.93	4.6	$ —

	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
SARs – Class C shares			in years	in millions
Outstanding at January 1, 2018	2,068,399	$ 28.36		
Granted	3,404,213	$ 19.64		
Forfeited	(333,560)	$ 24.81		
Exercised	(2,102)	$ 21.84		
Outstanding at December 31, 2018	5,136,950	$ 22.82	5.6	$ —
Exercisable at December 31, 2018	1,255,784	$ 28.24	4.4	$ —

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
RSUs – Class A shares			in years
Outstanding at January 1, 2018	152,606	$ 29.40	
Granted	145,870	$ 18.66	
Forfeited	(21,935)	$ 24.86	
Released from restrictions	(76,547)	$ 29.71	
Outstanding at December 31, 2018	199,994	$ 21.94	2.5

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
RSUs – Class C shares			in years
Outstanding at January 1, 2018	314,521	$ 30.39	
Granted	291,740	$ 18.28	
Forfeited	(43,952)	$ 25.00	
Released from restrictions	(162,562)	$ 31.08	
Outstanding at December 31, 2018	399,747	$ 21.86	2.5

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
PSUs – Class A shares			in years
Outstanding at January 1, 2018	173,219	$ 22.83	
Granted	362,351	$ 19.61	
Forfeited	(29,848)	$ 20.90	
Outstanding at December 31, 2018	505,722	$ 20.63	1.4

	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
PSUs – Class C shares			in years
Outstanding at January 1, 2018	346,443	$ 23.15	
Granted	724,704	$ 19.77	
Forfeited	(59,696)	$ 21.27	
Outstanding at December 31, 2018	1,011,451	$ 20.84	1.4

The following tables summarize the share-based incentive awards related to Liberty Global Shares held by employees of Liberty Latin America as of December 31, 2018:

Share-based incentive award type	Number of shares		Weighted average base price	Weighted average remaining contractual term
				in years
SARs:				
Liberty Global Class A ordinary shares:				
Outstanding	1,198,985	$	32.74	2.9
Exercisable	1,017,362	$	32.26	2.6
Liberty Global Class C ordinary shares:				
Outstanding	2,819,203	$	30.54	2.7
Exercisable	2,455,257	$	29.98	2.4

Share-based incentive award type	Number of shares		Weighted average grant-date fair value per share	Weighted average remaining contractual term
				in years
RSUs outstanding:				
Liberty Global Class A ordinary shares	9,426	$	36.73	1.4
Liberty Global Class C ordinary shares	18,882	$	39.61	1.4
PSUs outstanding:				
Liberty Global Class A ordinary shares	172,429	$	30.29	0.8
Liberty Global Class C ordinary shares	345,210	$	33.05	0.8

(17) Accumulated Other Comprehensive Earnings (Loss)

Accumulated other comprehensive earnings (loss) included in our consolidated balance sheets and statements of equity reflect the aggregate impact of foreign currency translation adjustments and pension-related adjustments and other. The changes in the components of accumulated other comprehensive earnings (loss), net of taxes, are summarized as follows:

	Liberty Latin America shareholders									
		Foreign currency translation adjustments		Pension-related adjustments and other		Accumulated other comprehensive earnings (loss)		Non-controlling interests		Total accumulated other comprehensive earnings (loss)
						in millions				
Balance at January 1, 2016	$	52.8	$	1.5	$	54.3	$	—	$	54.3
Other comprehensive loss		(58.0)		(13.0)		(71.0)		(0.9)		(71.9)
Balance at December 31, 2016		(5.2)		(11.5)		(16.7)		(0.9)		(17.6)
Other comprehensive loss		(37.2)		(10.3)		(47.5)		0.9		(46.6)
Balance at December 31, 2017		(42.4)		(21.8)		(64.2)		—		(64.2)
Other comprehensive earnings		5.6		35.1		40.7		(1.3)		39.4
Impact of the C&W Jamaica NCI Acquisition		7.0		0.2		7.2		(7.2)		—
Balance at December 31, 2018	$	(29.8)	$	13.5	$	(16.3)	$	(8.5)	$	(24.8)

The components of other comprehensive earnings (loss), net of taxes, are reflected in our consolidated statements of comprehensive loss. The following table summarizes the tax effects related to each component of other comprehensive earnings (loss), net of amounts reclassified to our consolidated statements of operations:

	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
		in millions	
Year ended December 31, 2018:			
Foreign currency translation adjustments	$ 2.7	$ —	$ 2.7
Pension-related adjustments and other	37.9	(1.2)	36.7
Other comprehensive earnings	40.6	(1.2)	39.4
Other comprehensive loss attributable to noncontrolling interests (a)	1.3	—	1.3
Other comprehensive earnings attributable to Liberty Latin America shareholders	$ 41.9	$ (1.2)	$ 40.7
Year ended December 31, 2017:			
Foreign currency translation adjustments	$ (35.6)	$ —	$ (35.6)
Pension-related adjustments and other	(12.1)	1.1	(11.0)
Other comprehensive loss	(47.7)	1.1	(46.6)
Other comprehensive earnings attributable to noncontrolling interests (a)	(0.9)	—	(0.9)
Other comprehensive loss attributable to Liberty Latin America shareholders	$ (48.6)	$ 1.1	$ (47.5)
Year ended December 31, 2016:			
Foreign currency translation adjustments	$ (58.7)	$ —	$ (58.7)
Pension-related adjustments and other	(13.4)	0.2	(13.2)
Other comprehensive loss	(72.1)	0.2	(71.9)
Other comprehensive loss attributable to noncontrolling interests (a)	0.9	—	0.9
Other comprehensive loss attributable to Liberty Latin America shareholders	$ (71.2)	$ 0.2	$ (71.0)

(a) Amounts represent the noncontrolling interest owners’ share of our foreign currency translation adjustments and pension-related adjustments.

(18) 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, purchases of customer premises and other equipment and services, non-cancellable operating leases and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of December 31, 2018:

	Payments due during:						
	2019	2020	2021	2022	2023	Thereafter	Total
	in millions						
Programming commitments	$ 70.5	$ 26.7	$ 18.9	$ 1.9	$ 1.3	$ 0.6	$ 119.9
Network and connectivity commitments	87.7	45.8	36.5	14.4	13.9	22.0	220.3
Purchase commitments	105.9	39.3	13.3	1.0	0.5	—	160.0
Operating leases	40.4	34.5	27.8	22.7	17.2	34.5	177.1
Other commitments (a)	9.9	4.3	2.5	1.6	1.3	9.3	28.9
Total (b)	$ 314.4	$ 150.6	$ 99.0	$ 41.6	$ 34.2	$ 66.4	$ 706.2

(a) Amounts include certain commitments under the Sublease Agreement and the Facilities Sharing Agreement as further described in note 13.

(b) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2018 consolidated balance sheet.

Programming commitments consist of obligations associated with certain programming, studio output and sports rights contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium sports services. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our total programming and copyright costs aggregated $400 million, $388 million and $345 million during 2018, 2017 and 2016, respectively.

Network and connectivity commitments include (i) VTR's domestic network service agreements with certain other telecommunications companies and (ii) VTR's mobile virtual network operator (**MVNO**) agreement. The amounts reflected in the above table with respect to our MVNO commitment represent fixed minimum amounts payable under this agreement and, therefore, may be significantly less than the actual amounts VTR ultimately pays in these periods.

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

Operating leases consist of property leases for mobile tower locations that generally have initial non-cancellable terms of five or ten years with one or more renewal options and also include non-cancellable lease commitments for (i) retail stores, offices and facilities, (ii) other network assets and (iii) other equipment. Rental expense under operating lease arrangements amounted to $48 million, $49 million and $45 million during 2018, 2017 and 2016, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

In addition to the commitments set forth in the table above, we have commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during 2018, 2017 and 2016, see note 5. For information concerning our defined benefit plans, see note 15.

We have established various defined contribution benefit plans for our employees. Our aggregate expense for matching contributions under the various defined contribution employee benefit plans was $10 million, $12 million and $6 million during 2018, 2017 and 2016, respectively.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future. In addition, C&W has provided indemnifications of (i) up to $300 million with respect to any potential tax-related claims related to the disposal in April 2013 of C&W's interests in certain businesses and (ii) an unlimited amount of qualifying claims associated with the disposal of another business in May 2014. The first indemnification expires in April 2020 and the second expires in May 2020. We do not expect that either of these arrangements will require us to make material payments to the indemnified parties.

Legal and Regulatory Proceedings and Other Contingencies

Liberty Puerto Rico Matter. In November 2012, Liberty Puerto Rico acquired San Juan Cable, LLC dba OneLink Communications (**OneLink**). In connection with this transaction (the **OneLink Acquisition**), Liberty Puerto Rico became a party to certain claims previously asserted by the incumbent telephone operator (**PRTC**) against OneLink based on alleged conduct of OneLink that occurred prior to the OneLink Acquisition (the **PRTC Claim**). In July 2016, the judge presiding over the PRTC Claim granted OneLink summary judgment that dismissed the PRTC Claim in its entirety. Accordingly, we released our previously-recorded provision and related indemnification asset associated with the PRTC Claim, resulting in a $5 million reduction to our SG&A expenses during the third quarter of 2016. In December 2016, we received $8 million related to the reimbursement of legal fees we incurred in connection with the PRTC Claim, resulting in a reduction to our SG&A expenses during the fourth quarter of 2016 and the release of the former owners of OneLink from their obligations under the indemnification agreement entered into in connection with the OneLink Acquisition.

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

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

(19) Segment Reporting

We generally identify our reportable segments as those operating segments that represent 10% or more of our revenue, Adjusted OIBDA (as defined below) or total assets. We evaluate performance and make decisions about allocating resources to our reportable segments based on financial measures such as revenue and Adjusted OIBDA. In addition, we review non-financial measures, such as subscriber growth.

Adjusted OIBDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance. Adjusted OIBDA is also a key factor that is used by our internal decision makers to (i) determine how to allocate resources to segments and (ii) evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, "**Adjusted OIBDA**" is defined as operating income (loss) before depreciation and amortization, share-based compensation, 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. Our internal decision makers believe Adjusted OIBDA is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (i) readily view operating trends, (ii) perform analytical comparisons and benchmarking between segments and (iii) identify strategies to improve operating performance in the different countries in which we operate. As further described in note 2, effective January 1, 2018, we adopted ASU 2017-07, which resulted in the reclassification of certain pension-related credits from SG&A to non-operating income (expense) in our consolidated statements of operations. As a result of the adoption, we have presented pension-related credits in other income (expense), net, in our consolidated statements of operations that aggregated $12 million, $15 million and $4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, our reportable segments are as follows:

- C&W
- VTR/Cabletica
- Liberty Puerto Rico

Our reportable segments derive their revenue primarily from residential and B2B services, including video, broadband internet and fixed-line telephony services and, with the exception of Liberty Puerto Rico, mobile services. We provide residential and B2B services in (i) 18 countries, primarily in Latin America and the Caribbean, through C&W, (ii) Chile and Costa Rica, through VTR/Cabletica, and (iii) Puerto Rico, through Liberty Puerto Rico. C&W also provides (i) B2B services in certain other countries in Latin America and the Caribbean and (ii) wholesale services over its subsea and terrestrial networks that connect over 40 markets in that region. Our corporate category includes our corporate operations.

Performance Measures of our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue and Adjusted OIBDA. As we have the ability to control certain subsidiaries of C&W that are not wholly owned, we include 100% of the revenue and expenses of these entities in our consolidated statements of operations despite the fact that third parties own significant interests in these entities. As further described in note 12, on October 17, 2018, we acquired the remaining 40.0% interest in Liberty Puerto Rico that we did not already own. The noncontrolling owners' interests in the operating results of certain subsidiaries of C&W, and prior to October 17, 2018, Liberty Puerto Rico, are reflected in net earnings or loss attributable to noncontrolling interests in our consolidated statements of operations.

	Revenue		
	Year ended December 31,		
	2018	2017	2016
	in millions		
C&W (a)	$ 2,333.1	$ 2,322.1	$ 1,444.8
VTR/Cabletica (b)	1,043.7	952.9	859.5
Liberty Puerto Rico	335.6	320.5	420.8
Intersegment eliminations	(6.7)	(5.5)	(1.3)
Total	$ 3,705.7	$ 3,590.0	$ 2,723.8

(a) The amounts presented for 2016 exclude the pre-acquisition revenue of C&W, which was acquired on May 16, 2016.

(b) The amounts presented exclude the pre-acquisition revenue of Cabletica, which was acquired on October 1, 2018.

	Adjusted OIBDA		
	Year ended December 31,		
	2018	2017	2016
	in millions		
C&W (a)	$ 915.7	$ 861.8	$ 538.1
VTR/Cabletica (b)	421.1	383.3	339.3
Liberty Puerto Rico	195.8	132.6	211.8
Corporate	(46.1)	(25.1)	(17.4)
Total	$ 1,486.5	$ 1,352.6	$ 1,071.8

(a) The amounts presented for 2016 exclude the pre-acquisition Adjusted OIBDA of C&W, which was acquired on May 16, 2016.

(b) The amounts presented exclude the pre-acquisition Adjusted OIBDA of Cabletica, which was acquired on October 1, 2018.

The following table provides a reconciliation of total Adjusted OIBDA to loss before income taxes:

	Year ended December 31,		
	2018	2017	2016
	in millions		
Total Adjusted OIBDA	$ 1,486.5	$ 1,352.6	$ 1,071.8
Share-based compensation expense	(39.8)	(14.2)	(15.4)
Depreciation and amortization	(829.8)	(793.7)	(587.3)
Impairment, restructuring and other operating items, net	(640.5)	(707.6)	(153.8)
Operating income (loss)	(23.6)	(162.9)	315.3
Interest expense	(443.7)	(381.8)	(314.4)
Realized and unrealized gains (losses) on derivative instruments, net	94.8	(170.1)	(225.9)
Foreign currency transaction gains (losses), net	(180.0)	94.4	110.1
Gains (losses) on debt modification and extinguishment, net	(32.1)	(51.8)	0.9
Other income (expense), net	(0.1)	21.0	15.9
Loss before income taxes	$ (584.7)	$ (651.2)	$ (98.1)

Property and Equipment Additions of our Reportable Segments

The property and equipment additions of our reportable segments (including capital additions financed under vendor financing or capital lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our consolidated statements of cash flows. For additional information concerning capital additions financed under vendor financing, see note 9.

	Year ended December 31,		
	2018	2017	2016
	in millions		
C&W (a)	$ 378.7	$ 431.8	$ 282.6
VTR/Cabletica (b)	214.7	212.7	194.6
Liberty Puerto Rico	161.9	132.2	91.0
Corporate	16.1	—	—
Total property and equipment additions	771.4	776.7	568.2
Assets acquired under capital-related vendor financing arrangements	(53.9)	(54.9)	(45.5)
Assets acquired under capital leases	(3.9)	(4.2)	(7.4)
Changes in current liabilities related to capital expenditures	62.8	(78.3)	(24.9)
Total capital expenditures	$ 776.4	$ 639.3	$ 490.4

(a) The amount presented for 2016 excludes the pre-acquisition property and equipment additions of C&W, which was acquired on May 16, 2016.

(b) The amounts presented exclude the pre-acquisition property and equipment additions of Cabletica, which was acquired on October 1, 2018.

Balance Sheet Data of our Reportable Segments

We do not present the balance sheet data of our reportable segments, as this information is not a primary measure used by our chief operating decision maker to evaluate segment operating performance, determine the allocation of resources to segments, or assess the effectiveness of our management for purposes of annual or other incentive compensation plans.

Revenue by Major Category

Our revenue by major category for our reportable segments is set forth in the tables below. As further described in note 2, we adopted ASU 2014-09 effective January 1, 2018 using the cumulative effect transition method. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of ASU 2014-09 did not have a material impact on our revenue by category.

	Year ended December 31, 2018				
	C&W	VTR/Cabletica (a)	Liberty Puerto Rico	Intersegment Eliminations (b)	Total
	in millions				
Residential revenue:					
Residential fixed revenue:					
Subscription revenue (c):					
Video	$ 172.0	$ 401.4	$ 118.9	$ —	$ 692.3
Broadband internet	225.3	386.5	132.5	—	744.3
Fixed-line telephony	101.0	123.8	18.6	—	243.4
Total subscription revenue	498.3	911.7	270.0	—	1,680.0
Non-subscription revenue (d)	68.3	30.2	13.5	—	112.0
Total residential fixed revenue	566.6	941.9	283.5	—	1,792.0
Residential mobile revenue:					
Subscription revenue (c)	594.2	62.9	—	—	657.1
Non-subscription revenue (e)	89.6	13.2	—	—	102.8
Total residential mobile revenue	683.8	76.1	—	—	759.9
Total residential revenue	1,250.4	1,018.0	283.5	—	2,551.9
B2B revenue:					
Service revenue (f)	842.5	25.7	37.1	(2.1)	903.2
Subsea network revenue (g)	240.2	—	—	(4.6)	235.6
Total B2B revenue	1,082.7	25.7	37.1	(6.7)	1,138.8
Other revenue (h)	—	—	15.0	—	15.0
Total	$ 2,333.1	$ 1,043.7	$ 335.6	$ (6.7)	$ 3,705.7

(a) The amounts presented exclude the pre-acquisition revenue of Cabletica, which was acquired on October 1, 2018.

(b) Represents intersegment transactions between C&W and Liberty Puerto Rico.

(c) Residential fixed and mobile subscription revenue includes amounts received from subscribers for ongoing fixed and airtime services.

(d) Residential fixed non-subscription revenue primarily includes interconnect and advertising revenue.

(e) Residential mobile non-subscription revenue primarily includes interconnect revenue and $47 million of revenue from sales of mobile handsets and other devices.

(f) 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 (**SOHO**)), medium and large enterprises and, on a wholesale basis, other telecommunication operators.

(g) B2B subsea network revenue includes long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time.

(h) Other revenue for the 2018 period includes $11 million received by Liberty Puerto Rico from the FCC, which was granted to help restore and improve coverage and service quality from damages caused by Hurricanes Irma and Maria. Other revenue also includes franchise fees.

	Year ended December 31, 2017				
	C&W	VTR	Liberty Puerto Rico	Intersegment Eliminations	Total
			in millions		
Residential revenue:					
Residential fixed revenue:					
Subscription revenue:					
Video	$ 164.8	$ 362.2	$ 125.4	$ —	$ 652.4
Broadband internet	207.8	344.4	124.5	—	676.7
Fixed-line telephony	115.3	134.7	19.9	—	269.9
Total subscription revenue	487.9	841.3	269.8	—	1,599.0
Non-subscription revenue	68.4	28.6	16.6	—	113.6
Total residential fixed revenue	556.3	869.9	286.4	—	1,712.6
Residential mobile revenue:					
Subscription revenue	643.0	56.0	—	—	699.0
Non-subscription revenue	88.5	11.1	—	—	99.6
Total residential mobile revenue	731.5	67.1	—	—	798.6
Total residential revenue	1,287.8	937.0	286.4	—	2,511.2
B2B revenue:					
Service revenue	823.1	15.9	29.9	(1.0)	867.9
Subsea network revenue	211.2	—	—	(4.5)	206.7
Total B2B revenue	1,034.3	15.9	29.9	(5.5)	1,074.6
Other revenue	—	—	4.2	—	4.2
Total	$ 2,322.1	$ 952.9	$ 320.5	$ (5.5)	$ 3,590.0

	Year ended December 31, 2016				
	C&W (a)	VTR	Liberty Puerto Rico	Intersegment Eliminations	Total
			in millions		
Residential revenue:					
Residential fixed revenue:					
Subscription revenue:					
Video	$ 104.9	$ 325.4	$ 172.9	$ —	$ 603.2
Broadband internet	127.2	308.9	152.3	—	588.4
Fixed-line telephony	72.8	134.8	25.6	—	233.2
Total subscription revenue	304.9	769.1	350.8	—	1,424.8
Non-subscription revenue	53.2	36.6	22.5	—	112.3
Total residential fixed revenue	358.1	805.7	373.3	—	1,537.1
Residential mobile revenue:					
Subscription revenue	417.9	41.1	—	—	459.0
Non-subscription revenue	53.1	9.6	—	—	62.7
Total residential mobile revenue	471.0	50.7	—	—	521.7
Total residential revenue	829.1	856.4	373.3	—	2,058.8
B2B revenue:					
Service revenue	506.6	3.1	41.0	—	550.7
Subsea network revenue	109.1	—	—	(1.3)	107.8
Total B2B revenue	615.7	3.1	41.0	(1.3)	658.5
Other revenue	—	—	6.5	—	6.5
Total	$ 1,444.8	$ 859.5	$ 420.8	$ (1.3)	$ 2,723.8

(a) The amounts presented exclude the pre-acquisition revenue of C&W, which was acquired on May 16, 2016.

Geographic Markets

The revenue from third-party customers for our geographic markets is set forth in the table below. Except as otherwise noted, the amounts presented include revenue from residential and B2B operations.

	Year ended December 31,		
	2018	2017 (a)	2016 (a) (b)
	in millions		
Panama	$ 597.4	$ 620.4	$ 396.7
Networks & LatAm (c)	350.9	310.7	165.7
Jamaica	361.6	340.6	199.7
The Bahamas	229.2	257.9	180.7
Barbados	151.3	158.8	103.1
Trinidad and Tobago	157.4	156.9	102.0
Chile	1,011.1	952.9	859.5
Costa Rica (d)	32.6	—	—
Puerto Rico	333.8	319.5	420.8
Other (e)	480.4	472.3	295.6
Total	$ 3,705.7	$ 3,590.0	$ 2,723.8

(a) Amounts for 2017 and 2016 have been reclassified to conform with current period presentation for the following (i) to present Networks & LatAm separately and (ii) to exclude intercompany revenue within each geographic region.

(b) The amounts presented exclude the pre-acquisition revenue of C&W, which was acquired on May 16, 2016.

(c) The amounts represent wholesale and managed services revenue from various jurisdictions across the Caribbean and Latin America, primarily related to the sale and lease of telecommunications capacity on C&W's subsea and terrestrial networks.

(d) The amount presented excludes the pre-acquisition revenue of Cabletica, which was acquired on October 1, 2018.

(e) The amounts relate to a number of countries in which C&W has less significant operations, all but one of which are located in Latin America and the Caribbean.

The long-lived assets of our geographic markets are set forth below:

	December 31, 2018	December 31, 2017
	in millions	
Panama	$ 1,775.6	$ 2,473.5
Networks & LatAm (a)	1,557.0	1,605.9
Jamaica	1,856.5	1,921.1
The Bahamas	467.5	526.1
Barbados	542.3	564.3
Trinidad and Tobago	553.3	538.2
Chile	1,132.3	1,178.8
Costa Rica	263.7	—
Puerto Rico	1,380.7	1,305.2
Other (b)	1,569.5	1,611.3
Total	$ 11,098.4	$ 11,724.4

(a) Represents long-lived assets related to C&W's subsea and terrestrial network that connects over 40 markets in Latin America and the Caribbean.

(b) The amounts primarily include long-lived assets of C&W's other operations, which are primarily located in the Caribbean.

(20) Quarterly Financial Information (Unaudited)

	2018 1st quarter	2nd quarter	3rd quarter	4th quarter
	in millions, except per share amounts			
Revenue	$ 909.9	$ 922.1	$ 925.2	$ 948.5
Operating income (loss)	$ 98.3	$ 124.2	$ 138.8	$ (384.9)
Net loss attributable to Liberty Latin America shareholders	$ (44.5)	$ (42.2)	$ (25.5)	$ (233.0)
Basic and diluted net loss per share attributable to Liberty Latin America shareholders (a)	$ (0.26)	$ (0.25)	$ (0.15)	$ (1.30)

	2017 1st quarter	2nd quarter	3rd quarter	4th quarter
	in millions, except per share amounts			
Revenue	$ 910.9	$ 920.9	$ 908.1	$ 850.1
Operating income (loss)	$ 134.8	$ 155.4	$ (205.7)	$ (247.4)
Net loss attributable to Liberty Latin America shareholders	$ (5.8)	$ (28.2)	$ (343.3)	$ (400.8)
Basic and diluted net loss per share attributable to Liberty Latin America shareholders (b)	$ (0.03)	$ (0.16)	$ (2.00)	$ (2.34)

(a) Amounts are calculated based on a weighted average number of Liberty Latin America Shares outstanding of 171,231,111, 171,278,819, 171,378,608 and 179,288,782, respectively.

(b) Amounts are calculated based on a weighted average number of shares outstanding of 172,743,854, 172,074,934, 171,304,720 and 171,198,846, respectively. The amount for the three months ended December 31, 2017 is based on (i) the weighted average number of LiLAC Shares outstanding during the period prior to the Split-Off and (ii) the weighted average number of Liberty Latin America Shares outstanding during the period subsequent to the Split-Off. The amounts for the three months ended March 31, June 30 and September 30 are based on the weighted average number of LiLAC Shares outstanding during each respective period.

PART III

The following required information is incorporated by reference to our definitive proxy statement for our 2019 Annual General Meeting of Shareholders, which we intend to hold during the second quarter of 2019.

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Item 11. EXECUTIVE COMPENSATION

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

We intend to file our definitive proxy statement for our 2019 Annual General Meeting of Shareholders with the Securities and Exchange Commission on or before April 30, 2019.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) FINANCIAL STATEMENT

The financial statements required under this Item begin on page II-46 of this Annual Report on Form 10-K.

(a) (2) FINANCIAL STATEMENT SCHEDULES

The financial statement schedules required under this Item are as follows:

Schedule I - Condensed Financial Information of Registrant (Parent Company Information):	
Liberty Latin America Ltd. Condensed Balance Sheets as of December 31, 2018 and 2017 (Parent Company Only)	IV-7
Liberty Latin America Ltd. Condensed Statements of Operations for the year ended December 31, 2018 and from the Date of Inception (July 11, 2017) to December 31, 2017 (Parent Company Only)	IV-8
Liberty Latin America Ltd. Condensed Statements of Cash Flows for the year ended December 31, 2018 and from the Date of Inception (July 11, 2017) to December 31, 2017 (Parent Company Only)	IV-9
Schedule II - Valuation and Qualifying Accounts	IV-10

(a) (3) EXHIBITS

Listed below are the exhibits filed as part of this Annual Report on Form 10-K (according to the number assigned to them in Item 601 of Regulation S-K):

2.1	Reorganization Agreement, dated as of December 29, 2017, by and between Liberty Global plc (Liberty Global) and Liberty Latin America Ltd. (Liberty Latin America) (incorporated by reference to Exhibit 2.1 to Post-Effective Amendment No. 1 to Liberty Latin America's Registration Statement on Form S-1 filed on December 29, 2017 (File No. 333-221608)).
3.1	Memorandum of Association of Liberty Latin America (incorporated by reference to Exhibit 3.1 to Liberty Latin America's Registration Statement on Form S-1 filed on November 16, 2017 (File No. 333-221608) (the S-1 Registration Statement)).
3.2	Memorandum of Increase of Share Capital of Liberty Latin America (incorporated by reference to Exhibit 3.1 to Liberty Latin America's Current Report on Form 8-K filed on January 5, 2018 (File No. 001-38335) (the January 2018 8-K)).
3.3	Bye-laws of Liberty Latin America (incorporated by reference to Exhibit 3.2 to the January 2018 8-K).
4.1	Specimen Certificate for shares of Class A common shares, par value \$.01 per share, of Liberty Latin America (incorporated by reference to Exhibit 4.1 to the S-1 Registration Statement).
4.2	Specimen Certificate for shares of Class B common shares, par value \$.01 per share, of Liberty Latin America (incorporated by reference to Exhibit 4.2 to the S-1 Registration Statement).
4.3	Specimen Certificate for shares of Class C common shares, par value \$.01 per share, of Liberty Latin America (incorporated by reference to Exhibit 4.3 to the S-1 Registration Statement).
4.4	Indenture dated January 24, 2014, between VTR Finance B.V. (VTR Finance), The Bank of New York Mellon, London Branch, as Trustee and Security Agent, and The Bank of New York Mellon as Paying Agent, Registrar and Transfer Agent, relating to VTR Finance's 6.875% senior secured notes due 2024 (incorporated by reference to Exhibit 4.1 to Liberty Global's Current Report on Form 8-K filed January 24, 2014 (File No. 001-35961)).
4.5	Indenture dated August 5, 2015, among Sable International Finance Limited (Sable) as Issuer, each of the Guarantors a party thereto, Deutsche Bank Trust Company Americas as Trustee, Principal Paying Agent, Registrar and Transfer Agent and Deutsche Bank Luxembourg, S.A. as Luxembourg Paying Agent and (Regulation S) Transfer Agent, relating to Sable's 6.875% senior notes due 2022 (incorporated by reference to Exhibit 4.3 to Liberty Global's Current Report on Form 8-K filed May 20, 2016 (File No. 001-35961) (the May 2016 8-K)).

4.6	First Supplemental Indenture dated November 23, 2015 among Sable as Issuer, each of the Guarantors a party thereto, and Deutsche Bank Trust Company Americas as Trustee, Principal Paying Agent, Registrar and Transfer Agent, relating to Sable's 6.875% senior notes due 2022 (incorporated by reference to Exhibit 4.4 to the May 2016 8-K).
4.7	Indenture dated August 16, 2017, among C&W Senior Financing Designated Activity Company (C&W Financing) as Issuer, The Bank of New York Mellon, London Branch, as Trustee, Principal Paying Agent and Security Trustee and The Bank of New York Mellon as Paying Agent, Transfer Agent and Registrar in New York, relating to $700.0 million aggregate principal amount of C&W Financing's 6.875% senior notes due 2027 (incorporated by reference to Exhibit 4.1 to Liberty Global's Current Report on Form 8-K filed August 16, 2017 (File No. 001-35961)).
4.8	Registration Rights Agreement dated October 17, 2018, by and between Liberty Latin America, SCPV LEO,L.P., SC LEO, L.P., SC AIV LEO, L.P., Searchlight/SIP Holdco SPV II (TRI), L.P. and Searchlight LEO Co-Invest Partners, LP.*
10.1	Amended and Restated First Lien Credit Agreement dated as of July 7, 2014, among Liberty Cablevision of Puerto Rico LLC (Liberty Puerto Rico), the Guarantors party thereto from time to time, The Bank of Nova Scotia, as Administrative Agent, each lender from time to time party thereto and Scotiabank de Puerto Rico as L/C Issuer and Swing Line Lender (incorporated by reference to Exhibit 4.1 to Liberty Global's Current Report on Form 8-K filed July 2, 2015 (File No. 001-35961) (the July 2015 8-K)).
10.2	Amended and Restated Second Lien Credit Agreement dated as of July 7, 2014, among Liberty Puerto Rico, the Guarantors party thereto from time to time, The Bank of Nova Scotia as Administrative Agent, and each lender from time to time party thereto (incorporated by reference to Exhibit 4.2 to the July 2015 8-K).
10.3	Additional Term B-1 Facility Joinder Agreement dated as of June 1, 2015, among Liberty Puerto Rico, The Bank of Nova Scotia as Administrative Agent and Collateral Agent and the Additional Term B-1 Facility Lenders party thereto, relating to the Amended and Restated First Lien Credit Agreement dated as of July 7, 2014 (incorporated by reference to Exhibit 4.3 to the July 2015 8-K).
10.4	Additional Term B-2 Facility Joinder Agreement dated as of June 1, 2015, among Liberty Puerto Rico, The Bank of Nova Scotia as Administrative Agent and Collateral Agent and the Additional Term B-2 Facility Lenders party thereto, relating to the Amended and Restated Second Lien Credit Agreement dated as of July 7, 2014 (incorporated by reference to Exhibit 4.4 to the July 2015 8-K).
10.5	First Amendment to Amended and Restated First Lien Credit Agreement entered into as of December 20, 2017 among Liberty Cablevision of Puerto Rico LLC, a limited liability company organized under the laws of Puerto Rico, LiLAC Communications Inc., a Delaware corporation, SCPV LEO, L.P., SC LEO, L.P., SC AIV LEO, L.P.,SEARCHLIGHT/SIP HOLDCO SPV II (TRI), L.P., the guarantors party thereto, The Bank of Nova Scotia, as Administrative Agent, the lenders party thereto and Scotiabank de Puerto Rico, as L/C Issuer and Swing Line Lender (incorporated by reference to Exhibit 4.1 to Liberty Global's Current Report on Form 8-K filed December 21, 2017 (File No. 001-35961)).
10.6	First Amendment to Amended and Restated Second Lien Credit Agreement entered into as of December 20, 2017 among Liberty Cablevision of Puerto Rico LLC, a limited liability company organized under the laws of Puerto Rico, LiLAC Communications Inc., a Delaware corporation, SCPV LEO, L.P., SC LEO, L.P., SC AIV LEO, L.P., SEARCHLIGHT/SIP HOLDCO SPV II (TRI), L.P., the guarantors party thereto, The Bank of Nova Scotia, as Administrative Agent and the lenders party thereto (incorporated by reference to Exhibit 4.2 to Liberty Global's Current Report on Form 8-K filed December 21, 2017 (File No. 001-35961)).
10.7	Amended and Restated Credit Agreement, originally dated as of May 16, 2016, and as amended and restated as of May 26, 2017, among, among others, Cable & Wireless Limited, Sable, Coral-US Co-Borrower LLC and The Bank of Nova Scotia, as Administrative Agent (incorporated by reference to Exhibit 10.7 to Liberty Latin America's Annual Report on Form 10-K filed on February 14, 2018 (File No. 001-38335)).
10.8	Amended and Restated Credit Agreement, dated March 7, 2018, and entered into between, among others,Sable, Coral-US Co-Borrower LLC and The Bank of Nova Scotia (incorporated by reference to Exhibit 10.2 to Liberty Latin America's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed May 8,2018 (File No. 001-38335) (the May 2018 10-Q)).
10.9	Additional Facility Joinder Agreement dated July 24, 2017 and entered into between, among others, Sable, Coral-US Co-Borrower LLC and The Bank of Nova Scotia, relating to the Credit Agreement dated May 16, 2016 as amended and restated on May 26, 2017 (incorporated by reference to Exhibit 4.1 to Liberty Global's Current Report on Form 8-K filed July 28, 2017 (File No. 001-35961)).
10.10	Additional Facility Joinder Agreement dated February 7, 2018 and entered into between, among others, Sable, Coral-US Co-Borrower LLC and The Bank of Nova Scotia (incorporated by reference to Exhibit 4.1 to Liberty Latin America's Current Report on Form 8-K filed on February 12, 2018 (File. No. 001-38335)).
10.11	Tax Sharing Agreement, dated as of December 29, 2017, between Liberty Global and Liberty Latin America (incorporated by reference to Exhibit 10.1 to the January 2018 8-K).

10.12	Services Agreement, dated as of December 29, 2017, between Liberty Global B.V. and Liberty Latin America (incorporated by reference to Exhibit 10.2 to the January 2018 8-K).
10.13	Sublease Agreement, dated as of December 29, 2017, between Liberty Global, Inc. and LiLAC Communications Inc. (incorporated by reference to Exhibit 10.3 to the January 2018 8-K).
10.14	Facilities Sharing Agreement, dated as of December 29, 2017, between Liberty Global, Inc. and LiLAC Communications Inc. (incorporated by reference to Exhibit 10.4 to the January 2018 8-K).
10.15	Employment Agreement, dated as of November 1, 2017, by and among Liberty Latin America, LiLAC Communications Inc. and Balan Nair (incorporated by reference to Exhibit 10.8 to the S-1 Registration Statement).
10.16	Form of Indemnification Agreement by and between Liberty Latin America and its executive officers/directors (incorporated by reference to Exhibit 10.9 to Amendment No. 1 to Liberty Latin America's Registration Statement on Form S-1 filed on December 8, 2017 (File No. 333-221608)).
10.17	Liberty Latin America 2018 Incentive Plan (incorporated by reference to Exhibit 99.1 to Liberty Latin America's Registration Statement on Form S-8 filed on January 11, 2018 (File No. 333-222515) (the S-8 Registration Statement).
10.18	Liberty Latin America 2018 Nonemployee Director Incentive Plan (incorporated by reference to Exhibit 99.2 to the S-8 Registration Statement).
10.19	Liberty Latin America Transitional Share Conversion Plan (incorporated by reference to Exhibit 99.3 to the S-8 Registration Statement).
10.20	Form of Share Appreciation Rights Agreement under the Liberty Latin America 2018 Incentive Plan (incorporated by reference to Exhibit 10.3 to the May 2018 10-Q).
10.21	Deferred Compensation Plan effective May 1, 2018 (adopted effective March 23, 2018) (incorporated by reference to Exhibit 10.4 to the May 2018 10-Q).
10.22	Form of Share Appreciation Rights Agreement between Liberty Latin America and its Chief Executive Officer under the Liberty Latin America 2018 Incentive Plan (incorporated by reference to Exhibit 10.5 to the May 2018 10-Q).
10.23	Personal Usage of Aircraft Policy, adopted April 1, 2018 (incorporated by reference to Exhibit 10.1 to Liberty Latin America's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 filed on August 8, 2018 (File No. 001-38335) (the August 2018 10-Q)).
10.24	Form of Aircraft Time Sharing Agreement (incorporated by reference to Exhibit 10.2 to the August 2018 10-Q).
10.25	Form of Restricted Share Units Agreement under the Nonemployee Director Incentive Plan (incorporated by reference to Exhibit 10.3 to the August 2018 10-Q).
10.26	Form of Performance Share Units Agreement between Liberty Latin America and its Chief Executive Officer under the Liberty Latin America 2018 Incentive Plan (incorporated by reference to Exhibit 10.1 to Liberty Latin America's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 filed on November 7, 2018 (File No. 001-38335) (the November 2018 10-Q)).
10.27	Form of Performance Share Units Agreement under the Liberty Latin America 2018 Incentive Plan (incorporated by reference to Exhibit 10.2 to the November 2018 10-Q).
21.1	List of Subsidiaries.*
23.1	Consent of KPMG LLP (U.S.).*
23.2	Consent of KPMG LLP (U.K.).*
31.1	Certification of President and Chief Executive Officer.*
31.2	Certification of Senior Vice President and Chief Financial Officer (Principal Financial Officer).*
32.1	Section 1350 Certifications.**
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.*

* Filed herewith
** Furnished herewith

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY LATIN AMERICA LTD.

Dated: February 20, 2019

/s/ JOHN M. WINTER

John M. Winter
Senior Vice President, Chief Legal Officer and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ MICHAEL T. FRIES Michael T. Fries	Executive Chairman of the Board	February 20, 2019
/s/ BALAN NAIR Balan Nair	President, Chief Executive Officer and Director (Principal Executive Officer)	February 20, 2019
/s/ JOHN C. MALONE John C. Malone	Director	February 20, 2019
/s/ ALFONSO DE ANGOITIA NORIEGA Alfonso de Angoitia Noriega	Director	February 20, 2019
/s/ CHARLES H.R. BRACKEN Charles H.R. Bracken	Director	February 20, 2019
/s/ MIRANDA CURTIS Miranda Curtis	Director	February 20, 2019
/s/ PAUL A. GOULD Paul A. Gould	Director	February 20, 2019
/s/ BRENDAN PADDICK Brendan Paddick	Director	February 20, 2019
/s/ ERIC L. ZINTERHOFER Eric L. Zinterhofer	Director	February 20, 2019
/s/ CHRISTOPHER NOYES Christopher Noyes	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 20, 2019
/s/ BRIAN ZOOK Brian Zook	Chief Accounting Officer (Principal Accounting Officer)	February 20, 2019

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LIBERTY LATIN AMERICA LTD.

SCHEDULE I
(Parent Company Information – See Notes to Consolidated Financial Statements)

CONDENSED BALANCE SHEETS
(Parent Company Only)

	December 31,	
	2018	2017
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 49.9	$ 105.3
Interest receivables – related-party	0.7	—
Other receivables – related-party	20.2	—
Other current assets	2.4	—
Total current assets	73.2	105.3
Long-term notes receivable – related-party	45.0	—
Investments in consolidated subsidiaries, including intercompany balances	3,108.8	3,329.6
Other assets, net	5.2	0.3
Total assets	$ 3,232.2	$ 3,435.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Related-party loan payable	$ 117.5	$ 105.6
Accrued liabilities and other	2.1	—
Total liabilities	119.6	105.6
Commitments and contingencies		
Shareholders' equity:		
Class A, $0.01 par value; 500,000,000 shares authorized; 48,501,803 and 48,428,841 shares issued and outstanding, respectively	0.5	0.5
Class B, $0.01 par value; 50,000,000 shares authorized; 1,935,949 and 1,940,193 shares issued and outstanding, respectively	—	—
Class C, $0.01 par value; 500,000,000 shares authorized; 130,526,158 and 120,843,539 shares issued and outstanding, respectively	1.3	1.2
Additional paid-in capital	4,494.1	4,402.8
Accumulated deficit	(1,367.0)	(1,010.7)
Accumulated other comprehensive loss, net of taxes	(16.3)	(64.2)
Total shareholders' equity	3,112.6	3,329.6
Total liabilities and shareholders' equity	$ 3,232.2	$ 3,435.2

LIBERTY LATIN AMERICA LTD.

SCHEDULE I
(Parent Company Information - See Notes to Consolidated Financial Statements)

CONDENSED STATEMENTS OF OPERATIONS
(Parent Company Only)

	Year ended December 31, 2018	Period from the date of inception (July 11, 2017) to December 31, 2017
	in millions	
Operating costs and expenses:		
Selling, general and administrative (including share-based compensation)	$ 8.7	$ —
Depreciation and amortization	0.8	—
Other operating expenses	24.5	—
Operating loss	(34.0)	—
Non-operating income:		
Interest income – related-party	0.7	—
Other income, net	1.1	—
	1.8	—
Loss before equity in losses of consolidated subsidiaries and income taxes	(32.2)	—
Equity in losses of consolidated subsidiaries, net	(313.0)	—
Income tax expense	—	—
Net loss	$ (345.2)	$ —

LIBERTY LATIN AMERICA LTD.

SCHEDULE I
(Parent Company Information - See Notes to Consolidated Financial Statements)

CONDENSED STATEMENTS OF CASH FLOWS
(Parent Company Only)

	Year ended December 31, 2018	Period from the date of inception (July 11, 2017) to December 31, 2017
	in millions	
Cash flows from operating activities:		
Net loss	$ (345.2)	$ —
Adjustments to reconcile net loss to net cash used by operating activities:		
Equity in losses of consolidated subsidiaries, net	313.0	—
Share-based compensation expense	0.2	—
Depreciation and amortization	0.8	—
Changes in operating assets and liabilities	25.1	—
Net cash used by operating activities	(6.1)	—
Cash flows from investing activities:		
Capital expenditures	(4.4)	—
Investments in and advances to consolidated subsidiaries	(45.0)	—
Other investing activities, net	—	(0.3)
Net cash used by investing activities	(49.4)	(0.3)
Cash flows from financing activities:		
Borrowings of related-party debt	$ —	$ 105.6
Other financing activities, net	0.1	—
Net cash provided by financing activities	0.1	105.6
Net increase (decrease) in cash, cash equivalents and restricted cash	(55.4)	105.3
Cash, cash equivalents and restricted cash:		
Beginning of year	105.3	—
End of year	$ 49.9	$ 105.3

LIBERTY LATIN AMERICA LTD.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

	Allowance for doubtful accounts—Trade receivables					
	Balance at beginning of period	Additions to costs and expenses	Acquisitions	Deductions or write-offs	Foreign currency translation adjustments	Balance at end of period
	in millions					
Year ended December 31:						
2016	$ 30.9	46.9	82.7	(45.1)	0.7	$ 116.1
2017	$ 116.1	77.1	5.4	(62.5)	6.1	$ 142.2
2018	$ 142.2	52.6	1.6	(48.5)	(3.5)	$ 144.4

Independent Auditors' Report

The Board of Directors
Cable & Wireless Communications Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cable & Wireless Communications Limited and its subsidiaries, which comprise the consolidated statement of financial position as of March 31, 2016 and 2015 and the related consolidated statements of operations, comprehensive income, changes in owners' equity, and cash flows for the years ended March 31, 2016 and 2015 and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Cable & Wireless Communications Limited and its subsidiaries as of March 31, 2016 and 2015 and the results of their operations and their cash flows for the years ended March 31, 2016 and 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ KPMG LLP

London, United Kingdom
April 12, 2017

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31,	
	2016	2015 (a)
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 167.5	$ 402.3
Trade and other receivables (note 10)	501.7	442.7
Loans receivable – related-party (note 26)	86.2	74.3
Prepaid expenses	74.5	70.0
Inventory (note 11)	58.1	50.2
Other current assets (note 12)	25.1	25.2
Assets held for sale (note 13)	154.5	164.0
Total current assets	1,067.6	1,228.7
Noncurrent assets:		
Property and equipment, net (note 14)	2,756.3	2,579.4
Goodwill (note 14)	2,143.7	2,159.6
Intangible assets subject to amortization, net (note 14)	828.2	873.5
Other noncurrent assets (notes 10 and 12)	295.8	301.4
Total noncurrent assets	6,024.0	5,913.9
Total assets	7,091.6	7,142.6
LIABILITIES		
Current liabilities:		
Trade and other payables	230.9	334.5
Deferred revenue and advance payments	121.4	89.8
Current portion of debt and finance lease obligations (note 15)	87.4	82.2
Derivative instruments and other financial liabilities (notes 8 and 9)	279.0	—
Accrued taxes payable	87.2	119.7
Current provisions (note 17)	61.3	129.4
Other accrued and current liabilities (note 16)	344.0	429.2
Total current liabilities	1,211.2	1,184.8
Noncurrent liabilities:		
Noncurrent debt and finance lease obligations (note 15)	2,941.0	2,684.5
Derivative instruments and other financial liabilities (notes 8 and 9)	691.4	879.1
Deferred revenue and advance payments	288.0	266.1
Deferred tax liabilities (note 18)	278.1	293.2
Other noncurrent liabilities (note 16)	278.9	360.0
Total noncurrent liabilities	4,477.4	4,482.9
Net assets	$ 1,403.0	$ 1,474.9
Commitments and contingencies (notes 5, 8, 15, 17, 18, 21 and 28)		
Owners' equity (note 19):		
Capital and reserves attributable to parent:		
Share capital	$ 223.8	$ 223.8
Share premium	260.3	260.3
Reserves	534.3	651.3
Total parent's equity	1,018.4	1,135.4
Noncontrolling interests	384.6	339.5
Total owners' equity	$ 1,403.0	$ 1,474.9

(a) As reclassified – see note 2.

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended March 31, 2016	2015
	in millions	
Revenue (note 26)	$ 2,389.6	$ 1,752.6
Operating costs and expenses (note 26):		
Employee and other staff expenses (notes 22 and 25)	368.4	340.7
Interconnect costs	231.3	208.3
Network costs	154.2	133.5
Equipment sales expenses	132.9	143.9
Programming expenses	96.3	19.3
Managed services costs	96.2	55.4
Other operating expenses (note 23)	462.7	434.3
Other operating income (note 24)	(5.6)	(38.1)
Depreciation and amortization (note 14)	441.0	256.6
Impairment expense (recovery) (note 14)	(70.3)	127.2
	1,907.1	1,681.1
Operating income	482.5	71.5
Financial income (expense) (note 20):		
Finance expense	(330.6)	(120.8)
Finance income	25.2	48.3
	(305.4)	(72.5)
Earnings (loss) before income taxes	177.1	(1.0)
Income tax expense (note 18)	(51.5)	(31.7)
Earnings (loss) from continuing operations	125.6	(32.7)
Discontinued operation (note 7):		
Earnings from discontinued operation, net of taxes	—	8.2
Gain on disposal of discontinued operation, net of taxes	—	346.0
	—	354.2
Net earnings	125.6	321.5
Net earnings attributable to noncontrolling interests	(92.1)	(68.1)
Net earnings attributable to parent	$ 33.5	$ 253.4

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended March 31,	
	2016	2015
	in millions	
Net earnings	$ 125.6	$ 321.5
Other comprehensive income (loss):		
Items that will not be reclassified to earnings (loss) in subsequent periods:		
Actuarial losses in the value of defined benefit pension plans	(2.9)	(77.1)
Income tax related to items that will not be reclassified to earnings (loss) in subsequent periods	1.4	0.5
Total items that will not be reclassified to earnings (loss) in subsequent periods	(1.5)	(76.6)
Items that may be classified to earnings (loss) in subsequent periods:		
Foreign currency translation adjustments	(34.7)	(11.2)
Fair value movements in available-for-sale financial assets (note 9)	—	3.5
Foreign currency translation reserves recycled on disposal of operations	—	(94.2)
Foreign currency translation reserves recycled on held-for-sale associate	—	(31.0)
Income tax related to items that may be reclassified to earnings (loss) in subsequent periods	—	—
Total items that may be classified to earnings (loss) in subsequent periods	(34.7)	(132.9)
Other comprehensive loss	(36.2)	(209.5)
Comprehensive income	89.4	112.0
Comprehensive income attributable to noncontrolling interests	(99.1)	(69.4)
Comprehensive income (loss) attributable to parent	$ (9.7)	$ 42.6

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

	Share capital	Share premium	Foreign currency translation	Capital and other reserves	Accumulated deficit	Total parent's equity	Noncontrolling interests	Total owners' equity
	in millions							
Balance at April 1, 2014	$ 133.3	$ 96.6	$ 18.1	$3,286.6	$ (3,046.2)	$ 488.4	$ 349.5	$ 837.9
Net earnings	—	—	—	—	253.4	253.4	68.1	321.5
Other comprehensive loss	—	—	(138.5)	3.5	(75.8)	(210.8)	1.3	(209.5)
Put option arrangements	—	—	—	(879.1)	—	(879.1)	—	(879.1)
Issuance of ordinary shares	90.5	163.7	—	1,312.0	—	1,566.2	—	1,566.2
Transfer of BTC noncontrolling interest	—	—	—	—	(6.6)	(6.6)	6.6	—
Dividends paid (note 19)	—	—	—	—	(103.7)	(103.7)	(86.0)	(189.7)
Share-based compensation (note 25)	—	—	—	—	27.6	27.6	—	27.6
Balance at March 31, 2015	$ 223.8	$ 260.3	$ (120.4)	$3,723.0	$ (2,951.3)	$1,135.4	$ 339.5	$ 1,474.9
Balance at April 1, 2015	$ 223.8	$ 260.3	$ (120.4)	$3,723.0	$ (2,951.3)	$1,135.4	$ 339.5	$ 1,474.9
Net earnings	—	—	—	—	33.5	33.5	92.1	125.6
Other comprehensive loss	—	—	(37.4)	—	(5.8)	(43.2)	7.0	(36.2)
Dividends paid (note 19)	—	—	—	—	(115.6)	(115.6)	(54.0)	(169.6)
Share-based compensation (note 25)	—	—	—	—	8.3	8.3	—	8.3
Balance at March 31, 2016	$ 223.8	$ 260.3	$ (157.8)	$3,723.0	$ (3,030.9)	$1,018.4	$ 384.6	$ 1,403.0

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31,	
	2016	2015
	in millions	
Cash flows from operating activities:		
Net earnings	$ 125.6	$ 321.5
Earnings from discontinued operations	—	354.2
Net earnings (loss) from continuing operations	125.6	(32.7)
Adjustments to reconcile net earnings (loss) from continuing operations to net cash provided by operating activities:		
Income tax expense	51.5	31.7
Share-based compensation expense	14.5	6.7
Depreciation, amortization and impairment	370.7	383.8
Interest expense	215.7	77.9
Interest income	(13.8)	(4.3)
Amortization of deferred financing costs and non-cash interest	14.9	6.4
Realized and unrealized losses on derivative instruments	78.7	—
Foreign currency transaction gains, net	(11.4)	(40.0)
Losses on debt modification and extinguishment	21.3	36.5
Gain on disposal of property and equipment	(5.6)	—
Loss on disposal of property and equipment	1.3	0.9
Share of results of joint ventures and affiliates, net of tax	0.6	(12.8)
Other	0.1	(2.7)
	864.1	451.4
Changes in:		
Receivables and other operating assets	(102.4)	(60.6)
Payables and accruals	(230.3)	44.0
Cash provided by operating activities	531.4	434.8
Interest paid	(217.2)	(89.5)
Interest received	17.3	3.6
Income taxes paid	(74.5)	(51.8)
Net cash provided by operating activities of discontinued operation	—	1.0
Net cash provided by operating activities	257.0	298.1
Cash flows from investing activities:		
Capital expenditures	(528.5)	(453.2)
Repayments from (loans to) affiliates and other related parties	4.0	(55.7)
Cash paid in connection with acquisitions, net of cash acquired	—	(676.5)
Net cash received upon disposition of discontinued operations, net of disposal costs	—	403.0
Cash received in connection with disposal of subsidiaries, net of cash disposed	—	15.9
Other investing activities	7.6	0.3
Net cash used by investing activities of discontinued operations	—	(3.9)
Net cash used by investing activities	$ (516.9)	$ (770.1)

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)

	Year ended March 31, 2016	Year ended March 31, 2015
	in millions	
Cash flows from financing activities:		
Borrowings of debt	$ 1,199.4	$ 900.0
Repayments of debt and finance lease obligations	(933.0)	(176.3)
Dividends paid to shareholders	(115.6)	(103.7)
Payment of financing costs and debt premiums	(73.0)	(39.0)
Dividends paid to noncontrolling interests	(54.0)	(86.0)
Change in cash collateral	0.7	(4.3)
Proceeds from issuance of shares	—	176.3
Other financing activities	(0.4)	—
Net cash provided by financing activities	24.1	667.0
Effect of exchange rate changes on cash	1.0	(1.1)
Net increase (decrease) in cash and cash equivalents:		
Continuing operations	(234.8)	196.8
Discontinued operations	—	(2.9)
Net increase (decrease) in cash and cash equivalents:	(234.8)	193.9
Cash and cash equivalents:		
Beginning of year	402.3	208.4
End of year	$ 167.5	$ 402.3

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

(1) Basis of Presentation

Cable & Wireless Communications Limited, formerly known as Cable & Wireless Communications Plc, and its subsidiaries (collectively, **CWC**) is a provider of mobile, broadband internet, fixed-line telephony and video services to residential and business customers and managed services to business and government customers, primarily in the Caribbean and Latin America. In these notes, the terms “CWC,” “we,” “our,” “our company” and “us” may refer, as the context requires, to CWC or collectively to CWC and its subsidiaries.

On May 16, 2016, pursuant to a scheme of arrangement and following shareholder approvals, a subsidiary of Liberty Global plc (**Liberty Global**) acquired CWC for shares of Liberty Global (the **Liberty Global Transaction**). For additional information regarding the Liberty Global Transaction, see note 29.

CWC is incorporated and domiciled in the United Kingdom (**U.K.**). The address of our registered office is Griffin House, 161 Hammersmith Road, London W6 8BS.

Our annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB-IFRS**), on a historical cost basis except for liabilities for cash-settled share-based payment arrangements, derivative instruments and assets held for sale, which are measured at fair value. Certain noncurrent assets and disposal groups are stated at the lower of their carrying amount and fair value less costs to sell.

In connection with our acquisition of Columbus International Inc. and its subsidiaries (collectively, **Columbus**) on March 31, 2015 (as further described in note 6) and Liberty Global’s acquisition of our company pursuant to the Liberty Global Transaction, certain entities (the **Carve-out Entities**) that held licenses granted by the United States Federal Communications Commission (**FCC**) were transferred to entities not controlled by our company (collectively, “**New Cayman**”). The arrangements with respect to the Carve-out Entities, which were executed in connection with the acquisition of Columbus and the Liberty Global Transaction, contemplated that upon receipt of regulatory approval, we would acquire the Carve-out Entities. For additional information regarding the Carve-out Entities, see note 29.

On May 20, 2014, one of our subsidiaries sold its 55% stake in Monaco Telecom SAM (**Monaco Telecom**). We have presented Monaco Telecom as a discontinued operation in our consolidated statements of operations and cash flows for the year ended March 31, 2015. In the following notes to our consolidated financials statements, the amounts pertaining to our consolidated statements of operations and cash flows for the year ended March 31, 2015 relate only to our continuing operations, unless otherwise indicated. For additional information, see note 7.

We have prepared the accounts on a going concern basis.

Unless otherwise indicated, convenience translations into United States (**U.S.**) dollars are calculated as of March 31, 2016.

Management approval

These consolidated financial statements were authorized for issue by management on April 12, 2017 and reflect our consideration of the accounting and disclosure implications of subsequent events through such date.

(2) Reclassifications

In connection with the Liberty Global Transaction, we revised the presentation of our consolidated financial statements to align with the presentation policies of Liberty Global. Accordingly, certain amounts have been reclassified to conform with the current period presentation. Both the previously reported and revised presentation are in accordance with IASB-IFRS and the reclassifications had no impact on our net earnings (loss), net cash flows, net assets or total assets as previously reported. The impact the reclassifications had on certain revenue and other amounts are described further below.

The following table summarizes the reclassifications to our consolidated statements of financial position at March 31, 2015:

	As previously reported	Reclass adjustments	As reclassified
		in millions	
ASSETS			
Current assets:			
Cash and cash equivalents	$ 402.3	$ —	$ 402.3
Trade and other receivables	556.5	(113.8)	442.7
Loans receivable – related-party	55.7	18.6	74.3
Prepaid expenses	—	70.0	70.0
Inventory	50.2	—	50.2
Other current assets	—	25.2	25.2
Assets held for sale	164.0	—	164.0
Total current assets	1,228.7	—	1,228.7
Noncurrent assets:			
Property and equipment, net	2,579.4	—	2,579.4
Goodwill	—	2,159.6	2,159.6
Intangible assets subject to amortization, net	—	873.5	873.5
Intangible assets	3,033.1	(3,033.1)	—
Available-for-sale financial assets	58.7	(58.7)	—
Other receivables	153.6	(153.6)	—
Deferred tax assets	56.7	(56.7)	—
Retired benefit assets	16.8	(16.8)	—
Financial assets at fair value through profit and loss	14.1	(14.1)	—
Investments in joint ventures and associates	1.5	(1.5)	—
Other noncurrent assets	—	301.4	301.4
Total noncurrent assets	5,913.9	—	5,913.9
Total assets	$ 7,142.6	$ —	$ 7,142.6

	As previously reported	Reclass adjustments	As reclassified
		in millions	
LIABILITIES			
Current liabilities:			
Trade and other payables	$ 853.5	$ (519.0)	$ 334.5
Deferred revenue and advance payments	—	89.8	89.8
Current portion of debt and finance lease obligations	82.2	—	82.2
Current tax liabilities	119.7	—	119.7
Provisions	129.4	—	129.4
Other accrued and current liabilities	—	429.2	429.2
Total current liabilities	1,184.8	—	1,184.8
Noncurrent liabilities:			
Trade and other payables	307.3	(307.3)	—
Noncurrent debt and finance lease obligations	2,684.5	—	2,684.5
Derivative instruments and other financial liabilities	879.1	—	879.1
Deferred tax liabilities	293.2	—	293.2
Deferred revenue and advance payments	—	266.1	266.1
Provisions	110.0	(110.0)	—
Retirement benefit obligations	208.8	(208.8)	—
Other noncurrent liabilities	—	360.0	360.0
Total noncurrent liabilities	4,482.9	—	4,482.9
Net assets	$ 1,474.9	$ —	$ 1,474.9
Owners' equity			
Capital and reserves attributable to parent:			
Share capital	$ 223.8	$ —	$ 223.8
Share premium	260.3	—	260.3
Reserves	651.3	—	651.3
Total parent's equity	1,135.4	—	1,135.4
Noncontrolling interests	339.5	—	339.5
Total equity	$ 1,474.9	$ —	$ 1,474.9

(3) Accounting Changes and Recent Pronouncements

First-time Application of Accounting Standards

The application of the following accounting standards did not have a material impact on our consolidated financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IAS 1 (amendments)	Disclosure Initiative	January 1, 2016
IAS 16 / IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Annual improvements	Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016

New Accounting Standards, Not Yet Effective

Except for the following accounting standards, there were no additional standards and interpretations issued by the International Accounting Standards Board (**IASB**) that are not yet effective for the current reporting period that we see as relevant for our company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (a)
IFRS 9	Financial Instruments	January 1, 2018 (b)
IFRS 15	Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 15 (amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018 (c)
IFRS 16	Leases	January 1, 2019 (d)
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017 (e)
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017 (e)

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(a) In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payments* (**IFRS 2**), which includes new requirements for (i) the accounting of share-based payment transactions with a net settlement feature for withholding tax obligations, (ii) consideration of vesting conditions on the measurement of a cash-settled share-based payment transaction and (iii) the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from a cash-settled to equity-settled award. These amendments are effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that these amendments to IFRS 2 will have on our consolidated financial statements and related disclosures.

(b) In July 2014, the IASB issued IFRS 9, *Financial Instruments* (**IFRS 9**), which introduces an approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model in which they are managed, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities, especially with regard to managing non-financial risks. This new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that IFRS 9 will have on our consolidated financial statements and related disclosures.

(c) In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (**IFRS 15**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance in IASB-IFRS when it becomes effective for annual and interim reporting periods beginning on or after January 1, 2018. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt IFRS 15 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that IFRS 15 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies and disclosures that will be impacted by IFRS 15, including the accounting for (i) time-limited discounts and free periods provided to our customers, (ii) certain up-front fees charged to our customers and (iii) subsidized handset plans. These impacts are discussed below:

- When we enter into contracts to provide services to our customers, we often provide time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under IFRS 15, revenue recognition will be accelerated for these contracts as the impact of the discount or free service period will be recognized uniformly over the total contractual period.

- When we enter into contracts to provide services to our customers, we often charge installation or other up-front fees. Under current accounting rules, installation fees related to services provided over our fiber are recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs.

Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

- IFRS 15 will require the identification of deliverables in contracts with customers that qualify as performance obligations. The transaction price receivable from customers will be allocated between our performance obligations under contracts on a relative stand-alone selling price basis. Currently, we offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime. This limitation will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when we sell subsidized handsets together with airtime services to customers, revenue allocated to handsets and recognized when control of the device passes to the customer will increase and revenue recognized as services are delivered will reduce.

- IFRS 15 will require costs incurred to fulfill a customer contract involving the sale of an asset to be recognized only when those costs (i) relate directly to a contract or to an anticipated contract that can be specifically identified, (ii) generate or enhance resources that will be used in satisfying performance obligations in the future and (iii) are expected to be recovered. Currently, we recognize costs related to mobile handset sales as incurred and we do not expect the adoption of IFRS 15 to have a material impact on our recognition of these costs.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred unless the costs are in the scope of another accounting topic that allows for capitalization. Under IFRS 15, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate, which we have generally interpreted to be the expected customer life. The impact of the accounting change for these costs will be dependent on numerous factors, including the number of new subscriber contracts added in any given period, but we expect the adoption of this accounting change will initially result in the deferral of a significant amount of operating and selling costs.

The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of IFRS 15.

(d) In January 2016, the IASB issued IFRS 16, *Leases* (**IFRS 16**), which supersedes IAS 17 *Leases* (**IAS 17**). IFRS 16 will result in lessees recognizing lease assets and lease liabilities on the statement of financial position, with lease assets to reflect the right-of-use and corresponding lease liabilities reflecting the present value of the lease payments. IFRS 16 will also result in additional disclosures about leasing arrangements and eliminate the classification of leases as either operating leases or finance leases for a lessee. IFRS 16 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. IFRS 16 also replaces the straight-line operating lease expense for those lessees applying IAS 17 with a depreciation charge for the lease asset and an interest expense on the lease liability. This change aligns the lease expense treatment for all leases. The new standard is effective for annual reporting periods beginning on or after January 1, 2019, while early adoption is permitted if IFRS 15 is applied. Although we are currently evaluating the effect that IFRS 16 will have on our consolidated financial statements, we expect the adoption of this standard will increase the number of leases included in our consolidated statement of financial position.

(e) We evaluated the impact of applying these accounting standards on our consolidated financial statements and do not believe the impact of the adoption of these standards to be material.

(4) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with IASB-IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest. All significant intercompany accounts and transactions have been eliminated in consolidation. Investments in special purpose entities that we do not control are accounted for using the equity method.

The following list of subsidiaries only includes those companies whose results or financial position principally affect our consolidated financial statements at March 31, 2016.

Name of subsidiary	Ownership interest	Country of incorporation	Area of operation
The Bahamas Telecommunications Company Limited (**BTC**) (a)	49%	The Bahamas	The Bahamas
Cable & Wireless Jamaica Limited (**CW Jamaica**)	82%	Jamaica	Jamaica
Cable & Wireless Panama, SA (**CW Panama**) (b)	49%	Panama	Panama
Cable & Wireless (Barbados) Limited (**CW Barbados**)	81%	Barbados	Barbados
Cable & Wireless (Cayman Islands) Limited	100%	Cayman Islands	Cayman Islands
Cable and Wireless (West Indies) Limited	100%	England	Caribbean
Cable & Wireless Limited	100%	England	England
Sable International Finance Limited (**Sable**)	100%	Cayman	England
Cable and Wireless International Finance B.V.	100%	Netherlands	England
Columbus International Inc.	100%	Barbados	Caribbean/Latin America
Columbus Communications Trinidad Limited	100%	Trinidad and Tobago	Trinidad and Tobago
Columbus Communications Jamaica Limited	100%	Jamaica	Jamaica
Columbus Networks, Limited	100%	Barbados	Caribbean/Latin America
Coral-U.S. Co-Borrower LLC (**Coral-U.S.**)	100%	United States	United States

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(a) We regard BTC as a subsidiary because we control the majority of the Board of Directors through a shareholders' agreement. On July 24, 2014, we transferred 2% of the share capital in BTC to the BTC Foundation, a charitable trust dedicated to investing in projects for the benefit of Bahamians. The remaining 49% non-controlling interest in BTC is held by The Bahamas government.

(b) We regard CW Panama as a subsidiary because we control the majority of the Board of Directors through a shareholders' agreement.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and demand deposits, which have a maturity of three months or less at the time of acquisition. Cash and cash equivalents are measured at cost. The details of our cash and cash equivalents are set forth as follows:

	March 31,	
	2016	2015
	in millions	
Cash at bank and in hand	$ 2.1	$ 5.9
Short-term bank deposits	165.4	396.4
Total	$ 167.5	$ 402.3

Restricted cash includes cash held in escrow and cash pledged as collateral. Restricted cash amounts that are required to be used to purchase noncurrent assets or repay noncurrent debt are classified as noncurrent assets. All other cash that is restricted to a specific use is classified as current or noncurrent based on the expected timing of the disbursement.

Trade Receivables

Our trade receivables are initially measured at fair value and subsequently reported at amortized cost, net of an allowance for impairment of trade receivables. The allowance for impairment of trade receivables is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is the price paid, less any rebates, trade discounts or subsidies. Cost is based on the first-in, first-out (FIFO) principle. For inventory held for sale, net realizable value is determined based on the estimated selling price, less costs to sell.

Investments

We make elections, on an investment-by-investment basis, as to whether we measure our investments at fair value. Such elections are generally irrevocable. For those investments over which we exercise significant influence, we elect the equity method of accounting.

We continually review our equity and cost method investments to determine whether a decline in fair value below the cost basis is other-than-temporary. The primary factors we consider in our determination are the extent and length of time that the fair value of the investment is below our company's carrying value and the financial condition, operating performance and near-term prospects of the investee, changes in the stock price or valuation subsequent to the balance sheet date, and the impacts of exchange rates, if applicable. If the decline in fair value of an equity or cost method investment is deemed to be other-than-temporary, the cost basis of the security is written down to fair value.

Available-for-sale securities are measured at fair value. Changes in the fair value of available-for-sale securities are reflected in other comprehensive income or loss until sold or other-than-temporarily impaired, at which time the amounts are reclassified from accumulated other comprehensive income or loss into finance income or expense in our consolidated statements of operations.

For additional information regarding our fair value measurements, see note 9.

Financial Instruments

Cash and cash equivalents, current trade and other receivables, other current assets, trade and other payables, other accrued and current liabilities are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair value. The carrying amounts of trade receivables with a remaining term of more than one year are included in noncurrent assets, and the carrying amounts of these receivables approximate their fair value.

The carrying amounts of trade receivables with a remaining term of more than one year, loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

For information concerning how we arrive at certain of our fair value measurements, see note 9.

Fair value through profit or loss

Financial assets and liabilities recorded at fair value through profit or loss include financial assets and liabilities that are held-for-trading and those designated upon initial recognition. Financial assets and liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term or if designated as such by the company. These financial assets are initially recognized at fair value. Subsequent gains or losses related to changes in fair value are recognized in finance income or finance expense, respectively, in our statement of operations.

Debt

Debt is recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value of our debt is recognized in our consolidated statements of operations over the respective term of the borrowings using the effective interest method.

Derivative Instruments

All derivative instruments are recorded on the balance sheet at fair value. Changes to the fair value of our derivative instruments are recognized in realized and unrealized gains or losses on derivative instruments within either finance expense or finance income in our consolidated statements of operations.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity.

For information regarding our derivative instruments, including our policy for classifying cash flows related to derivative instruments in our consolidated statements of cash flows, see note 8.

Property and Equipment

Property and equipment are measured at initial cost less accumulated depreciation and any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. We capitalize costs associated with the construction of new cable transmission and distribution facilities and the installation of new cable services. Capitalized construction and installation costs include materials, labor and other directly attributable construction and installation costs and the costs of dismantling and removing the items and restoring the site on which the assets are located. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities such as reconnecting customer locations where a drop already exists, disconnecting customer locations and repairing or maintaining drops, are expensed as incurred. Financing costs capitalized with respect to construction activities were not material during any of the periods presented.

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is computed on a straight-line basis over the estimated useful lives of each major component of an item of property and equipment. The cable distribution systems have estimated useful lives ranging from 3 to 30 years. Support equipment have estimated useful lives ranging from 3 to 40 years. Buildings (including leasehold improvements) have estimated useful lives up to 40 years. Customer premises equipment have estimated useful lives of 4 to 10 years. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and may be adjusted based on management's expectations of future use.

Assets held under financing leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

Property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. Impairment exists when the carrying value exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Impairment losses are reversed if the reasons for the impairment loss no longer exist or the impairment loss has decreased.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be achieved and when the cost can be measured reliably. The carrying amount of any replaced item is derecognized. All other expenditures for repairs and maintenance are expensed as incurred.

Gains and losses due to disposals are included in other operating income in our consolidated statements of operations.

Intangible Assets

Our primary intangible assets are goodwill, customer relationships, licensing and operating agreements, software costs and trade names. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized over their respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period, we evaluate the estimated useful lives of our intangible assets that are subject to amortization to determine whether events or circumstances warrant revised estimates of useful lives.

Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the related business combination. For each cash-generating unit, if the recoverable amount (i.e. the higher of fair value less costs to sell or value in use) of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets pro-rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Customer relationships and trade names are recognized at their fair values in connection with business combinations and are amortized over their estimated useful lives ranging from 4 to 20 years.

Costs associated with maintaining computer software are expensed as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by us for which it is probable that the expected future economic benefits attributable to the assets would flow to our company beyond one year are recognized as intangible assets. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. Capitalized internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which are approximately three years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred.

Subsequent expenditures related to intangible assets are capitalized only when the expenditures increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated brands, are expensed as incurred.

Leasing

Payments associated with leases classified as operating leases are recognized in our consolidated statements of operations on a straight-line basis over the term of the lease.

Provisions

Provisions represent liabilities for which the timing of settlement and/or amount are uncertain. A provision is recognized when (i) a present legal or constructive obligation as a result of a past event exists, (ii) it is probable that an outflow of resources will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation.

For additional information on our provisions, see note 17.

Employee Benefit Plans

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in full in the period in which they arise through the statement of comprehensive income together with returns on plan assets, excluding net interest that is recorded in our consolidated statement of operations. These remeasurements are not subsequently reclassified to profit or loss.

Other movements in the net pension deficit or surplus are recognized in other operating expenses in our consolidated statement of operations. These generally comprise current and past service costs, including those arising from settlements and curtailments, and net interest amounts representing the change in the present value of plan obligations and plan assets resulting from the unwinding of discounts.

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

For additional information on our employee benefit plans, see note 21.

Foreign Currency Translation and Transactions

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

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

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business.

Service Revenue—Cable Networks. We recognize revenue from the provision of video, broadband internet and fixed-line telephony services over our cable network to customers in the period the related services are provided. Installation revenue (including reconnect fees) related to services provided over our cable network is generally recognized as revenue in the period during which the installation occurs.

Sale of Multiple Products and Services. We sell video, broadband internet, fixed-line telephony and, in most of our markets, mobile services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Revenue from bundled packages generally is allocated proportionally to the individual services based on the relative standalone price for each respective service.

Mobile Revenue—General. Consideration from mobile contracts is allocated to the airtime service element and the handset service element based on the relative standalone prices of each element. The amount of consideration allocated to the handset is limited to the amount that is not contingent upon the delivery of future airtime services. Certain of our operations that provide mobile services offer handsets under a subsidized contract model, whereby upfront revenue recognition is limited to the upfront cash collected from the customer as the remaining monthly fees to be received from the customer, including fees that may be associated with the handset, are contingent upon delivering future airtime services.

Mobile Revenue—Airtime Services. We recognize revenue from mobile services in the period the related services are provided. Revenue from pre-pay customers is recorded as deferred revenue prior to the commencement of services and revenue is recognized as the services are rendered or usage rights expire.

Mobile Revenue—Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been delivered and title has passed. Our assessment of collectibility is based principally on internal and external credit assessments as well as historical collection information for similar customers. To the extent that collectibility of installment payments from the customer is not reasonably assured upon delivery of the handset, handset revenue is not recognized until collectibility is reasonably assured.

*Business-to-Business (***B2B***) Revenue.* We defer upfront installation and certain nonrecurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

Promotional Discounts. For subscriber promotions, such as discounted or free services during an introductory period, revenue is recognized only to the extent of the discounted fees charged to the subscriber, if any.

Subscriber Advance Payments and Deposits. Payments received in advance for the services we provide are deferred and recognized as revenue when the associated services are provided.

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

Income Taxes

The income taxes of CWC and its subsidiaries are presented on a separate return basis for each tax-paying entity or group based on the local tax law.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities at undiscounted values. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as of the statement of financial position date.

Generally, deferred taxes are recognized for any temporary differences between the tax base and the IASB-IFRS base, except in situations where goodwill is not recognized for tax purposes.

Deferred tax assets are recognized for deductible temporary differences and tax loss and interest carryforwards, if it is probable that future taxable earnings will be available against which the unused tax losses or temporary differences can be utilized. However, deferred tax assets are not recognized if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting earnings nor taxable earnings.

The recoverability of the carrying value of deferred taxes is determined based on management's estimates of future taxable earnings. If it is no longer probable that enough future taxable earnings will be available against which the unused tax losses or temporary differences can be used, an impairment in a corresponding amount is recognized on the deferred tax assets.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted as of the balance sheet date. Deferred taxes are not discounted.

If the changes in the value of assets or liabilities are recognized in a separate component of equity, the change of value of the corresponding deferred tax assets and liabilities are also recognized in this separate component of equity (instead of income tax expense).

Deferred tax assets and liabilities are offset in our consolidated balance sheets if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

For additional information concerning our income taxes, see note 18.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(5) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below.

Credit Risk

Credit risk is the risk that we would experience financial loss if our customers or the counterparties to our financial instruments and cash investments were to default on their obligations to us.

We manage the credit risks associated with our trade receivables by performing credit verifications, following established dunning procedures and engaging collection agencies. We also manage this risk by disconnecting services to customers whose accounts are delinquent. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers and their dispersion across many different countries. For information concerning the aging of our trade receivables, see note 10.

We manage the credit risks associated with our financial instruments, cash investments and debt facilities primarily through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. Most of our cash currently is invested in either (i) AAA credit rated money market funds, including funds that invest in government obligations, or (ii) overnight deposits with banks. To date, neither the access to nor the value of our cash and cash equivalent balances have been adversely impacted by liquidity problems of financial institutions.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, the current economic conditions and uncertainties in global financial markets have increased the credit risk of our counterparties and we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations and financial condition. In this regard, (i) the financial failure of any of our counterparties could reduce amounts available under committed credit facilities and adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial assets. We do not believe there is any significant credit risk associated with these financial instruments.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations. In addition to cash and cash equivalents, our primary sources of liquidity are cash provided by operations and access to the available borrowing capacity of our various debt facilities. For additional information related to our debt, see note 15.

Our liquidity is generally used to fund (i) corporate general and administrative expenses, (ii) interest payments on the CWC Notes and CWC Credit Facilities (each as defined and described in note 15), (iii) satisfy obligations under our employee benefit plans, (iv) the satisfaction of contingent liabilities, (v) acquisitions, (vi) other investment opportunities or (vii) income tax payments.

Our most significant financial obligations relate to our debt obligations, which are described in note 15. The terms of certain of our debt contain various restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our sources of liquidity will be sufficient to fund our currently anticipated working capital needs, capital expenditures and other liquidity requirements during the next 12 months, although no assurance can be given that this will be the case. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. 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.

We use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We also maintain a liquidity reserve to provide for unanticipated cash outflows.

The following table provides the timing of expected cash payments based on the contractually agreed upon terms for our financial liabilities as of March 31, 2016. The amounts are based on interest rates, interest payment dates and contractual maturities in effect as of March 31, 2016, as applicable. These amounts are presented for illustrative purposes only and will likely differ from the actual payments required in future periods.

	Payments due during the year ending March 31:						
	2017	2018	2019	2020	2021	Thereafter	Total
	in millions						
Debt:							
Principal	$ 81.6	$ 57.5	$ 251.3	$ 616.8	$ 1,281.7	$ 783.4	$ 3,072.3
Interest	234.4	222.5	212.4	201.5	146.4	57.6	1,074.8
Trade and other payables	230.9	—	—	—	—	—	230.9
Current tax liabilities	87.2	—	—	—	—	—	87.2
Provisions (a)	61.3	19.1	—	—	—	47.5	127.9
Other accrued and current liabilities	319.1	27.2	—	—	—	—	346.3
Total	$ 1,014.5	$ 326.3	$ 463.7	$ 818.3	$ 1,428.1	$ 888.5	$ 4,939.4

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(a) The amounts included in periods later than 2021 represent payments associated with our network-related asset retirement obligations.

The following table provides the timing of expected cash payments based on the contractually agreed upon terms for our financial liabilities as of March 31, 2015. The amounts are based on interest rates, interest payment dates and contractual maturities in effect as of March 31, 2015, as applicable. These amounts are presented for illustrative purposes only and will likely differ from the actual payments required in future periods.

	Payments due during the year ending March 31:						
	2016	2017	2018	2019	2020	Thereafter	Total
	in millions						
Debt principal	$ 84.5	$ 745.9	$ 39.5	$ 251.7	$ 423.0	$ 1,273.4	$ 2,818.0
Debt interest	209.2	198.4	156.4	155.0	134.7	93.7	947.4
Trade and other payables	334.5	—	—	—	—	—	334.5
Current tax liabilities	119.7	—	—	—	—	—	119.7
Provisions (a)	129.4	60.8	—	—	—	49.2	239.4
Other accrued and current liabilities	372.1	41.2	—	—	—	—	413.3
Total	$ 1,249.4	$ 1,046.3	$ 195.9	$ 406.7	$ 557.7	$ 1,416.3	$ 4,872.3

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(a) The amounts included in periods later than 2020 represent payments associated with our network-related asset retirement obligations.

Market Risk

Interest Rate Risks

We are exposed to changes in interest rates primarily as a result of our related-party borrowing and investment activities, which include fixed-rate and variable-rate investments and borrowings by our subsidiaries. Our primary exposure to variable-rate debt is through the LIBOR-indexed CWC Credit Facilities, as defined and further described in note 15.

Assuming no change in the amounts outstanding, and without giving effect to any other variables, a hypothetical 50 basis point (0.50%) increase (decrease) in our weighted average variable interest rate would increase (decrease) our annual consolidated interest expense and cash outflows by approximately $3.4 million.

Foreign Currency Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as equipment purchases, programming and indefeasible rights of use contracts, notes payable and notes receivable (including intercompany amounts). Changes in exchange rates with respect to amounts recorded in our consolidated statements of financial position related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. Generally, we will consider hedging non-functional currency risks when the risks arise from agreements with third parties that involve the future payment or receipt of cash or other monetary items to the extent that we can reasonably predict the timing and amount of such payments or receipts and the payments or receipts are not otherwise hedged. In this regard, we have not hedged any non-functional currency risks related to our revenue, operating costs and expenses and/or property and equipment additions as of March 31, 2016.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our presentation currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in foreign currency translation as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive earnings (loss) and equity with respect to our holdings solely as a result of foreign currency translation. Our primary exposure to foreign currency risk during the year ended March 31, 2016 was to the Jamaican dollar and Trinidad and Tobago dollar, as 13.0% and 7.6% of our U.S. dollar revenue during the period was derived from subsidiaries whose functional currencies are the Jamaican dollar and Trinidad and Tobago dollar, respectively. In addition, our reported operating results are impacted by changes in the exchange rates for the Colombian peso, Seychelles rupee and certain other local currencies in the Caribbean and Latin America. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our subsidiaries and affiliates into U.S. dollars.

(6) Acquisitions

Columbus

On March 31, 2015, we purchased 100% of the issued and outstanding shares of Columbus (the **Columbus Acquisition**) for $2.1 billion and assumed existing Columbus debt, including (i) the Columbus Senior Notes (as defined and described in note 15) and (ii) certain term loans (as further described in note 15). The term loans were subsequently refinanced in connection with the Liberty Global Transaction, as further described in note 29.

The fair value of the consideration provided in connection with the Columbus Acquisition was comprised of the following (in millions):

Ordinary common shares of C&W (a)	$	1,287.0
Cash		708.0
Put option (b)		103.0
Replacement share option awards (c)		23.0
Vendor taxes (d)		6.0
	$	2,127.0

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(a) Represents 1,557,529,605 ordinary common shares of $0.05 each issued to CVBI Holdings (Barbados) Inc, Clearwater Holdings (Barbados) Limited, Columbus Holding LLC and Brendan Paddick (collectively, the “**Principal Vendors**”) in proportion to their Columbus shareholding. The fair value of these shares included a discount for lack of marketability.

(b) The Principal Vendors entered into lock-up and put option arrangements in respect of the issued ordinary common shares in connection with the Columbus Acquisition. Under these arrangements each holder could require us to reacquire certain of the shares in four tranches between 2016 and 2019 at a strike price of $0.7349 per share. The fair value of the put option was recognized in capital and other reserves in our consolidated statements of changes in owners’ equity. The put option meets the definition of an equity instrument, accordingly, it is revalued to fair value at each reporting date. The financial liability (repurchase option) in connection with the put option was valued on initial recognition using the present value technique of the future liability. For additional information, see note 8.

(c) The Columbus employee incentive share option plan was cancelled, with certain employees of Columbus rolling over their options into an equivalent CWC share option plan. As set out in IFRS 3, *Business Combinations* (**IFRS 3**), the fair value of these replacement awards attributable to the pre-acquisition service period is reflected as part of the consideration paid for Columbus.

(d) As a consequence of the Columbus Acquisition, a deemed disposal of the shares of Columbus Dominicana S.A. was triggered giving rise to a potential capital gains tax liability of $5 million under Dominican Republic tax law. In addition, an indirect ownership transfer was triggered under Panamanian tax law for Columbus Networks S. de R.L, Telecommunications Corporativas Panamenas S.A., Columbus Networks de Panama SRL and Columbus Networks Maritima S. de R.L. giving rise to a tax liability of $1 million. As set out in IFRS 3, the fair value of these liabilities, which are paid on behalf of the seller, increased the consideration paid for Columbus.

We have accounted for the Columbus Acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Columbus based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet for Columbus at the March 31, 2015 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Cash and cash equivalents	$	80.0
Other current assets		123.0
Assets held at fair value		14.0
Property and equipment, net		1,134.0
Goodwill (a)		2,077.0
Intangible assets subject to amortization (b)		723.0
Deferred income tax assets		28.0
Assets held for sale		6.0
Accounts payable and accrued liabilities		(275.0)
Debt		(1,233.0)
Deferred income tax liabilities		(265.0)
Other noncurrent liabilities		(285.0)
Total purchase price	$	2,127.0

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(a) The goodwill recognized in connection with the Columbus Acquisition is primarily attributable to synergies arising from the acquisition and an assembled workforce, which are not separately recognized as they did not meet the recognition criteria of IAS 38, *Intangible Assets* (**IAS 38**).

(b) Amount includes intangible assets primarily related to customer contracts and relationships.

Grupo Sonitel

On September 12, 2014, CW Panama agreed to acquire Panama-based Grupo Sonitel for $36 million, plus contingent consideration of up to an additional $5 million. Grupo Sonitel operates (i) SSA Sistemas, which provides end-to-end managed information technology solutions and telecommunication services to the government and business customers in Panama, as well as in El Salvador, Nicaragua and Peru, and (ii) Sonset, which provides information technology solutions and services to small and medium enterprise customers in Panama.

We have accounted for the acquisition of Grupo Sonitel using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Grupo Sonitel based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and opening balance sheet for Grupo Sonitel at the September 12, 2014 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Property and equipment, net	$	2.0
Goodwill (a)		17.0
Intangible assets subject to amortization (b)		14.0
Other assets		6.0
Total purchase price	$	39.0

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(a) The goodwill recognized in connection with the acquisition of Grupo Sonitel is primarily attributable to synergies arising from the acquisition and an assembled workforce, which are not separately recognized as they did not meet the recognition criteria of IAS 38.

(b) Represents intangible assets related to customer contracts and relationships.

Pro Forma Information

The following unaudited pro forma consolidated operating results for the year ended March 31, 2015 (in millions) give effect to (i) the Columbus Acquisition and (ii) the acquisition of Grupo Sonitel, as if they had been completed as of April 1, 2014. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date. The pro forma adjustments are based on certain assumptions that we believe are reasonable.

Revenue	$	2,404.6
Net earnings	$	283.5

Our consolidated statement of operations for the year ended March 31, 2015 includes revenue and net earnings of $44 million and $2 million, respectively, attributable to Grupo Sonitel.

(7) <u>Discontinued Operation and Disposal</u>

Discontinued operation

On May 15, 2014, CWC shareholders approved the sale of Compagnie Monégasque de Communication SAM (**CMC**) to a private investment company. CMC was the holding company for our 55% stake in Monaco Telecom. The sale of CMC was completed on May 20, 2014 for total consideration of $453.6 million.

The results of Monaco Telecom, which is classified as a discontinued operation in our consolidated statement of operations for the year ended March 31, 2015, are as follows (in millions):

Revenue	$	29.2
Expenses		(20.3)
Earnings before income taxes		8.9
Income tax expense		(0.7)
Earnings from discontinued operations, net of taxes		8.2
Gain on disposal of discontinued operations, net of taxes		346.0
	$	354.2

Disposal

During the year ended March 31, 2015, we divested of our 32.577% non-controlling investment in Solomon Telekom Company Limited (**Soltel**) to the Solomon Islands National Provident Fund Board for total cash proceeds of approximately $16.5 million. The transaction resulted in a gain on disposal of $4 million. This divestment marked our exit from the South Pacific region as interests in Vanuatu and Fiji were previously sold.

The Soltel business did not constitute a discontinued operation in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, due to its size.

(8) Derivative Instruments and Financial Liabilities

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

	March 31, 2016			March 31, 2015		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets – embedded derivatives:						
Columbus Senior Notes redemption option	$ —	$ 26.8	$ 26.8	$ —	$ 14.1	$ 14.1
Sable Senior Notes redemption option	—	4.1	4.1	—	—	—
	$ —	$ 30.9	$ 30.9	$ —	$ 14.1	$ 14.1
Liabilities – Columbus Put Option (b)	$ 279.0	$ 691.4	$ 970.4	$ —	$ 879.1	$ 879.1

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(a) Our noncurrent derivative assets are included in other noncurrent assets in our consolidated statements of financial position.

(b) The Columbus Put Option is defined and described below.

The details of our realized and unrealized losses on derivative instruments for the year ended March 31, 2016, included in finance expense in our consolidated statements of operations, are as follows (in millions):

Embedded derivatives	$ 12.6
Columbus Put Option	(91.3)
Total	$ (78.7)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. We had no cash inflow or outflow activity related to derivative instruments during the years ended March 31, 2016 and 2015.

Embedded Derivatives

The redemption terms pursuant to the Columbus Senior Notes and Sable Senior Notes (each as defined and described in note 15) represent embedded derivative instruments, which require bifurcation from the applicable debt instrument. Each of the bifurcated amounts are carried at fair value in our consolidated statements of financial position. Any gain or loss associated with the recurring valuation of these embedded derivatives is recorded in realized and unrealized gains or losses on derivative instruments in our consolidated statements of operations.

Financial Liabilities

As part of the Columbus Acquisition, the Principal Vendors entered into lock-up and put option arrangements in respect of their issued consideration shares until 2019 (the **Columbus Put Option**). Our liability for the Columbus Put Option was valued on initial recognition using the present value technique of the future liability. Subsequent to March 31, 2016, the Columbus Put Option was settled in connection with the Liberty Global Transaction.

Reconciliations of the movements of the Columbus Put Option, held at amortized cost, are as follows:

	March 31, 2016	March 31, 2015
	in millions	
Balance at beginning of period	$ 879.1	$ —
Recognition of put option liability	—	879.1
Accretion of Columbus Put Option	91.3	—
Balance at end of period	$ 970.4	$ 879.1

(9) Fair Value Measurements

We measure (i) certain of our investments and (ii) our derivative instruments at fair value. The reported fair values of these investments and derivative instruments as of March 31, 2016 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. In the case of the investments that we measure at fair value, the values we realize upon disposition will be dependent upon, among other factors, market conditions and the forecasted financial performance of the investees at the time of any such disposition. With respect to our derivative instruments, 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.

We disclose fair value measurements according to 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. We record transfers of assets or liabilities into or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the year ended March 31, 2016, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

We have bifurcated an embedded derivative associated with certain redemption terms of our Columbus Senior Notes and Sable Senior Notes (each as defined and described in note 15). The recurring fair value measurements of these embedded derivatives are determined using observable Level 2 data applying a binomial tree/lattice approach based on the Hull-White single factor interest rate term structure model. Under this approach, an interest rate lattice is constructed according to a given short-rate volatility and mean reversion constant as implied by the market at each valuation date.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of cash-generating units, customer relationship intangible assets and property and equipment. The valuation of cash-generating units is based at least in part on discounted cash flow analyses. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in our discounted cash flow analyses, such as forecasts of future cash flows, are based on our assumptions, which are consistent with a market participant's approach. 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 requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationship, contributory asset charges and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the year ended March 31, 2016, we finalized our nonrecurring valuation for the purpose of determining the acquisition accounting for the Columbus Acquisition.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our consolidated statements of financial position, are as follows:

	Level	March 31, 2016 Carrying amount	March 31, 2016 Estimated fair value	March 31, 2015 Carrying amount	March 31, 2015 Estimated fair value
		in millions			
Assets carried at fair value:					
Held-for-sale investment in TSTT (note 13)	3	$ 128.3	$ 128.3	$ 136.1	$ 136.1
Embedded derivatives (a):					
Columbus Senior Notes redemption option	2	26.8	26.8	14.1	14.1
Sable Senior Notes redemption option	2	4.1	4.1	—	—
Government bonds	1	57.1	57.1	58.7	58.7
Total assets carried at fair value		$ 216.3	$ 216.3	$ 208.9	$ 208.9
Assets carried at cost or amortized cost:					
Trade and other receivables		$ 505.6	$ 505.6	$ 444.4	$ 444.4
Cash and cash equivalents		167.5	167.5	402.3	402.3
Loan receivable – related-party		86.2	86.2	74.3	74.3
Other current and noncurrent financial assets		55.2	55.2	48.1	48.1
Restricted cash		20.6	20.6	21.3	21.3
Total assets carried at cost or amortized cost		$ 835.1	$ 835.1	$ 990.4	$ 990.4
Liabilities carried at cost or amortized cost:					
Debt obligations		$ 3,028.4	$ 3,207.0	$ 2,766.7	$ 2,912.0
Accounts payable and other liabilities (including related-party)		276.4	276.4	401.0	401.0
Accrued liabilities (including related-party)		764.7	764.7	1,010.2	1,010.2
Columbus Put Option	2	970.4	970.4	879.1	879.1
Total liabilities carried at cost or amortized cost		$ 5,039.9	$ 5,218.5	$ 5,057.0	$ 5,202.3

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(a) These amounts represent embedded derivative instruments associated with the Columbus Senior Notes and the Sable Senior Notes, respectively (each as defined and described in note 15).

Pre-tax amounts recognized in our consolidated statements of operations for the years ended March 31, 2016 and 2015 related to our financial assets and liabilities are as follows:

	Finance income	Finance expense	Other statement of operations effects (a)	Impact on earnings (loss) before income taxes
	in millions			
Year ended March 31, 2016:				
Derivative assets carried at fair value through our consolidated statement of operations	$ —	$ —	$ (12.6)	$ (12.6)
Assets carried at cost or amortized cost:				
Trade receivables (b)	—	—	25.2	25.2
Loan receivable	(11.3)	—	—	(11.3)
Cash and cash equivalents	(2.5)	—	—	(2.5)
Liabilities carried at fair value	—	17.4	—	17.4
Liabilities carried at cost or amortized cost	—	213.2	91.3	304.5
	$ (13.8)	$ 230.6	$ 103.9	$ 320.7
Year ended March 31, 2015:				
Assets carried at cost or amortized cost:				
Trade receivables (b)	$ —	$ —	$ 19.7	$ 19.7
Loan receivable	(1.0)	—	—	(1.0)
Cash and cash equivalents	(3.3)	—	—	(3.3)
Liabilities carried at fair value	—	9.3	—	9.3
Liabilities carried at cost or amortized cost	—	75.0	—	75.0
	$ (4.3)	$ 84.3	$ 19.7	$ 99.7

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(a) Except as noted in (b) below, amounts are included in realized and unrealized losses on derivative instruments within finance expense in our consolidated statements of operations.

(b) The other statement of operations effects for trade receivables represent provisions for impairment of trade receivables and are included in other operating expenses in our consolidated statements of operations.

A reconciliation of the movements in the valuation basis of our financial instruments measured at fair value is as follows:

	Available-for-sale financial assets	Financial assets at fair value through earnings (loss) for the period	Total
	in millions		
Balance at April 1, 2015	$ 58.7	$ 14.1	$ 72.8
Fair value gain	—	12.6	12.6
Additions	—	4.2	4.2
Sale of available-for-sale investment	0.7	—	0.7
Foreign currency translation adjustments	(2.3)	—	(2.3)
Balance at March 31, 2016	$ 57.1	$ 30.9	$ 88.0

	Available-for-sale financial assets	Financial assets at fair value through earnings (loss) for the period	Total
		in millions	
Balance at April 1, 2015	$ 58.4	$ —	$ 58.4
Additions	2.4	14.1	16.5
Fair value gain	3.5	—	3.5
Sale of available-for-sale investment	(1.4)	—	(1.4)
Foreign currency translation adjustments	(4.2)	—	(4.2)
Balance at March 31, 2016	$ 58.7	$ 14.1	$ 72.8

(10) Trade and Other Receivables

The details of our trade and other receivables, net, are set forth below:

	March 31, 2016	March 31, 2015 (a)
	in millions	
Current trade and other receivables:		
Trade receivables – gross (b)	$ 425.1	$ 368.8
Allowance for impairment of trade receivables	(81.2)	(69.7)
Trade receivables, net	343.9	299.1
Other receivables (note 26) (c)	79.3	64.5
Unbilled revenue	77.6	78.1
Amounts receivable from joint ventures and associates	0.9	1.0
Total current trade and other receivables, net	501.7	442.7
Noncurrent – trade and other receivables	3.9	1.7
Total trade and other receivables	$ 505.6	$ 444.4

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(a) As reclassified – see note 2.

(b) Includes $49.3 million and $52.7 million, respectively, representing a concentration of trade receivables due from various departments within a single government entity.

(c) Other receivables primarily include amounts due from New Cayman and VAT receivables.

The detailed aging of current trade receivables and related impairment amounts as of March 31, 2016 and 2015 is set forth below:

	March 31, 2016		March 31, 2015	
	Gross trade receivables	Allowance for impairment	Gross trade receivables	Allowance for impairment
	in millions			
Days past due:				
Current	$ —	$ —	$ 40.0	$ —
1 - 30	132.8	—	128.0	(0.3)
31 - 60	62.2	(0.2)	46.4	(0.1)
61 - 90	43.9	(0.7)	26.2	(0.2)
Over 90	186.2	(80.3)	128.2	(69.1)
Total	$ 425.1	$ (81.2)	$ 368.8	$ (69.7)

Based on historic default rates, we believe that no impairment allowance is necessary in respect of trade and other receivables not past due. Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have lengthy settlement periods. Generally, interconnection agreements with major carriers result in both receivables and payables balances with the same counterparty. Industry practice is that receivable and payable amounts relating to interconnection revenue and costs for a defined period are agreed between counterparties and settled on a net basis.

The following table shows the development of the allowance for impairment of trade receivables:

	Year ended March 31,	
	2016	2015
	in millions	
Allowance at beginning of period	$ 69.7	$ 78.0
Reclassification from held-for-sale	0.9	1.9
Business disposals	—	(6.8)
Provisions for impairment of receivables	25.2	19.7
Write-off of receivables	(14.4)	(22.4)
Foreign currency translation	(0.2)	(0.7)
Allowance at end of period	$ 81.2	$ 69.7

When a trade receivable is uncollectible, it is written off against the allowance account. Provisions for impairment of trade receivables are included in other operating expenses in our consolidated statements of operations.

(11) Inventory

Our inventory is primarily composed of mobile handsets and equipment. Inventory is not pledged as security or collateral against any of our borrowings. The cost of inventory held for sale that was expensed during the years ended March 31, 2016 and 2015 was $138.8 million and $148.0 million, respectively.

(12) Other Assets

The details of our other current assets are set forth as follows:

	March 31, 2016	March 31, 2015
	in millions	
Restricted cash (a)	$ 4.5	$ 5.2
Income taxes receivable	7.4	9.6
Accrued other income	6.5	4.1
Other current assets	6.7	6.3
Total	$ 25.1	$ 25.2

(a) Restricted cash primarily includes funding for seniority provisions in Panama and cash collateral related to certain loans in Barbados.

The details of our other noncurrent assets are set forth as follows:

	March 31, 2016	March 31, 2015
	in millions	
Prepaid expenses (a)	$ 117.3	$ 126.4
Derivative instruments (note 8)	30.9	14.1
Available-for-sale financial assets (note 9) (b)	57.1	58.7
Retirement benefit plan assets (note 21)	28.0	16.8
Deferred income taxes (note 18)	35.8	55.8
Restricted cash (c)	16.1	16.1
Other noncurrent assets	10.6	13.5
Total	$ 295.8	$ 301.4

(a) Amounts include $101.9 million in prepaid mobile spectrum, which we do not currently have the right to use.

(b) Amounts relate to U.K. Government Gilts, which are held as security against certain noncurrent employee benefit plan liabilities. For additional information, see note 21.

(c) Restricted cash represents funding for seniority provisions in Panama.

(13) Assets Held for Sale

The details of our assets held for sale are as follows:

	March 31, 2016	March 31, 2015
	in millions	
Investment in Telecommunications Services of Trinidad and Tobago Limited (**TSTT**)	$ 128.3	$ 136.1
Property and equipment (a)	26.2	27.9
Total	$ 154.5	$ 164.0

(a) Represents property and equipment primarily related to the Barbados fiber network, which is being divested as part of the regulatory approval from the Barbados Fair Trading Commission.

In connection with our acquisition of Columbus in March 2015, certain conditions were included in the regulatory approval of the transaction from the Telecommunications Authority of Trinidad and Tobago, including the requirement that we dispose of our investment in TSTT by a certain date, which has been extended to June 30, 2017. We cannot predict when, or if, we will be able to dispose of this investment at an acceptable price. As such, no assurance can be given that we will be able to recover the carrying value of our investment in TSTT. For additional information regarding our investment in TSTT, see note 29.

(14) Long-lived Assets

Property and Equipment, Net

Changes during the year ended March 31, 2016 in the carrying amounts of our property and equipment, net, are as follows:

	Plant and equipment	Land and buildings	Assets under construction	Total
	in millions			
Cost:				
April 1, 2015	$ 5,128.0	$ 485.8	$ 298.4	$ 5,912.2
Additions	141.7	3.1	359.4	504.2
Retirements and disposals	(142.3)	(1.0)	—	(143.3)
Transfers between categories	341.9	6.5	(348.4)	—
Transfers from (to) intangible assets	(5.7)	1.6	(39.0)	(43.1)
Foreign currency translation and other	(52.8)	(7.7)	(0.5)	(61.0)
March 31, 2016	$ 5,410.8	$ 488.3	$ 269.9	$ 6,169.0
Accumulated depreciation:				
April 1, 2015	$ 3,109.7	$ 222.7	$ 0.4	$ 3,332.8
Depreciation	315.1	18.8	—	333.9
Impairment	(52.0)	(21.6)	—	(73.6)
Retirements and disposals	(135.9)	—	—	(135.9)
Transfers to intangible assets	(6.9)	(0.1)	(0.4)	(7.4)
Foreign currency translation and other	(33.1)	(4.0)	—	(37.1)
March 31, 2016	$ 3,196.9	$ 215.8	$ —	$ 3,412.7
Property and equipment, net:				
March 31, 2016	$ 2,213.9	$ 272.5	$ 269.9	$ 2,756.3

Changes during the year ended March 31, 2015 in the carrying amounts of our property and equipment, net, are as follows:

	Plant and equipment	Land and buildings	Assets under construction	Total
		in millions		
Cost:				
April 1, 2014	$ 4,001.0	$ 423.0	$ 220.0	$ 4,644.0
Acquisitions	1,054.0	41.0	53.0	1,148.0
Additions	11.9	0.5	403.7	416.1
Business disposals	(109.1)	—	(1.5)	(110.6)
Write-offs	(49.0)	—	—	(49.0)
Retirements and disposals	(94.0)	(2.0)	(0.4)	(96.4)
Reclassification from assets held for sale	55.0	8.0	9.0	72.0
Transfers between categories	334.0	21.4	(355.4)	—
Transfers from (to) intangible assets	—	—	(28.4)	(28.4)
Transfers to assets held for sale	(42.0)	—	—	(42.0)
Foreign currency translation and other	(33.8)	(6.1)	(1.6)	(41.5)
March 31, 2015	$ 5,128.0	$ 485.8	$ 298.4	$ 5,912.2
Accumulated depreciation:				
April 1, 2014	$ 3,022.0	$ 204.0	$ 0.4	$ 3,226.4
Depreciation (a)	196.2	14.6	—	210.8
Impairment	70.1	8.2	—	78.3
Write-offs	49.0	—	—	49.0
Retirements and disposals	(137.5)	(1.1)	—	(138.6)
Business disposals	(70.7)	—	—	(70.7)
Reclassification from assets held for sale	25.0	2.0	—	27.0
Transfers to assets held for sale	(14.8)	—	—	(14.8)
Foreign currency translation and other	(29.6)	(5.0)	—	(34.6)
March 31, 2015	$ 3,109.7	$ 222.7	$ 0.4	$ 3,332.8
Property and equipment, net:				
March 31, 2015	$ 2,018.3	$ 263.1	$ 298.0	$ 2,579.4

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(a) Includes $1.4 million related to discontinued operations.

Intangible Assets Subject to Amortization, Net

Changes in the carrying amounts of our finite-lived intangible assets during the year ended March 31, 2016 are as follows:

	Customer relationships	Software	Licensing and operating agreements	Other (a)	Total
			in millions		
Cost:					
April 1, 2015	$ 645.4	$ 324.5	$ 93.4	$ 89.1	$ 1,152.4
Additions	—	30.3	—	—	30.3
Retirements and disposals	(4.3)	(3.1)	—	—	(7.4)
Transfers from property and equipment	—	16.1	27.0	—	43.1
Foreign currency translation and other	(0.5)	(3.8)	(7.2)	—	(11.5)
March 31, 2016	$ 640.6	$ 364.0	$ 113.2	$ 89.1	$ 1,206.9
Accumulated amortization:					
April 1, 2015	$ 7.5	$ 243.1	$ 28.0	$ 0.3	$ 278.9
Amortization	53.8	33.5	11.9	7.9	107.1
Retirements and disposals	(4.3)	(3.1)	—	—	(7.4)
Transfers from property and equipment	—	2.6	4.8	—	7.4
Foreign currency translation and other	0.1	(2.6)	(4.8)	—	(7.3)
March 31, 2016	$ 57.1	$ 273.5	$ 39.9	$ 8.2	$ 378.7
Intangible assets subject to amortization, net:					
March 31, 2016	$ 583.5	$ 90.5	$ 73.3	$ 80.9	$ 828.2

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(a) Primarily includes brand names.

Changes in the carrying amounts of our finite-lived intangible assets during the year ended March 31, 2015 are as follows:

	Customer relationships	Software	Licensing and operating agreements	Other (a)	Total
			in millions		
Cost:					
April 1, 2014	$ 27.0	$ 260.0	$ 175.6	$ 70.0	$ 532.6
Acquisitions	625.0	18.7	14.8	87.0	745.5
Additions	—	18.9	38.5	0.7	58.1
Business disposals	—	(2.4)	(135.4)	(69.6)	(207.4)
Retirements and disposals	(6.4)	(0.1)	—	—	(6.5)
Transfers from property and equipment	—	28.2	0.3	—	28.5
Foreign currency translation and other	(0.2)	1.2	(0.4)	1.0	1.6
March 31, 2015	$ 645.4	$ 324.5	$ 93.4	$ 89.1	$ 1,152.4
Accumulated amortization:					
April 1, 2014	$ 6.7	$ 211.0	$ 89.2	$ 55.0	$ 361.9
Amortization (b)	8.0	32.6	7.4	0.8	48.8
Business disposals	—	(1.6)	(68.4)	(55.4)	(125.4)
Retirements and disposals	(6.4)	(0.1)	—	—	(6.5)
Foreign currency translation and other	(0.8)	1.2	(0.2)	(0.1)	0.1
March 31, 2015	$ 7.5	$ 243.1	$ 28.0	$ 0.3	$ 278.9
Intangible assets subject to amortization, net:					
March 31, 2015	$ 637.9	$ 81.4	$ 65.4	$ 88.8	$ 873.5

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(a) Primarily includes brand names.

(b) Includes $1.6 million related to discontinued operations.

Goodwill

Goodwill is allocated to our cash-generating units, as defined and further described below, as follows:

Cash-generating unit	Reportable segment	March 31, 2016	March 31, 2015
		in millions	
Networks	Networks and Liberty Latin America	$ 844.9	$ 844.9
Trinidad and Tobago	Caribbean	759.5	759.5
Jamaica	Caribbean	173.8	173.8
Curacao	Caribbean	97.0	97.0
		1,875.2	1,875.2
Other		268.5	284.4
		$ 2,143.7	$ 2,159.6

Changes in the carrying amount of our goodwill are set forth below:

	Year ended March 31,	
	2016	2015
	in millions	
Balance at beginning of year	$ 2,159.6	$ 355.8
Acquisitions	—	1,804.8
Impairment	(3.3)	—
Foreign currency translation adjustments	(12.6)	(1.0)
Balance at end of year	$ 2,143.7	$ 2,159.6

Impairment

We perform annual impairment reviews of the carrying value of goodwill in each of the reportable segments in which we operate. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash inflows, known as cash-generating units. We have principally determined our cash-generating units to be the country in which the business operates with the exception of those segments that have discrete service lines and cash inflows, which are monitored by management on that basis.

We performed our annual impairment review effective March 31, 2016. In performing the review, the recoverable amounts of the cash-generating unit was determined based on the higher of the fair value less costs of disposal and the value in use of the respective cash-generating unit. The fair value measurement was categorized as Level 3 fair value based on the inputs in the valuation technique used. The value in use for each cash-generating unit was estimated using discounting cash flows, which used pre-tax discount rates dependent on the risk-adjusted cost of capital of the respective cash-generating unit. In connection with the annual impairment review, we impaired $3.3 million of goodwill associated with Dekal Wireless (Holding) Limited, which is included in our “other” cash-generating unit.

The key assumptions used in the impairment review and the estimated recoverable amount of the cash-generating unit over its carrying value are as follows:

	Networks	Trinidad & Tobago	Jamaica	Curacao
Key assumptions:				
Pre-tax discount rate	9.2%	14.6%	11.5%	10.9%
Long-term growth rate	1.5%	5.0%	3.5%	5.0%
Budgeted Adjusted EBITDA (a)	9.3 - 25.2	6.0 - 9.5	6.8 - 18.6	6.0 - 9.0
Budgeted capital expenditure (b)	8.4 - 12.9	3.6	17.4 - 27.5	1.0
Change required for carrying amount to equal recoverable amount (in millions)	$617.0	$56.0	$272.0	$7.0

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(a) Budgeted Adjusted EBITDA is expressed as the range of annual growth rates in operations in the initial five years of the value in use calculation as derived from a three-year forecast approved by the board of directors.

(b) Budgeted capital expenditures is expressed as a percentage of revenue in the initial five years of the value in use calculation.

Our impairment review results of the recoverable amounts of our cash-generating units are sensitive to a number of assumptions, including those key assumptions noted in the table above.

If, among other factors, (i) our enterprise value were to decline significantly or (ii) the adverse impacts of economic, competitive, regulatory or other factors were to cause our results of operations or cash flows to be worse than anticipated, we could conclude in future periods that further impairment charges are required in order to reduce the carrying values of our goodwill and, to a lesser extent, other long-lived assets. Any such impairment charges could be significant.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expense is composed of the following:

	Year ended March 31, 2016	Year ended March 31, 2015
	in millions	
Depreciation expense	$ 333.9	$ 209.4
Amortization expense	107.1	47.2
Total depreciation and amortization	441.0	256.6
Impairment expense (recovery) (a)	(70.3)	127.2
Total depreciation, amortization and impairment	$ 370.7	$ 383.8

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(a) In connection with the Columbus Acquisition, certain assets in the legacy Columbus markets that overlapped with existing CWC markets were impaired during the year ended March 31, 2015 based on the expected timing of customer migration to the CWC fiber networks. During the year ended March 31, 2016, the timing of the migration plan was reassessed and extended. Accordingly, the discounted cash flow analysis associated with the 2015 impairment charge was revised to account for a change in the expected useful lives of the underlying assets, which resulted in a $74.3 million impairment recovery during the 2016 period.

(15) Debt and Finance Lease Obligations

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

	March 31, 2016		Estimated fair value (c)		Principal amount	
			March 31,		March 31,	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	2016	2015	2016	2015
			in millions			
C&W Notes	7.32%	$ —	$ 2,322.0	$ 1,560.0	$ 2,207.1	$ 1,469.0
C&W Credit Facilities	5.11%	493.0	885.0	1,352.0	865.2	1,349.0
Total debt before discounts, premiums and deferred financing costs	6.70%	$ 493.0	$ 3,207.0	$ 2,912.0	$ 3,072.3	$ 2,818.0

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

	March 31, 2016	March 31, 2015
	in millions	
Total debt before discounts, premiums and deferred financing costs	$ 3,072.3	$ 2,818.0
Discounts, net of premiums	(17.5)	(23.7)
Deferred financing costs	(26.4)	(27.6)
Total carrying amount of debt	3,028.4	2,766.7
Current maturities of debt and finance lease obligations	(87.4)	(82.2)
Long-term debt and finance lease obligations	$ 2,941.0	$ 2,684.5

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(a) Represents the weighted average interest rate in effect at March 31, 2016 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate variable- and fixed-rate indebtedness was 7.0% at March 31, 2016. For information regarding our derivative instruments, see note 8.

(b) Unused borrowing capacity under the CWC Credit Facilities includes $390.0 million under the CWC Revolving Credit Facility (as defined and described below), which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2016, based on the applicable leverage and other financial covenants, which take into account letters of credit issued in connection with the Cable & Wireless Superannuation Fund (**CWSF**) (as described in note 21), $340.7 million of unused borrowing capacity was available to be borrowed under the CWC Credit Facilities.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 9.

General Information

Our "borrowing groups" include the respective restricted parent and subsidiary entities within CWC and Columbus and entities holding certain of our CWC Regional Facilities, as defined and described below. At March 31, 2016, all of our outstanding debt had been incurred by two of our primary borrowing groups.

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

- Our credit facilities contain certain consolidated gross or net leverage ratios, as specified in the relevant credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facilities contain certain restrictions which, among other things, restrict the ability of the members of the relevant borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to their direct and/or indirect parent companies (and indirectly to CWC) through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our credit facilities require that certain members of the relevant borrowing group guarantee the payment of all sums payable under the relevant credit facility and such group members are required to grant first-ranking security over their shares or, in certain borrowing groups, over substantially all of their assets to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under the relevant credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);
- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;
- Our credit facilities require members of the relevant borrowing group to observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and

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

Senior Notes. CWC and Columbus have issued senior notes. In general, our senior notes (i) are senior obligations of each respective issuer within the relevant borrowing group that rank equally with all of the existing and future senior debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer within the relevant borrowing group and (ii) contain, in most instances, certain guarantees from other members of the relevant borrowing group (as specified in the applicable indenture). In addition, the indentures governing our senior notes contain certain covenants, the more notable of which are as follows:

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

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

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

CWC Notes

The details of our outstanding notes as of March 31, 2016 are summarized in the following table:

			Outstanding principal amount			
C&W Notes	**Maturity**	**Interest rate**	**Borrowing currency**	**U.S. $ equivalent**	**Estimated fair value**	**Carrying value**
				in millions		
Columbus Senior Notes (a)	March 30, 2021	7.375%	$ 1,250.0	$ 1,250.0	$ 1,334.0	$ 1,236.3
Sable Senior Notes (b)	August 1, 2022	6.875%	$ 750.0	750.0	760.0	725.0
C&W Senior Notes (c)	March 25, 2019	8.625%	£ 200.0	207.1	228.0	207.1
Total				$ 2,207.1	$ 2,322.0	$ 2,168.4

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(a) The Columbus Senior Notes were issued by Columbus. The Columbus Senior Notes include certain redemption terms that represent an embedded derivative. We have bifurcated the embedded derivative from the Columbus Senior Notes and recorded the liability associated with the redemption features at fair value in our consolidated statements of financial position. For additional information on the embedded derivative, see note 8.

(b) On August 1, 2015, Sable issued the Sable Senior Notes, which had an issue price of 98.644%. A portion of the proceeds from the Sable Senior Notes and amounts drawn under the CWC Revolving Credit Facility were primarily used to repay amounts outstanding under certain then existing terms loans. In connection with these transactions, we recognized a loss on debt extinguishment of $21.3 million.

(c) The CWC Senior Notes, which are non-callable, were issued by Cable & Wireless International Finance B.V., a wholly-owned subsidiary of CWC.

Upon a change in control, we are required to make an offer to each holder of the Columbus Senior Notes to purchase such notes at a price equal to 101% of the principal amount plus accrued and unpaid interest. Subsequent to March 31, 2016, in connection with the Liberty Global Transaction, on May 23, 2016, we provided such notice of a change in control and offered to purchase for cash any and all outstanding Columbus Senior Notes from each registered holder of the Columbus Senior Notes (the **Offer**). None of the Columbus Senior Notes were redeemed during the Offer period, which expired on June 20, 2016.

Subject to the circumstances described below, the Columbus Senior Notes are non-callable until March 30, 2018 and the Sable Senior Notes are non-callable until August 1, 2018. At any time prior to March 30, 2018, in the case of the Columbus Senior Notes and August 1, 2018, in the case of the Sable Senior Notes, Columbus and Sable may redeem some or all of the applicable notes by paying a "make-whole" premium, which is generally based on the present value of all scheduled interest payments until March 30, 2018 or August 1, 2018 (as applicable) using the discount rate (as specified in the applicable indenture) as of the redemption date, plus 50 basis points, and in the case of the Sable Senior Notes is subject to a minimum 1% of the principal amount outstanding at any redemption date prior to August 1, 2018.

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

	Redemption price	
	Columbus Senior Notes	**Sable Senior Notes**
12-month period commencing	March 30	August 1
2018	103.688%	105.156%
2019	101.844%	103.438%
2020	100.000%	101.719%
2021 and thereafter	N.A.	100.000%

CWC Credit Facilities

The CWC Credit Facilities are the senior secured credit facilities of certain of our subsidiaries. The details of our borrowings under the CWC Credit Facilities as of March 31, 2016 are summarized in the following table:

C&W Credit Facility	**Maturity**	**Interest rate**	**Facility amount (in borrowing currency)**	**Outstanding principal amount**	**Unused borrowing capacity (a)**	**Carrying value (b)**
				in millions		
C&W Term Loan	February 1, 2020	8.75%	$ 400.0	$ 400.0	$ —	$ 395.0
C&W Revolving Credit Facility	March 31, 2020	LIBOR + 3.50% (c)	$ 570.0	180.0	390.0	180.0
C&W Regional Facilities (d)	various dates ranging from 2017 to 2038	3.65% (e)	$ 443.4	285.2	103.0	285.0
Total				$ 865.2	$ 493.0	$ 860.0

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(a) The amount related to the CWC Revolving Credit Facility represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing At March 31, 2016, based on the applicable leverage and other financial covenants, which take into account letters of credit issued in connection with the CWSF, $340.7 million of unused borrowing capacity was available to be borrowed under the CWC Credit Facilities.

(b) Amounts are net of discounts and deferred financing costs, where applicable.

(c) The CWC Revolving Credit Facility has a fee on unused commitments of 0.5% per year.

(d) Represents certain amounts borrowed by CW Panama, BTC and CW Jamaica, each a subsidiary of CWC (collectively, the **CWC Regional Facilities**).

(e) Represents a blended weighted average rate for all CWC Regional Facilities.

Maturities of Debt Obligations

The U.S. dollar equivalents of the maturities of our debt, including amounts representing interest payments, as of March 31, 2016 are presented below (in millions):

Year ending March 31:	
2017	$ 316.0
2018	280.0
2019	463.7
2020	818.3
2021	1,428.1
Thereafter	841.0
Total debt maturities	4,147.1
Discounts, net of premiums	(17.5)
Deferred financing costs	(26.4)
Amounts representing interest	(1,074.8)
Total	$ 3,028.4
Current portion	$ 82.2
Noncurrent portion	$ 2,946.2

Subsequent events

For information regarding certain financing transactions completed subsequent to March 31, 2016, see note 29.

(16) Other Liabilities

The details of our other accrued and current liabilities are set forth as follows:

	March 31,	
	2016	2015
	in millions	
Accrued and other operating liabilities	$ 242.8	$ 274.5
Accrued interest payable	18.4	56.5
Accrued capital expenditures	56.0	76.7
Payroll and employee benefits (note 22)	20.3	20.9
Accrued share-based compensation	6.5	0.6
Total	$ 344.0	$ 429.2

The details of our other noncurrent liabilities are set forth as follows:

	March 31,	
	2016	2015
	in millions	
Retirement benefit obligations (note 21)	$ 185.1	$ 208.8
Provisions (note 17)	66.6	110.0
Accrued capital expenditures	19.3	12.9
Other accrued noncurrent liabilities	7.9	28.3
Total	$ 278.9	$ 360.0

(17) Provisions

A summary of changes in our provisions for liabilities and charges during the years ended March 31, 2016 and 2015 is set forth in the tables below:

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
April 1, 2015	$ 96.9	$ 51.6	$ 90.9	$ 239.4
Additional provisions	7.1	2.0	38.2	47.3
Amounts used	(65.8)	(5.5)	(66.5)	(137.8)
Unused amounts released	(16.8)	—	(5.6)	(22.4)
Effect of discounting	—	2.5	—	2.5
Transfers	1.8	(2.0)	0.2	—
Foreign currency translation adjustments and other	(0.4)	(0.7)	—	(1.1)
March 31, 2016	$ 22.8	$ 47.9	$ 57.2	$ 127.9
Current portion	$ 20.6	$ 0.4	$ 40.3	$ 61.3
Noncurrent portion	2.2	47.5	16.9	66.6
	$ 22.8	$ 47.9	$ 57.2	$ 127.9

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
April 1, 2014	$ 66.5	$ 29.9	$ 86.8	$ 183.2
Acquisitions	—	—	33.1	33.1
Business disposals	(0.6)	(2.2)	(11.0)	(13.8)
Additional provisions	78.0	21.9	22.0	121.9
Amounts used	(46.8)	(0.2)	(25.5)	(72.5)
Unused amounts released	—	—	(14.4)	(14.4)
Effect of discounting	—	2.8	—	2.8
Foreign currency translation adjustments and other	(0.2)	(0.6)	(0.1)	(0.9)
March 31, 2015	$ 96.9	$ 51.6	$ 90.9	$ 239.4
Current portion	$ 62.7	$ 2.4	$ 64.3	$ 129.4
Noncurrent portion	34.2	49.2	26.6	110.0
	$ 96.9	$ 51.6	$ 90.9	$ 239.4

Our restructuring charges during the year ended March 31, 2016 include employee severance and termination costs related to reorganization and integration activities, primarily associated with the integration of Columbus.

Our network obligations include costs associated with redundant leased network capacity, including break fees in certain network contracts. Cash outflows associated with network obligations are expected to occur over the shorter of the period to exit and the lease contract life.

Our legal and other provisions include amounts relating to specific legal claims against our company and certain employee benefits and sales taxes. The timing of the utilization of the provision is uncertain and is largely outside our control, including matters that are contingent upon litigation. During 2015, we received an unfavorable ruling associated with pre-acquisition legal risks of Columbus and were ordered to pay the majority of the Columbus purchase price hold back, a disputed non-competition payment and other amounts (including costs) of approximately $11.0 million in aggregate, substantially all of which was paid during the year ended March 31, 2016.

(18) Income Taxes

Through our subsidiaries, we maintain a presence in many countries. Many of these countries maintain highly complex tax regimes that differ significantly from the system of income taxation used in the U.K. We have accounted for the effect of these taxes based on what we believe is reasonably expected to apply to us and our subsidiaries based on tax laws currently in effect and reasonable interpretations of these laws. Because some jurisdictions do not have systems of taxation that are as well established as the system of income taxation used in the U.K. or tax regimes used in other major industrialized countries, it may be difficult to anticipate how other jurisdictions will tax our and our subsidiaries' current and future operations. The income taxes of CWC and its subsidiaries are presented on a separate return basis for each tax-paying entity or group based on the local tax law.

The combined details of our current and deferred income tax benefit (expense) that are included in our consolidated statements of operations are as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
	in millions	
Current tax expense	$ 44.6	$ 36.4
Deferred tax expense (benefit)	6.9	(4.7)
Total income tax expense	$ 51.5	$ 31.7

Income tax expense attributable to our earnings (loss) before income taxes differs from the amounts computed by applying the U.K. tax rate as a result of the following:

	Year ended March 31, 2016	Year ended March 31, 2015
	in millions	
Income tax expense (benefit) at U.K. statutory tax rate (a)	$ 35.4	$ (0.2)
Effect of changes in unrecognized deferred tax assets	46.5	17.0
Adjustments relating to prior years	(33.9)	10.0
Non-deductible or non-taxable interest and other expenses	26.0	8.0
International rate differences (b)	(24.5)	(17.6)
Effect of withholding tax and intra-group dividends	2.0	16.0
Other	—	(1.5)
Total income tax expense	$ 51.5	$ 31.7

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(a) The applicable statutory tax rate in the U.K. is 20% and 21% for the years ended March 31, 2016 and 2015, respectively.

(b) Amounts reflect adjustments (either an increase or a decrease) to "expected" tax benefit (loss) for statutory rates in jurisdictions in which we operate outside of the U.K.

During 2015, the U.K. enacted legislation that will change the corporate income tax rate from the current rate of 20.0% to 19.0% in April 2017 and 18.0% in April 2020. During the third quarter of 2016, the U.K. enacted legislation that will further reduce the corporate income tax rate in April 2020 from 18.0% to 17.0%. Due to our unrecognized deferred tax assets in the U.K., these U.K. statutory rate changes are not expected to significantly impact our deferred income taxes.

The details of our deferred tax balances at March 31, 2016 and our deferred tax expense for the year ended March 31, 2016 are as follows:

	March 31, 2016		Year ended March 31, 2016	
	Deferred tax assets	Deferred tax liabilities	Foreign currency translation adjustments	Recognition in statement of operations
	in millions			
Net operating loss and other carryforwards	$ 17.4	$ —	$ —	$ 4.0
Property and equipment	19.6	(154.8)	(1.3)	7.0
Intangible assets	—	(164.5)	(1.2)	(0.2)
Investments	—	(0.5)	—	—
Receivables	4.9	—	—	—
Accrued interest	10.4	—	—	—
Other	49.1	(23.9)	0.5	(3.9)
Net assets with liabilities within same jurisdiction	(65.6)	65.6	—	—
Total	$ 35.8	$ (278.1)	$ (2.0)	$ 6.9

The details of our deferred tax balances at March 31, 2015 and our deferred tax expense for the year ended March 31, 2015 are as follows:

	March 31, 2015		Year ended March 31, 2015		
	Deferred tax assets	Deferred tax liabilities	Acquisitions, net of disposals	Foreign currency translation adjustments	Recognition in statement of operations
	in millions				
Net operating loss and other carryforwards	$ 21.4	$ —	$ (4.0)	$ —	$ (1.4)
Long-lived assets	22.0	(274.0)	(233.0)	0.8	(5.8)
Other	20.6	(27.4)	(10.4)	0.9	2.5
Net assets with liabilities within same jurisdiction	(8.2)	8.2	—	—	—
Total	$ 55.8	$ (293.2)	$ (247.4)	$ 1.7	$ (4.7)

Deferred tax assets have not been recognized in respect of the following temporary differences:

	March 31,	
	2016	2015
	in millions	
Net operating loss and other carryforwards	$ 7,960.0	$ 7,339.0
Capital allowances available on noncurrent assets	150.0	70.0
Pensions	186.0	205.0
Other	133.0	156.0
	$ 8,429.0	$ 7,770.0

The significant components of our net operating loss and other carryforwards and related tax assets at March 31, 2016 are as follows:

Jurisdiction	Tax loss carryforward	Related tax asset	Expiration date
	in millions		
Barbados	$ 73.3	$ 12.2	2016 - 2022
Colombia	9.5	3.6	Indefinite
All other countries	6.6	1.6	Various
Total	$ 89.4	$ 17.4	

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

(19) Owners' Equity

We had 4,475,953,616 fully paid ordinary shares at $0.05 nominal value outstanding as of March 31, 2016 and 2015. In connection with the Liberty Global Transaction, all issued and outstanding CWC shares (including all shares then held in treasury) were cancelled, and CWC became a private, wholly-owned subsidiary of Liberty Global. For additional information, see note 29.

Dividends

During the year ended March 31, 2016, no dividends were declared or paid. On August 7, 2015, we paid the final dividend of $115.6 million (2.67 cents per share) for the year ended March 31, 2015.

In addition, CW Panama and BTC declared and paid dividends in aggregate of $54.0 million and $86.0 million during the years ended March 31, 2016 and 2015, respectively. For additional information, see note 27.

Foreign currency translation reserve

The foreign currency translation reserve primarily contains exchange rate differences related to the translation of financial statements of our subsidiaries that do not have the U.S. dollar as their functional currency.

Capital and other reserves

Capital and other reserves is composed of the following:

	March 31, 2016	March 31, 2015
	in millions	
Capital reserve	$ 986.8	$ 986.8
Other reserves:		
De-merger reserve (a)	2,288.6	2,288.6
Merger relief reserve (b)	1,208.8	1,208.8
Fair value reserve	19.8	19.8
Transactions with noncontrolling interests	(5.3)	(5.3)
Put option arrangements	(775.7)	(775.7)
	2,736.2	2,736.2
Total	$ 3,723.0	$ 3,723.0

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(a) Represents reserves created on demerger of the legacy Cable and Wireless Limited business in 2010.

(b) Represents a reserve related to the statutory relief from recognizing share premium when issuing equity shares in order to acquire the legal entity shares of another company when certain conditions are met. The merger reserve was formed in connection with the Columbus Acquisition on March 31, 2015 when we acquired 100% of the issued share capital of Columbus for consideration that included the issuance of shares.

(20) Finance Expense and Finance Income

Finance expense is composed of the following:

	Year ended March 31,	
	2016	2015
	in millions	
Interest expense on third-party debt	$ 207.9	$ 74.2
Realized and unrealized losses on derivative instruments (note 8)	78.7	—
Losses on debt extinguishment (note 15)	21.3	36.5
Amortization of deferred financing costs and accretion of discounts (note 14)	14.9	6.4
Other financial expense items	7.8	3.7
Total	$ 330.6	$ 120.8

Finance income is composed of the following:

	Year ended March 31,	
	2016	2015
	in millions	
Foreign currency transaction gains	$ 11.4	$ 40.0
Interest on related-party loans receivable (note 26)	5.0	0.9
Interest on cash and bank deposits	2.5	3.3
Other financial income items	6.3	4.1
Total	$ 25.2	$ 48.3

(21) Employee Benefit Plans

We operate pension plans for our current and former U.K. and overseas employees. These plans include both defined benefit plans, where retirement benefits are based on employees' remuneration and length of service, and defined contribution plans, where retirement benefits reflect the accumulated value of agreed contributions paid by, and in respect of, employees. Contributions to the defined benefit plans are made in accordance with the recommendations of independent actuaries who value the plans.

*Cable & Wireless Superannuation Fund (**CWSF**)*

The CWSF provides defined benefit and defined contribution arrangements for current and former employees of CWC. The CWSF has been closed to new defined benefit members since 1998 and was closed to future accrual of benefits effective from March 31, 2016.

Regulatory framework and governance

U.K. regulations govern (i) the nature of the relationship between CWC and the CWSF Board of Trustees (the **Trustees**) and (ii) the trustee-administered funds in which the assets of the CWSF are held. Responsibility for the governance of the CWSF, including investment decisions and contribution schedules, lies with the Trustees who must consult with the company on such matters. In accordance with the CWSF's governing documents, the Trustees must be composed of representatives of the company, plan participants and an independent trustee.

The weighted average duration of the total expected benefit payments from the CWSF is 16 years, and the weighted average duration of the expected uninsured benefit payments from the CWSF is 21 years.

We made contributions of $48.8 million and $51.4 million during the years ended March 31, 2016 and 2015, respectively, to the CWSF.

We are party to a contingent funding agreement (the **Contingent Funding Arrangement**) with the Trustees, under which the Trustees can call for a letter of credit or cash escrow in certain circumstances, such as a breach of certain financial covenants, the incurrence of secured debt above an agreed level or the failure to maintain available commitments of at least $150 million under the CWC Revolving Credit Facility. Our acquisition of Columbus constituted a "change of control" under the Contingent Funding Arrangement and, therefore, the Trustees have the right to drawdown on the £100.0 million ($143.9 million) letters of credit that were put in place in connection with the acquisition of Columbus pursuant to the terms of the Contingent Funding Arrangement. Based on the pending outcome of the triennial actuarial valuation as of March 31, 2016, which is expected to be completed during the second quarter of 2017, our contributions necessary to fund the CWSF by April 2019 are currently expected to range from nil to £23.0 million ($33.1 million) per year during 2017, 2018 and 2019. We are currently in negotiations with the Trustees with respect to the future funding requirements of the CWSF and the outstanding letters of credit with a view to addressing the remaining deficit through future contributions over a period of time similar in structure to prior triennial period contribution schedules. No assurance can be given as to the outcome of such negotiations.

Minimum funding requirement

The deficit recovery funding plan agreed with the Trustees as part of the March 2013 actuarial valuation constitutes a minimum funding requirement. An adjustment to the deficit in the CWSF to account for the minimum funding requirement has been calculated in accordance with IFRIC 14, *The Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The adjustment to the deficit, which is recorded in other comprehensive loss, was $54.3 million and $21.4 million during the years ended March 31, 2016 and 2015, respectively.

Asset-liability matching

The Trustees have purchased a bulk annuity policy pursuant to which the insurer assumed responsibility for the benefits payable to certain of the CWSF's participants. At March 31, 2016, approximately 63% of the liabilities in the CWSF are matched by the annuity policy asset, which reduces the funding risk for the company.

U.K. unfunded pension arrangements

We operate unfunded defined benefit arrangements in the U.K. that primarily relate to pension provisions for former Directors and other senior employees in respect of their earnings in excess of the previous Inland Revenue salary cap. These arrangements are governed by individual trust deeds. One arrangement incorporates a covenant requiring us to hold security against the value of the liabilities. The security is in the form of U.K. Government Gilts, which are included in other noncurrent assets on our consolidated statements of financial position as available-for-sale financial assets.

The weighted average duration of the expected benefit payments from the unfunded arrangements is 16 years.

Overseas schemes

We operate other defined benefit pension schemes in Jamaica and Barbados, which are governed by local pension laws and regulations. These defined benefit schemes are closed to new entrants and, in Jamaica, existing participants do not accrue any additional benefits.

The Jamaican scheme owns an insurance policy, which matches in full the value of the defined benefit liabilities.

When defined benefit funds have an IAS 19, *Employee Benefits,* (**IAS 19**) surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus (net of interest), referred to as an asset ceiling adjustment, is recorded in other comprehensive income. During the years ended March 31, 2016 and 2015, we recorded asset ceiling adjustments related to the Jamaican scheme of nil and $26.0 million, respectively. The maximum economic benefit was determined by reference to the reductions in future contributions available to the company.

Based on March 31, 2016 exchange rates and information available as of that date, contributions to the overseas defined benefit pension schemes in 2017 are expected to aggregate $3.0 million.

Merchant Navy Officers Pension Fund

While we have ceased participation in the Merchant Navy Officers Pension Fund (**MNOPF**), we may be liable for contributions to fund a portion of any funding deficits of the MNOPF that may occur in the future. At March 31, 2016, our scheduled payments to the MNOPF are estimated to be approximately $2.0 million in aggregate through September 2020 relating to past actuarial valuations of the MNOPF. To the extent that there is an actuarially determined funding deficit of the MNOPF in the future, we may be required to fund a portion of such deficit.

IAS 19 Employee Benefits Valuation – CWSF and other schemes

The IAS 19 valuations of our major defined benefit pension schemes have been updated to March 31, 2016 by independent actuaries who prepared the valuation for the CWSF and the U.K. unfunded arrangements and reviewed the IAS 19 valuations prepared for the Jamaica overseas scheme. The IAS 19 valuation of our Barbados overseas scheme was also prepared by independent actuaries.

Our plan assets are composed of the following:

	March 31, 2016		March 31, 2015	
	CWSF	Overseas schemes	CWSF	Overseas schemes
	in millions			
Annuity policies	$ 1,100.4	$ 96.0	$ 1,235.3	$ 88.0
Equities – quoted	323.5	45.0	338.4	37.0
Bonds and gilts – quoted	247.0	36.0	237.7	39.0
Property	1.0	42.0	1.0	41.0
Cash and swaps	20.2	22.0	17.6	23.0
Total	$ 1,692.1	$ 241.0	$ 1,830.0	$ 228.0

The primary financial assumptions applied in the valuations and analysis of our schemes' assets are as follows:

	March 31, 2016			March 31, 2015		
	CWSF	U.K. unfunded arrangements	Overseas schemes (a)	CWSF	U.K. unfunded arrangements	Overseas schemes (a)
	%					
Significant actuarial assumptions:						
RPI inflation rate	2.90	2.90	4.70	2.80	2.80	4.10
Discount rate	3.40	3.40	8.60	3.10	3.10	9.20
Discount rate – CWSF uninsured liability	3.50	—	—	3.20	—	—
Other actuarial assumptions:						
CPI inflation rate	1.90	1.90	—	1.80	1.80	—
Salary/wage increase	3.50	—	5.30	3.40	—	5.90
Pension increase (b)	1.8 - 2.9	—	2.7	1.7 - 2.7	—	2.8

(a) Represents the weighted average of the assumptions used for the respective schemes.

(b) The rate is primarily associated with the RPI inflation rate before and after expected retirement.

Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. The assumptions related to mortality rates for the CWSF and U.K. unfunded plans are based upon the second series of Self-Administered Pension Scheme (SAPS 2) and the actual experience of the plan participants and dependents. In addition, allowance was made for future mortality improvements in line with the 2015 Continuous Mortality Investigation core projections with a long-term rate of improvement of 1.5% per annum. Based on these assumptions, the life expectancies of participants aged 60 are as follows:

	March 31,		
	2016	2026	2036
		years	
Male participants and dependents	28.9	30.1	31.4
Female participants	28.4	29.7	30.9
Female dependents	31.4	32.6	33.7

Risk

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

The calculation of the net surplus or deficit of the respective plans depends on factors that are beyond our control, principally (i) the value at the balance sheet date of equity shares in which the respective scheme has invested and (ii) long-term interest rates, which are used to discount future liabilities. The funding of the respective schemes is based on long-term trends and assumptions relating to market growth, as advised by qualified actuaries and investment advisors, including:

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

The above risks have been mitigated for a large proportion of the CWSF's and all of the Jamaican scheme's liabilities through the purchase of insurance policies, the payments from which exactly match the corresponding obligations to employees. Remaining investment risks in the CWSF have also been mitigated to a certain extent by diversification of the return-seeking assets.

In addition, the defined benefit obligations as measured under IAS 19 are linked to yields on AA rated corporate bonds; however, the majority of our arrangements invest in a number of other assets, which generally move in a different manner from these bonds. Accordingly, changes in market conditions may lead to volatility in the net pension liability, actuarial gains or losses in other comprehensive income (loss), and, to a lesser extent, in the IAS 19 pension expense in our consolidated statements of operations.

Sensitivity analysis

The following table summarizes (i) the impact a 0.25% increase or decrease in the applicable actuarial assumed rate would have on the valuation of our pension schemes and (ii) the impact of plan participants living, on average, one year longer or one year less than assumed would have on the valuation of the CWSF:

	Increase	Decrease
	in millions	
CWSF and U.K. unfunded arrangements		
Discount rate:		
Effect on defined benefit obligation	$ (69.0)	$ 69.0
Effect on defined benefit obligation, net of annuity insurance policies	$ (36.0)	$ 36.0
Inflation (and related increases):		
Effect on defined benefit obligation	$ 48.0	$ (48.0)
Effect on defined benefit obligation, net of annuity insurance policies	$ 28.0	$ (28.0)
Life expectancy:		
Effect on defined benefit obligation	$ 53.0	$ (53.0)
Effect on defined benefit obligation, net of annuity insurance policies	$ 19.0	$ (19.0)
Overseas schemes		
Discount rate – effect on defined benefit obligation	$ (6.0)	$ 6.0
Inflation – effect on defined benefit obligation	$ 1.0	$ (1.0)

The sensitivity analysis is based on a standalone change in each assumption while holding all other assumptions constant. As reflected above, the impact on the net pension liability is significantly reduced for the CWSF scheme as a result of the annuity insurance policies we hold.

The methods used to prepare the sensitivity analysis did not change compared to the prior period.

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

Pension plan assets and liabilities

The assets and liabilities of our defined benefit pension schemes are as follows:

	March 31, 2016				March 31, 2015			
	CWSF	U.K. unfunded arrangements	Overseas schemes	Total	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
	in millions							
Fair value of plan assets	$ 1,692.1	$ —	$ 241.0	$ 1,933.1	$ 1,830.1	$ —	$ 228.0	$ 2,058.1
Present value of funded obligations	(1,737.3)	—	(219.0)	(1,956.3)	(1,947.2)	—	(185.0)	(2,132.2)
Present value of unfunded obligations	—	(44.0)	—	(44.0)	—	(48.0)	(3.0)	(51.0)
Impact of minimum funding requirement	(91.0)	—	—	(91.0)	(41.0)	—	—	(41.0)
Effect of asset ceiling	—	—	—	—	—	—	(26.0)	(26.0)
Net surplus (deficit) (a)	$ (136.2)	$ (44.0)	$ 22.0	$ (158.2)	$ (158.1)	$ (48.0)	$ 14.0	$ (192.1)
Pension plans in deficit	$ (136.2)	$ (44.0)	$ (6.0)	$ (186.2)	$ (158.1)	$ (48.0)	$ (3.0)	$ (209.1)
Pension plans in surplus	—	—	28.0	28.0	—	—	17.0	17.0
Net surplus (deficit)	$ (136.2)	$ (44.0)	$ 22.0	$ (158.2)	$ (158.1)	$ (48.0)	$ 14.0	$ (192.1)

(a) Totals include $30.0 million and $32.0 million at March 31, 2016 and March 31, 2015, respectively, to cover the cost of pension entitlements for former directors of the company.

The costs associated with our pension schemes recognized in our consolidated statements of operations are as follows:

	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
		in millions		
Year ended March 31, 2015:				
Current service cost	$ (0.5)	$ —	$ (2.0)	$ (2.5)
Past service cost	(0.1)	—	—	(0.1)
Interest credit (charge) on net assets/liabilities	(5.0)	(1.9)	2.0	(4.9)
Administrative expenses	(1.8)	—	—	(1.8)
Total net charge	$ (7.4)	$ (1.9)	$ —	$ (9.3)
Year ended March 31, 2016:				
Current service cost	$ (0.5)	$ —	$ (1.0)	$ (1.5)
Past service cost	—	—	(16.0)	(16.0)
Interest credit (charge) on net assets/liabilities	(3.8)	(1.5)	1.0	(4.3)
Administrative expenses	(1.6)	—	—	(1.6)
Total net charge	$ (5.9)	$ (1.5)	$ (16.0)	$ (23.4)

Changes in our net pension asset (liability), after application of asset limit, are as follows:

	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
		in millions		
Balance at April 1, 2014	$ (147.9)	$ (48.4)	$ 17.6	$ (178.7)
Effect of foreign exchange rate fluctuations	13.3	4.9	(1.1)	17.1
Net credit (expense) recognized in the consolidated statement of operations	(7.4)	(2.0)	0.1	(9.3)
Net expense recognized on the consolidated statement of comprehensive income	(68.1)	(4.4)	(4.6)	(77.1)
Contributions paid by employer	52.0	1.9	2.0	55.9
Balance at March 31, 2015	$ (158.1)	$ (48.0)	$ 14.0	$ (192.1)
Balance at April 1, 2015	$ (158.1)	$ (48.0)	$ 14.0	$ (192.1)
Effect of foreign exchange rate fluctuations	5.2	2.3	(1.1)	6.4
Net expense recognized in the consolidated statement of operations	(6.2)	(1.5)	(15.8)	(23.5)
Net credit (expense) recognized on the consolidated statement of comprehensive income	(27.0)	1.4	22.7	(2.9)
Contributions paid by employer	49.9	1.8	2.2	53.9
Balance at March 31, 2016	$ (136.2)	$ (44.0)	$ 22.0	$ (158.2)

Changes in the present value of our defined benefit pension obligations are as follows:

	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
	in millions			
Balance at April 1, 2014	$ (1,942.7)	$ (48.4)	$ (185.0)	$ (2,176.1)
Current service cost	(0.5)	—	(2.0)	(2.5)
Interest expense on pension obligations	(79.6)	(1.9)	(13.0)	(94.5)
Actuarial losses from changes in financial assumptions	(241.2)	—	(11.0)	(252.2)
Actuarial experience gains (losses)	20.9	(4.5)	(2.0)	14.4
Benefits paid	93.6	1.9	20.0	115.5
Foreign exchange translation differences	202.3	5.0	5.0	212.3
Balance at March 31, 2015	$ (1,947.2)	$ (47.9)	$ (188.0)	$ (2,183.1)
Balance at April 1, 2015	$ (1,947.2)	$ (47.9)	$ (188.0)	$ (2,183.1)
Current service cost	(0.5)	—	(1.0)	(1.5)
Interest expense on pension obligations	(59.5)	(1.5)	(12.0)	(73.0)
Actuarial gains (losses) from changes in financial assumptions	62.5	1.2	(8.0)	55.7
Actuarial experience gains (losses)	22.2	—	(9.0)	13.2
Employee contributions	—	—	(1.0)	(1.0)
Employer disbursements	—	—	5.0	5.0
Past service costs	—	—	(16.0)	(16.0)
Benefits paid	87.5	1.8	6.0	95.3
Foreign exchange translation differences	97.7	2.5	5.0	105.2
Balance at March 31, 2016	$ (1,737.3)	$ (43.9)	$ (219.0)	$ (2,000.2)

Changes in the fair value of defined benefit assets are as follows:

	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
		in millions		
Balance at April 1, 2014	$ 1,817.3	$ —	$ 224.0	$ 2,041.3
Interest income on plan assets	75.6	—	17.0	92.6
Return on invested plan assets, excluding interest income	68.8	—	(4.0)	64.8
Actuarial gains from changes in financial assumptions on insured asset	114.9	—	11.0	125.9
Actuarial experience gains (losses)	(12.4)	—	4.0	(8.4)
Employer contributions	51.4	1.9	2.0	55.3
Administrative expenses	(1.8)	—	—	(1.8)
Benefits paid	(93.6)	(1.9)	(20.0)	(115.5)
Foreign exchange translation differences	(190.1)	—	(6.0)	(196.1)
Balance at March 31, 2015	$ 1,830.1	$ —	$ 228.0	$ 2,058.1
Balance at April 1, 2015	$ 1,830.1	$ —	$ 228.0	$ 2,058.1
Interest income on plan assets	57.1	—	16.0	73.1
Return on invested plan assets, excluding interest income	(18.6)	—	12.0	(6.6)
Actuarial losses from changes in financial assumptions on insured asset	(28.2)	—	—	(28.2)
Actuarial experience losses	(12.3)	—	—	(12.3)
Employee contributions	—	—	1.0	1.0
Employer contributions	48.8	1.8	2.0	52.6
Employer disbursements	—	—	(5.0)	(5.0)
Administrative expenses	(1.6)	—	—	(1.6)
Benefits paid	(87.5)	(1.8)	(6.0)	(95.3)
Foreign exchange translation differences	(95.7)	—	(7.0)	(102.7)
Balance at March 31, 2016	$ 1,692.1	$ —	$ 241.0	$ 1,933.1

Changes in the fair value of our minimum funding requirement or asset ceiling are as follows:

	CWSF	U.K. unfunded arrangements	Overseas schemes	Total
	in millions			
Balance at April 1, 2014	$ (22.5)	$ —	$ (22.0)	$ (44.5)
Interest expense on minimum funding requirement/asset ceiling	(1.0)	—	(2.0)	(3.0)
Change in effect of minimum funding requirement/asset ceiling – losses	(21.4)	—	(3.0)	(24.4)
Foreign exchange translation differences	3.9	—	1.0	4.9
Balance at March 31, 2015	$ (41.0)	$ —	$ (26.0)	$ (67.0)
Balance at April 1, 2015	$ (41.0)	$ —	$ (26.0)	$ (67.0)
Interest expense on minimum funding requirement/asset ceiling	(1.4)	—	(4.0)	(5.4)
Change in effect of minimum funding requirement/asset ceiling – gains (losses)	(54.3)	—	29.0	(25.3)
Foreign exchange translation differences	5.7	—	1.0	6.7
Balance at March 31, 2016	$ (91.0)	$ —	$ —	$ (91.0)

At March 31, 2016, the CWSF has an IAS 19 deficit of $136.2 million, as compared to a deficit of $158.1 million at March 31, 2015.

We have unfunded pension liabilities in the U.K. of $44.0 million and $48.0 million, respectively, at March 31, 2016 and 2015. In addition, the defined benefit schemes in Jamaica and Barbados have a net IAS 19 surplus of $22.0 million and $14.0 million, respectively.

(22) Employee and Other Staff Expenses

Our employee and other staff expenses is composed of the following:

	Year ended March 31, 2016	Year ended March 31, 2015
	in millions	
Salaries and wages	$ 290.6	$ 276.6
Defined benefit pension plan costs	23.5	16.7
Contract labor and other	19.8	18.7
Share-based payments	14.5	6.7
Social security costs	12.6	13.3
Defined contribution pension plan costs	5.3	6.5
Other costs	2.1	2.2
Total employee and other staff expenses of continuing operations (a)	368.4	340.7
Employee and other staff expenses of discontinued operation	—	4.4
Total	$ 368.4	$ 345.1

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(a) Includes restructuring charges of $6.2 million and $77.8 million during the years ended March 31, 2016 and 2015, respectively.

Remuneration for key management is included within employee and other staff expenses. Our key management represents those directors that have the authority and responsibility for managerial decisions affecting the future development and operations of our business. There have been no transactions with the key management personnel of CWC during the years ended March 31, 2016 and 2015, other than remuneration paid for their services, as follows:

	Year ended March 31,	
	2016	2015
	in millions	
Salaries and other short-term employment benefits	$ 6.5	$ 11.9
Post-employment benefits	0.5	0.6
Total directors' remuneration	7.0	12.5
Share-based compensation	3.5	2.2
Total key management remuneration	$ 10.5	$ 14.7

(23) Other Operating Expense

Our other operating expense is composed of the following:

	Year ended March 31,	
	2016	2015
	in millions	
Property and utilities costs	$ 106.3	$ 103.7
Consultancy costs	89.8	98.7
Marketing and advertising expenses	67.6	68.0
Integration costs	42.3	12.0
Direct acquisition costs (a)	32.2	54.3
Bad debt and collection expenses	25.2	19.7
License fees, duties, tariffs and other related expenses	23.3	26.6
Information technology costs	14.9	18.6
Travel costs	11.8	10.5
Office expenses	11.3	12.2
Other items	38.0	10.0
Total other operating expense of continuing operations	462.7	434.3
Other operating expense of discontinued operation	—	1.8
Total	$ 462.7	$ 436.1

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(a) Costs primarily relate to transaction fees and legal and regulatory advice in connection with the Liberty Global Transaction and Columbus Acquisition, as applicable.

(24) Other Operating Income

Our other operating income is composed of the following:

	Year ended March 31,	
	2016	2015
	in millions	
Gains on disposal of property and equipment	$ 5.6	$ —
Share of results of joint ventures and affiliates	(0.6)	12.8
Columbus balancing payment (a)	—	25.1
Other income	0.6	0.2
Total	$ 5.6	$ 38.1

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(a) Represents payments received in connection with a strategic alliance with Columbus prior to the Columbus Acquisition.

(25) Share-based Compensation

Our share-based compensation expense relates to various incentive plans for our directors and key employees. We recognized $14.5 million and $6.7 million of share-based compensation expense during the years ended March 31, 2016 and 2015, respectively, which is included in employee and other staff expenses in our consolidated statements of operations.

On May 16, 2016, there was a change of control due to the Liberty Global Transaction, which resulted in the accelerated vesting of certain of our outstanding awards under our restricted and performance share plans. On May 17, 2016, the outstanding awards were cancelled and replaced with grants of restricted share units under a Liberty Global employee incentive plan.

(26) Related-party Transactions

Our related-party transactions consist of the following:

	Year ended March 31,	
	2016	2015
	in millions	
Revenue	$ 12.8	$ 2.5
Operating costs	(2.5)	(2.1)
Included in operating income	10.3	0.4
Interest income	5.0	0.9
Included in earnings (loss) from continuing operations	$ 15.3	$ 1.3

Revenue. These amounts represent (i) certain transactions with joint ventures and associates that arise in the normal course of business, which include fees for the use of our products and services, network and access charges, and (ii) management fees earned for services we provided to the Carve-out Entities to operate and manage their business under a management services agreement (**MSA**). The services that we provided to the Carve-out Entities were provided at the direction of, and subject to the ultimate control, direction and oversight of, the Carve-out Entities. For information on our acquisition of the Carve-out Entities subsequent to March 31, 2016, see note 29.

Operating costs. These amounts represent fees associated with the use of joint ventures and associates products and services, network and access charges.

Interest income. Amounts represent interest income on the related-party loans receivable, as further described below.

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

	March 31,	
	2016	2015
	in millions	
Assets:		
Loans receivable (a)	$ 86.2	$ 74.3
Other current assets (b)	20.8	—
Total assets	$ 107.0	$ 74.3

(a) Represents loans receivable from New Cayman that bear interest at 8.0% per annum. As further discussed in note 29, we acquired the Carve-out Entities on April 1, 2017, at which time the loans receivable were settled for equity of the Carve-out Entities.

(b) Represents the net unpaid amount due to us pursuant to ordinary course transactions between us and New Cayman, including fees charged by us to New Cayman under the MSA. These amounts are included in trade and other receivables in our consolidated statements of financial position.

(27) Noncontrolling Interests

The following tables summarize information relating to our subsidiaries that have significant noncontrolling interests:

	BTC	CW Panama	CW Jamaica	CW Barbados	Other	Total
	in millions, except percentages					
Noncontrolling interest percentage	51%	51%	18%	19%	20% - 30%	
Statements of financial position data:						
March 31, 2016						
Current assets	$ 113.2	$ 231.3	$ 53.4	$ 73.0	$ 31.4	$ 502.3
Noncurrent assets	405.1	698.0	257.9	163.8	120.5	1,645.3
Current liabilities	(115.0)	(236.8)	(73.0)	(116.2)	(26.1)	(567.1)
Noncurrent liabilities	(6.2)	(334.0)	(470.7)	(47.2)	(7.8)	(865.9)
Net assets	$ 397.1	$ 358.5	$ (232.4)	$ 73.4	$ 118.0	$ 714.6
Net assets attributable to noncontrolling interests	$ 202.5	$ 182.8	$ (41.8)	$ 13.9	$ 27.2	$ 384.6
March 31, 2015						
Current assets	$ 119.8	$ 211.6	$ 72.7	$ 48.4	$ 28.5	$ 481.0
Noncurrent assets	364.3	714.6	189.1	137.9	101.8	1,507.7
Current liabilities	(129.4)	(257.7)	(93.6)	(115.3)	(26.1)	(622.1)
Noncurrent liabilities	(5.6)	(310.5)	(443.5)	(38.5)	(4.6)	(802.7)
Net assets	$ 349.1	$ 358.0	$ (275.3)	$ 32.5	$ 99.6	$ 563.9
Net assets attributable to noncontrolling interests	$ 178.0	$ 182.6	$ (49.6)	$ 6.2	$ 22.3	$ 339.5
Statements of operations data:						
Year ended March 31, 2016:						
Revenue	$ 328.9	$ 649.1	$ 199.0	$ 147.4	$ 84.7	$ 1,409.1
Net earning (loss)	$ 68.0	$ 86.4	$ (0.3)	$ 45.0	$ 18.5	$ 217.6
Earnings (loss) attributable to noncontrolling interests	$ 34.7	$ 44.1	$ (0.1)	$ 8.5	$ 4.9	$ 92.1
Other comprehensive earnings attributable to NCI	$ 34.7	$ 44.1	$ 7.7	$ 7.7	$ 4.9	$ 99.1
Year ended March 31, 2015:						
Revenue	$ 348.3	$ 636.1	$ 190.4	$ 154.2	$ 84.9	$ 1,413.9
Net earning (loss)	$ 52.8	$ 108.7	$ (66.5)	$ (19.7)	$ 6.9	$ 82.2
Earnings (loss) attributable to noncontrolling interests	$ 26.9	$ 55.4	$ (12.0)	$ (3.7)	$ 1.5	$ 68.1
Other comprehensive earnings (loss) attributable to NCI	$ 26.9	$ 55.4	$ (10.3)	$ (4.0)	$ 1.4	$ 69.4

	BTC	CW Panama	CW Jamaica	CW Barbados	Other	Total
			in millions, except percentages			
Statements of cash flows data:						
Year ended March 31, 2016:						
Cash flows from operating activities	$ 72.9	$ 183.5	$ 24.9	$ 41.8	$ 30.0	$ 353.1
Cash flows from investing activities	(75.2)	(100.7)	(66.9)	(15.6)	(15.2)	(273.6)
Cash flows from financing activities	(14.6)	(65.0)	39.4	(7.5)	(14.1)	(61.8)
Effect of exchange rate changes on cash	—	—	(0.1)	—	—	(0.1)
Net increase (decrease) in cash and cash equivalents	$ (16.9)	$ 17.8	$ (2.7)	$ 18.7	$ 0.7	$ 17.6
Dividends paid to NCI	$ (10.0)	$ (44.0)	$ —	$ —	$ —	$ (54.0)
Year ended March 31, 2015:						
Cash flows from operating activities	$ 106.6	$ 205.4	$ (15.1)	$ 62.7	$ 15.7	$ 375.3
Cash flows from investing activities	(74.2)	(123.8)	(63.1)	(47.1)	(7.3)	(315.5)
Cash flows from financing activities	(45.6)	(83.8)	80.2	(3.9)	(9.4)	(62.5)
Effect of exchange rate changes on cash	—	—	(0.2)	—	—	(0.2)
Net increase (decrease) in cash and cash equivalents	$ (13.2)	$ (2.2)	$ 1.8	$ 11.7	$ (1.0)	$ (2.9)
Dividends paid to NCI	$ (23.0)	$ (63.0)	$ —	$ —	$ —	$ (86.0)

(28) 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 network and connectivity commitments, purchases of customer premises equipment, programming contracts, non-cancellable operating leases and other items. In addition, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, see note 8. For information regarding our defined benefit plans, see note 21.

Rental expense of our continuing operations under non-cancellable operating lease arrangements amounted to $83.2 million and $39.4 million during the years ended March 31, 2016 and 2015, respectively. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

We have established various defined contribution benefit plans for our and our subsidiaries' employees. The aggregate expense of our continuing operations for matching contributions under the various defined contribution employee benefit plans was $5.3 million and $6.5 million during the years ended March 31, 2016 and 2015, respectively.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future. In addition, we have provided indemnifications of (a) up to $300.0 million in respect of any potential tax-related claims related to the disposal of our interests in certain businesses in April 2013 and (b) an unlimited amount of qualifying claims associated with the disposal of another business in May 2014. The first indemnification expires in April 2020 and the second expires in May 2020. We do not expect that either of these arrangements will require us to make material payments to the indemnified parties.

In addition, we are a party to the Contingent Funding Agreement with the Trustees of the CWSF. The Trustees have the right to drawdown on the £100.0 million ($143.9 million) letters of credit that were put in place in connection with the acquisition of Columbus pursuant to the terms of the Contingent Funding Arrangement.

Legal and Regulatory Proceedings and Other Contingencies

COTT claim. In 2015, a claim was filed against a subsidiary of Columbus by the Copyright Music Organization of Trinidad and Tobago (**COTT**) for damages of copyright infringement related to musical works transmitted by the subsidiary. We have recorded a provision based on our best estimate of the potential liability associated with this claim. While we generally expect that the amounts required to satisfy this contingency will not materially differ from the estimated amount we have accrued, no assurance can be given that the resolution of the COTT claim will not result in a material impact on our results of operations, cash flows or financial position.

Regulatory. The Liberty Global Transaction triggered regulatory approval requirements in certain jurisdictions in which we operate. The regulatory authorities in certain of these jurisdictions, including the Bahamas, Jamaica, Trinidad and Tobago, Seychelles and Cayman Islands, have not completed their review of the Liberty Global Transaction or granted their approval. Such approvals may include binding conditions or requirements that could have an adverse impact on our operations and financial condition.

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

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage 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.

(29) Subsequent Events

Financing Transactions

On May 17, 2016, Sable and Coral-US Co-Borrower LLC (**Coral-US**), a wholly-owned subsidiary of CWC, acceded as borrowers and assumed obligations under the credit agreement dated May 16, 2016 (the **CWC Credit Agreement**), pursuant to which (i) Coral-US entered into $1,100 million in terms loans (the **CWC Term Loans**) and (ii) Sable and Coral-US entered into a $570 million revolving credit facility (the **New CWC Revolving Credit Facility**).

A portion of the proceeds from the CWC Term Loans and amounts drawn under the New CWC Revolving Credit Facility were used to (i) repay amounts outstanding under the then existing revolving credit facility, (ii) redeem certain senior secured notes issued by Sable and (iii) finance the special dividend payable to CWC shareholders in connection with the Liberty Global Transaction, as further described below. In connection with these transactions, we recognized a loss on debt extinguishment of $41.8 million. This loss includes (a) the write-off of $24.3 million of unamortized deferred financing costs and (b) the payment of $17.5 million of redemption premium.

In October 2016, Sable and Coral-US entered into an agreement with additional lenders under the CWC Credit Agreement increasing the aggregate commitments under the New CWC Revolving Credit Facility from $570 million to $625 million. Other than with respect to the increase in aggregate commitments, the terms of the New CWC Revolving Credit Facility were not modified.

In November 2016, Sable and Coral-US entered into a new $300.0 million term loan facility (the **Term B-1B Loan Facility**) in accordance with the terms of the CWC Credit Agreement. The loan under the Term B-1B Loan Facility constitutes an increase to the existing Term B-1 Loan under (and as defined in) the CWC Credit Agreement. The Term B-1B Loan Facility matures on December 31, 2022 and bears interest at a rate of LIBOR plus 4.75%, subject to a LIBOR floor of 0.75%. The net proceeds from the Term B-1B Loan Facility were used to prepay amounts outstanding under the New CWC Revolving Credit Facility and for general corporate purposes.

On March 17, 2017, CW Panama issued $100.0 million of subordinated debt. The term loan bears interest at 4.5% per annum and matures in March 2021. The proceeds from the term loan were used for general corporate purposes.

Liberty Global Transaction

In connection with the Liberty Global Transaction, CWC was delisted from the London Stock Exchange, all issued and outstanding CWC shares (including all shares then held in treasury) were cancelled and CWC became a private, wholly-owned subsidiary of Liberty Global.

Under the terms of the Liberty Global Transaction, CWC shareholders received, in the aggregate: 31,607,008 Class A Liberty Global ordinary shares, 77,379,774 Class C Liberty Global ordinary shares, 3,648,513 Class A LiLAC ordinary shares and 8,939,316 Class C LiLAC ordinary shares. Further, CWC shareholders received a special dividend in the amount of £0.03 ($0.04 at the transaction date) per CWC share paid pursuant to the scheme of arrangement based on 4,433,222,313 outstanding shares of CWC on May 16, 2016. The special dividend was in lieu of any previously-announced CWC dividend.

Merger

Effective December 30, 2016, CWC, LGE Coral Mergerco B.V. (**LGE Coral Mergerco**) and LG Coral Mergerco Limited (**LG Coral Mergerco**), each a subsidiary of Liberty Global, completed a cross-border merger, with LG Coral Mergerco as the surviving entity (the **Merger**). The Merger was completed in accordance with the laws of England and Wales and the Netherlands. In accordance with the Merger agreement, LG Coral Mergerco issued 44,332 fully-paid shares in consideration for the transfer of the assets and liabilities of CWC and LGE Coral Mergerco. As a result of the Merger, CWC and LGE Coral Mergerco ceased to exist and all of the existing issued share capital of each entity was cancelled. Subsequent to the Merger, LG Coral Mergerco immediately changed its name to Cable & Wireless Communications Limited.

Acquisition

On March 8, 2017, the FCC granted its approval for our acquisition of the Carve-out Entities. Accordingly, on April 1, 2017, subsidiaries of the CWC acquired the Carve-out Entities for an aggregate purchase price of $86.2 million, which represents the amount due under notes receivable that were exchanged for the equity of the Carve-out Entities.

Impairment

In connection with the regulatory approval process to dispose of our investment in TSTT, TSTT management arranged for an independent valuation of their business, which was completed during the quarter ended September 30, 2016. As a result of the valuation, we recorded an impairment charge of $35.1 million that has reduced the carrying value of our investment in TSTT to $93.2 million.

In connection with our impairment review conducted as of October 1, 2016, we impaired the value of goodwill in our Trinidad and Tobago and Networks cash-generating units by $586.7 million and $115.9 million, respectively.

REGISTRATION RIGHTS AGREEMENT

by and between

LIBERTY LATIN AMERICA LTD.

and

THE OTHER PARTIES HERETO

Dated October 17, 2018

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of October 17, 2018, by and between Liberty Latin America Ltd.., an exempted Bermuda company limited by shares (the "Company"), and SCPV LEO, L.P., a Delaware limited partnership, SC LEO, L.P., a Delaware limited partnership, SC AIV LEO, L.P., a Delaware limited partnership, Searchlight/SIP Holdco SPV II (TRI), L.P., a Delaware limited partnership, and Searchlight LEO Co-Invest Partners, LP, a Delaware limited partnership (collectively, the "Searchlight Parties").

RECITALS

WHEREAS, the Company, the Searchlight Parties and LiLAC Ventures Ltd.., a Cayman Islands corporation are parties to that certain Reorganization Agreement, dated October 17, 2018 (the "Reorganization Agreement"), pursuant to which the Searchlight Parties have acquired, and the Company has issued to the Searchlight Parties, 9,500,000 shares (the "Acquired Shares") of the Company's Class C common shares, par value $0.01 per share (the "Class C Shares");

WHEREAS, pursuant to the Reorganization Agreement, the Company has agreed to grant certain registration rights to the Searchlight Parties as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Definitions.

As used in this Agreement, the following terms have the meanings ascribed thereto below.

"Acquired Shares" has the meaning set forth in the recitals of this Agreement.

"Affiliate" of a Person has the meaning set forth in Rule 12b-2 under the Exchange Act. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Agreement" has the meaning set forth in the preamble of this Agreement, as it may be amended, supplemented or restated from time to time.

"ASR Eligible" means the Company meets or is deemed to meet the eligibility requirements to file an ASRS as set forth in General Instruction I.D. to Form S-3.

"ASRS" means an "automatic shelf registration statement" as defined in Rule 405 promulgated under the Securities Act.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banking institutions in New York City are authorized by Law or executive order to be closed.

"Class C Shares" has the meaning set forth in the recitals of this Agreement.

"Common Shares" means the Company's Class A Common Shares, par value $0.01 per share, Class B Common Shares, par value $0.01 per share, or Class C Shares.

"Company" has the meaning set forth in the preamble of this Agreement.

"Company Registration Rights Indemnitee" has the meaning set forth in Section 9(a)(ii) of this Agreement.

"Contested Claim" has the meaning set forth in Section 9(d)(ii) of this Agreement.

"controlling person" has the meaning set forth in Section 9(a)(i) of this Agreement.

"Damages" means any and all claims, demands, suits, actions, causes of actions, losses, costs, damages, liabilities, judgments, and out-of-pocket expenses incurred or paid, including reasonable attorneys' fees, costs of investigation or settlement, other professionals' and experts' fees, court or arbitration costs.

"Demand Registration" has the meaning set forth in Section 2(a)(i) of this Agreement.

"Demand Registration Request" has the meaning set forth in Section 2(a)(i) of this Agreement.

"Disclosure Package" means, with respect to any offering of Registrable Securities, (i) the preliminary Prospectus, (ii) each Free Writing Prospectus and (iii) all other information, in each case, that is deemed, under Rule 159 under the Securities Act, to have been conveyed to purchasers of Registrable Securities at the time of sale of such securities.

"Effectiveness Period" has the meaning set forth in Section 5(b) of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FINRA" means the Financial Industry Regulatory Authority, Inc. or any successor regulatory organization.

"Free Writing Prospectus" means any "free writing prospectus" as defined in Rule 405 under the Securities Act.

"Law" means any applicable law, statute, constitution, principal of common law, ordinance, code, rule, regulation, ruling or other legal requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority.

"Notice of Reg Rights Claim" has the meaning set forth in Section 9(b)(i) of this Agreement.

"Permitted Transferee" has the meaning set forth in Section 11 of this Agreement.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, business trust, joint stock company, trust, unincorporated organization or other entity or government or agency or political subdivision thereof.

"Piggyback Registration" has the meaning set forth in Section 2(b) of this Agreement.

"Piggyback Registration Filing" has the meaning set forth in Section 2(b) of this Agreement.

"Piggyback Registration Request" has the meaning set forth in Section 2(b) of this Agreement.

"Prospectus" means the prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such prospectus.

"Reg Rights Claim" has the meaning set forth in Section 9(b)(i) of this Agreement.

"Reg Rights Indemnified Person" has the meaning set forth in Section 9(b)(i) of this Agreement.

"Reg Rights Indemnifying Person" has the meaning set forth in Section 9(b)(i) of this Agreement.

"Registration Rights Indemnitee" has the meaning set forth in Section 9(a)(i) of this Agreement.

"Registrable Date" means October 17, 2019

"Registrable Securities" means the Acquired Shares delivered to the Searchlight Parties pursuant to the Reorganization Agreement (as adjusted for stock splits, dividends, distributions, combinations, recapitalizations, exchange or readjustment of such shares after the date hereof); *provided* that any such shares will cease to be Registrable Securities upon the earliest to occur of the following (i) they are sold pursuant to a Registration Statement (including in connection with any Piggyback Registration Filing) or (ii) they have otherwise been sold, transferred or disposed of by a Searchlight Party other than to a Permitted Transferee. In addition, each of the Searchlight Parties will cease to have rights to require registration of any Registrable Securities held by that Searchlight Party on the earlier of (x) the date on which such Searchlight Party is no longer an "affiliate" (as such term is defined in Rule 144 promulgated under the Securities Act) of the Company and such Registrable Securities may be sold pursuant to Rule 144 without any volume, manner of sale or other limitations or conditions (including without having to comply with the "current public information" requirement) and no longer bear legends restricting the transfer thereof and (y) the fifth anniversary of the date hereof.

"Registration Expenses" means (i) (whether or not any Registration Statement is declared effective or any of the transactions described herein is consummated) all costs, fees and expenses incurred by the Company in filing a Registration Statement, including all registration and filing fees, fees and disbursements of counsel for the Company, SEC, stock exchange or FINRA registration and filing fees, all applicable ratings agency fees, expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, fees and expenses of compliance with securities or "blue sky" Laws, listing application fees, printing, transfer agent's and registrar's fees, cost of distributing Prospectuses in preliminary and final form as well as any supplements thereto, the Company's internal expenses, the expense of any annual audit or quarterly review, the expenses (including premiums) of any liability or other insurance, the expenses and fees for listing the securities to be registered on each securities exchange on which the Class C Shares are then listed and all other costs, fees and expenses incident to the registration of the Registrable Securities; *provided*, that the term "Registration Expenses" does not include, and the Company shall not be responsible for, Selling Expenses.

"Registration Statement" means a registration statement of the Company on an appropriate form under the Securities Act filed with the SEC covering the resale of Registrable Securities, including the Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all materials incorporated by reference or deemed to be incorporated by reference in such Registration Statement.

"Reorganization Agreement" has the meaning set forth in the recitals of this Agreement.

"Requesting Demand Shareholders" has the meaning set forth in Section 2(c) of this Agreement.

"Requesting Piggyback Shareholders" has the meaning set forth in Section 2(b) of this Agreement.

"Searchlight Parties" has the meaning set forth in the preamble of this Agreement.

"SEC" means the Securities and Exchange Commission or any successor agency administering the Securities Act and the Exchange Act at the time.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Expenses" means all underwriter discounts, selling commissions, stock transfer taxes and any fees and expenses of counsel to the Searchlight Parties applicable to the sale of Registrable Securities.

"Selling Searchlight Party" means a Searchlight Party who is selling Registrable Securities pursuant to a Registration Statement.

"settlement" and "settle" have the meanings set forth in Section 9(c)(iv) of this Agreement.

"Suspension Period" has the meaning set forth in Section 4 of this Agreement.

"Third-Party Reg Rights Claim" means an action brought or threatened (whether orally or in writing) by a third party against any Reg Rights Indemnified Person.

"Underwriter Cutback" has the meaning set forth in Section 2(a)(iii) of this Agreement.

"WKSI" means a "well-known seasoned issuer" as defined in Rule 405 promulgated under the Securities Act

Section 2. Registration Rights.

(a) Demand Registrations.

(i) *Demand Registration Requests*. Subject to the terms and conditions of this Agreement, any of the Searchlight Parties may, by providing written notice to the Company, which may be a joint written notice from more than one of the Searchlight Parties (a "Demand Registration Request"), request that it or they sell all or a portion of the Registrable Securities held by such Selling Searchlight Parties pursuant to a Registration Statement to become effective on or as promptly as reasonably practicable after the Registrable Date in the manner specified in such notice (it being understood that such Demand Registration Request may be made prior to the Registrable Date but in no event prior to April 1, 2019), *provided* that the aggregate offering price for all such Registrable Securities to be sold by the Selling Searchlight Parties, collectively, as such amount is determined on the cover page of the Registration Statement, shall not be less than $50,000,000 (a "Demand Registration"). Each Demand Registration Request shall specify the number of Registrable Securities intended to be registered for offer and sale by the Selling Searchlight Parties, collectively, pursuant to the Demand Registration and the intended method of disposition thereof, including whether the registration requested is for (x) an underwritten offering and/or (y) the offering and sale of the Registrable Securities by the Selling Searchlight Parties on a delayed or continuous basis pursuant to Rule 415 (a "Resale Shelf Registration Statement"). A Demand Registration shall be effected by way of a Registration Statement on Form S-3 or any similar short-form registration to the extent the Company is permitted to use such form at such time. If the Company is then ASR Eligible, the Company shall use commercially reasonable efforts to cause the Registration Statement to be an ASRS containing a Prospectus naming the Selling Searchlight Parties as selling shareholders. After receipt of a Demand Registration Request, the Company shall, to the extent permitted by applicable Law, cause to be included in a Registration Statement, which shall be filed with the SEC as promptly as reasonably practicable, all Registrable Securities that have been requested to be registered in the Demand Registration Request. The Company shall use commercially reasonable efforts to cause any Registration Statement filed pursuant to this Section 2(a) to be declared effective by the SEC or otherwise become effective under the Securities Act as promptly as reasonably practicable after the filing thereof.

(ii) *Number of Demand Registrations*. The Searchlight Parties, collectively, shall have the right to request a total of two (2) Demand Registrations pursuant to this Section 2(a); *provided,* that the Company shall not be obligated to effect more than one Registration Statement pursuant to this Section 2(a) in any one hundred eighty (180)-day period; *provided, further*, that such obligation shall be deemed satisfied only when a Registration Statement covering all shares of Registrable Securities specified in a Demand Registration Request shall have become effective and (A) if the method of disposition thereof is a firm commitment underwritten public offering, all such shares (less any reduced due to an Underwriter Cutback) shall have been sold pursuant thereto and (B) in any other case, such Registration Statement shall have remained effective for the Effectiveness Period. The Selling Searchlight Parties that made the applicable Demand Registration Request may jointly revoke the Demand Registration Request prior to the effective date of the corresponding Registration Statement; *provided*, that such request shall count as one of the Searchlight Parties' requests for a Demand Registration unless the Searchlight Parties reimburse the Company for all Registration Expenses incurred by the Company relating to such Registration Statement; *provided*, *further,* if the Selling Searchlight Parties jointly notify the Company in writing that they revoke their request for a Demand Registration within one (1) Business Day after notice in writing has been received by the Searchlight Parties that the number of Registrable Securities they had requested to be included in such Registration Statement is to be reduced pursuant to an Underwriter Cutback, (1) such request shall not count as one of the requests for a Demand Registration and (2) the Searchlight Parties will not be obligated to reimburse the Company for any of its Registration Expenses relating to such Registration Statement.

(iii) *Inclusion of other Securities; Priority*. The Company shall be entitled to include in any Registration Statement requested pursuant to this Section 2(a) Common Shares to be sold by the Company for its own account or for the account of one or more holders of Common Shares other than the Searchlight Parties ("Requesting Demand Shareholders"). If a Demand Registration is an underwritten offering and the managing underwriter shall advise that, in its opinion, the number of shares requested to be included in the underwritten offering would adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in such offering, then the number of shares to be included in such underwritten offering will be reduced (an "Underwriter Cutback"), with the shares to be included in such offering based on the following priority: (i) first, the number of Registrable Securities requested to be included by the Selling Searchlight Parties, on a pro rata basis (based on the number of Registrable Securities owned by each of the Selling Searchlight Parties), up to the number that, in the opinion of the managing underwriter, would not adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in the offering; (ii) second, in addition to shares included pursuant to the preceding clause (i), the number of Common Shares requested to be included by the Company up to the number that, in the opinion of the managing underwriter, would not adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in the offering and (iii) third, in addition to shares included pursuant to the preceding clauses (i) and (ii), the number of Common Shares requested to be included by the Requesting Demand Shareholders, on a pro rata basis (based on the number of Common Shares owned by each of the Requesting Demand Shareholders), up to the number that, in the opinion of the managing underwriter, would not adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in the offering.

(b) Piggyback Registrations. Subject to the terms and conditions of this Agreement, if the Company at any time (other than pursuant to Section 2(a)) proposes to file (x) a Registration Statement to register any Common Shares under the Securities Act, whether for its own account or for the account of one or more holders of Common Shares other than the Searchlight Parties (the "Requesting Piggyback Shareholders") or both (except with respect to a registration statement (i) for an offering that will be completed prior to the Registrable Date in which the Searchlight Parties would be prohibited from selling any Registrable Securities by Section 5.04 of the Reorganization Agreement or (ii) on Form S-4, S-8 or another form in connection with any dividend reinvestment or similar plan, or for the purpose of offering securities to be delivered as consideration in a business combination) or (y) following the Registrable Date, a prospectus supplement relating to the sale of Common Shares by the Company or any Requesting Piggyback Shareholders pursuant to an effective ASRS, so long as the Company is a WKSI at such time or, whether or not the Company is a WKSI, so long as the Registrable Securities were previously included in the underlying shelf Registration Statement or are included on an effective Registration Statement, or in any case in which the Searchlight Parties may participate in such offering without the filing of a post-effective amendment, and in the case of clause (y), for the sale of Common Shares by the Company or Requesting Piggyback Shareholders (any filing to be made under clause (x) or (y), a "Piggyback Registration Filing"), the Company will give prompt written notice to the Searchlight Parties of its intention to do so (such notice to be given not less than ten (10) Business Days prior to the anticipated filing date of the related filing or, in the case of any overnight or bought underwritten offering, twenty-four (24) hours prior to the anticipated filing date). Upon the written request of any of the Searchlight Parties, which may be a joint written request from more than one of the Searchlight Parties, received by the Company within ten (10) Business Days after the giving of any such notice by the Company or, in the case of any overnight or bought underwritten offering, within twenty-four (24) hours after the giving of any such notice by the Company, to include Registrable Securities of the Searchlight Parties in the Piggyback Registration Filing (a "Piggyback Registration Request"), the Company will use commercially reasonable efforts to cause the Registrable Securities of the Searchlight Parties as to which inclusion shall have been so requested to be included in the Piggyback Registration Filing, all to the extent required to permit the sale or other disposition by the Searchlight Parties of such Registrable Securities so registered (a "Piggyback Registration"), *provided*, that the Searchlight Parties shall not be entitled to include any Registrable Securities on a Piggyback Registration Filing unless the aggregate offering price for such Registrable Securities to be offered by the Searchlight Parties, collectively, as such amount would be determined on the cover page of an applicable Registration Statement on the filing date of such Piggyback Registration Filing, is at least $25,000,000. If no Piggyback Registration Request is received within the specified time, the Searchlight Parties shall have no further right to participate in such offering (for the avoidance of doubt, if the offering is pursuant to a shelf Registration Statement, this sentence shall not preclude participation in any future offering thereunder). The Selling Searchlight Parties shall be entitled to sell the Registrable Securities included in a Piggyback Registration Filing in accordance with the method of distribution requested by the Selling Searchlight Parties; *provided*, if the Piggyback Registration Filing relates to an underwritten offering, then (i) the Company shall be entitled to select the underwriters in its sole discretion and (ii) the Selling Searchlight Parties must sell all Registrable Securities included on the Piggyback Registration Filing in such underwritten offering pursuant to an underwriting agreement on the same terms and conditions as those applicable to the Company and the Requesting Piggyback Shareholders, if any (including any applicable lock-up provision restricting sales, transfers or dispositions of Common Shares, and without regard for the proviso in Section 5(c)). In the case of an underwritten offering, if the managing underwriter shall advise that, in its opinion, an Underwriter Cutback is required, then the shares to be included in such underwritten offering will be based on the following priority: (i) first, the number of Common Shares the Company seeks to include, up to the number that, in the opinion of the managing underwriter, would not adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in the offering; (ii) second, in addition to shares included pursuant to the preceding clause (i), the number of Registrable Securities requested to be included by the Selling Searchlight Parties and Common Shares requested to be included by the Requesting Piggyback Shareholders, on a pro rata basis (based on the number of Common Shares owned by each of such Persons), up to the number that, in the opinion of the managing underwriter, would not adversely affect the pricing, timing, marketing or distribution of the Common Shares to be sold in the offering. The Company may withdraw a Piggyback Registration Filing prior to any sales being made pursuant to the Piggyback Registration Filing, in which case the Company shall be relieved of its obligation to register the Registrable Securities solely with respect to such withdrawn Piggyback Registration Filing, and shall not be required to keep a Registration Statement related to the offering effective for longer than the period contemplated by the intended manner of distribution for the shares to be sold by the Company and any Requesting Shareholders described in the Prospectus included in the related Registration

Statement. For the avoidance of doubt, no Piggyback Registration shall count toward the number of requests for a Demand Registration that the Selling Searchlight Parties are entitled to make pursuant to Section 2(a).

(c) Aggregation of Registrable Securities. All Registrable Securities held or acquired by Persons who are Affiliates of one another shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

Section 3. Expenses.

Except as specifically provided herein, all Registration Expenses incurred in connection with the registration of the Registrable Securities shall be borne by the Company, and all Selling Expenses shall be borne by the Selling Searchlight Parties. Except as otherwise provided by this Agreement, the Company shall not be responsible for professional fees (including legal fees) incurred by the Searchlight Parties in connection with the exercise of the Searchlight Parties' rights hereunder.

Section 4. Suspensions.

Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, by providing prior written notice to the Selling Searchlight Parties, to delay the filing or effectiveness of any Registration Statement or require the Selling Searchlight Parties to suspend the use of any Prospectus for sales of Registrable Securities under an effective Registration Statement, from time to time, for a period of time not to exceed one hundred twenty (120) days in the aggregate in any twelve (12)-month period (a "Suspension Period"), if the Board of Directors of the Company (or the executive committee thereof) determines in its good faith judgment that such filing, effectiveness or use would (A) require the public disclosure of material non-public information concerning any transaction or negotiations involving the Company that would materially interfere with such transaction or negotiations, (B) require the public disclosure of some material non-public event that the Company has a bona fide business purpose for keeping confidential and the public disclosure of which would be materially detrimental to the Company or (C) materially interfere with the Company's ability to consummate a financing or acquisition (including a securities offering the Company is conducting or actively pursuing with anticipated offering proceeds of at least $75,000,000 (other than in connection with any at-the-market offering or similar continuous offering program)), *provided*, that, if at the time of receipt of such notice the Selling Searchlight Parties shall have sold Registrable Securities (or have signed a firm commitment underwriting agreement with respect to the purchase of such shares) pursuant to an effective Registration Statement, then the Company shall use its best efforts to take such action as is necessary to eliminate any restriction imposed by federal securities Laws on the timely delivery of such shares. Promptly, upon receipt of such notice, the Selling Searchlight Parties shall discontinue the disposition of Registrable Securities under an effective Registration Statement and Prospectus relating thereto until such Suspension Period is terminated. The Company agrees that it will terminate any such Suspension Period as promptly as reasonably practicable and will promptly notify the Selling Searchlight Parties of such termination. After the expiration of any Suspension Period in the case of an effective Registration Statement, and without any further request from the Selling Searchlight Parties, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Registration Statement or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If a Suspension Period occurs during the Effectiveness Period for a Registration Statement, such Effectiveness Period shall be extended for a number of days equal to the total number of days during which the distribution of Registrable Securities is suspended under this Section 4. If the Company notifies the Selling Searchlight Parties of a Suspension Period with respect to a Registration Statement requested pursuant to Section 2(a) that has not yet been filed or declared effective, (A) the Selling Searchlight Parties may by notice to the Company withdraw such request without such request counting as a Demand Registration Request and (B) the Selling Searchlight Parties will be not obligated to reimburse the Company for Registration Expenses.

Section 5. Procedures for Registration.

(a) If and whenever the Company is required by this Agreement to use commercially reasonable efforts to include any Registrable Securities in a Registration Statement or Prospectus under the Securities Act, the Company will, as applicable:

(i) Prepare and promptly file with the SEC a Registration Statement with respect to such securities, make all required filings in connection therewith and use commercially reasonable efforts to cause such Registration Statement to become effective as soon as reasonably practicable thereafter and remain effective for the period of the distribution contemplated thereby (but in no event longer than the Effectiveness Period);

(ii) Prepare and file with the SEC such amendments and supplements to the applicable Registration Statement and the Prospectus used in connection therewith as may (A) be reasonably requested by any Selling Searchlight Party or (B) necessary to keep such Registration Statement effective for the period specified in paragraph (i) above and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement in accordance with the Selling Searchlight Parties' intended method of disposition set forth in such Registration Statement for such period;

(iii) Furnish to the Selling Searchlight Parties and any underwriters (without charge) such number of copies of the Registration Statement, each amendment and supplement thereto, the Prospectus included therein (including each preliminary prospectus) as such Persons reasonably may request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such Registration Statement;

(iv) Use commercially reasonable efforts to register or qualify the Registrable Securities covered by such Registration Statement under the securities or "blue sky" Laws of such jurisdictions as the Selling Searchlight Parties or, in the case of an underwritten public offering, the managing underwriter reasonably shall request; *provided, however*, that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(v) Use commercially reasonable efforts to list the Registrable Securities covered by such Registration Statement with any securities exchange on which the Class C Shares are then listed;

(vi) Use commercially reasonable efforts to cause all Registrable Securities covered by any Registration Statement to be registered with or approved by such other Governmental Entities or self-regulatory bodies as may be necessary or reasonably advisable in light of the business and operations of the Company to enable each Selling Searchlight Party participating in the registration to consummate the disposition of such Registrable Securities in accordance with the intended method or methods of disposition thereof;

(vii) Provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(viii) Immediately notify the Selling Searchlight Parties, at any time when a Prospectus is required to be delivered under the Securities Act, of the occurrence or happening of any event as a result of which the Prospectus contained in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of the Selling Searchlight Parties prepare and furnish to the Selling Searchlight Parties a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(ix) If the offering is underwritten and at the request of the Selling Searchlight Parties, use commercially reasonable efforts to furnish on the date that Registrable Securities are delivered to the underwriters for sale: (A) a written opinion of counsel to the Company, dated such date, addressed to the underwriters and to the Selling Searchlight Parties, covering such matters as are typically included in an opinion to underwriters for a comparable secondary transaction, including, without limitation, stating that such Registration Statement has become effective under the Securities Act and that (1) to the knowledge of such counsel, no stop order suspending the effectiveness thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act and (2) the Registration Statement, the related Prospectus and each amendment or supplement thereof comply as to form in all material respects with the requirements of the Securities Act (except that such counsel need not express any opinion as to financial statements or financial or statistical data contained therein) and (B) a letter dated such date from the independent public accountants retained by the Company (and brought down to the closing under the underwriting agreement), addressed to the underwriters and to the Selling Searchlight Parties, stating that the independent public accountants are independent public accountants within the meaning of the Securities Act and the applicable rules and regulations adopted by the SEC thereunder, and otherwise in customary form and covering such financial and accounting matters as are customarily covered by letters of the independent certified public accountants delivered in connection with a comparable secondary transaction, including, without limitation, that, in the opinion of such accountants, the financial statements of the Company included in the Registration Statement or the Prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act, and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five (5) Business Days prior to the date of such letter) with respect to such registration as such underwriters or the Selling Searchlight Parties may reasonably may request;

(x) in the case of an underwritten offering of Registrable Securities, enter into such customary agreements (including underwriting and lock-up agreements in customary form) and take all such other customary actions as the managing underwriter(s) of such offering reasonably requests;

(xi) In the case of an underwritten offering of Registrable Securities, promptly incorporate in a supplement to the Prospectus or a post-effective amendment to the Registration Statement such information as is reasonably requested by the managing underwriter(s), the purchase price for the securities to be paid by the underwriters and any other applicable terms of such underwritten offering (and the Selling Searchlight Parties shall promptly supply any such information within their possession), and promptly make all reasonably required filings of such supplement or post-effective amendment;

(xii) Promptly notify each Selling Searchlight Party participating in the registration and the managing underwriters of any underwritten offering:

(i) each time when the Registration Statement, any pre-effective amendment thereto, the Prospectus or any Prospectus supplement or any post-effective amendment to the Registration Statement has been filed and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective;

(ii) of any oral or written comments by the SEC or of any request by the SEC or any other federal or state governmental authority for amendments or supplements to the Registration Statement or the Prospectus or for any additional information regarding such Selling Searchlight Party;

(iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceedings for any such purpose; and

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky Laws of any jurisdiction;

(xiii) Use commercially reasonable efforts to cooperate with the Selling Searchlight Parties in the disposition of the Registrable Securities covered by such Registration Statement; *provided*, that the officers of the Company shall not be required to dedicate any amount of time to any roadshow;

(xiv) Not file or make any amendment to any Registration Statement with respect to any Registrable Securities, or any amendment of or supplement to the Prospectus used in connection therewith, that refers to any Selling Searchlight Party covered thereby by name or otherwise identifies such Selling Searchlight Party as the holder of any securities of Parent without the consent of such Selling Searchlight Party (such consent not to be unreasonably withheld, conditioned or delayed), unless and to the extent such disclosure is required by Law;

(xv) In connection with the preparation and filing of each Registration Statement registering Registrable Securities under the Securities Act, and before filing any such Registration Statement or any other document in connection therewith, give reasonable consideration to the inclusion in such documents of any comments reasonably and timely made by the Selling Searchlight Parties or their legal counsel; participate in and make documents available for the Selling Searchlight Parties and the reasonable and customary due diligence review of underwriters during normal business hours, on reasonable advance notice and without undue burden or hardship on the Company; *provided* that (A) any party receiving confidential materials shall execute a confidentiality agreement on customary terms if reasonably requested by the Company and (B) the Company may in its reasonable discretion restrict access to competitively sensitive or legally privileged documents or information;

(xvi) Cooperate with the Selling Searchlight Parties and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xvii) Use commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to use reasonable best efforts to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Selling Searchlight Parties of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose;

(xviii) Use commercially reasonable efforts to comply with the Securities Act, the Exchange Act and any other applicable rules and regulations of the SEC;

(xix) Cooperate with the Selling Searchlight Parties and the underwriters to facilitate the removal of any restrictive legends attached to any Registrable Securities; and

(xx) Otherwise use commercially reasonable efforts to take or cause to be taken all other actions reasonably necessary to effect the registration and sale of such Registrable Securities contemplated by this Agreement.

(b) For purposes of Section 5(a)(i), the period of distribution of Registrable Securities in a firm commitment underwritten public offering shall be deemed to extend until each underwriter participating in the offering has completed the distribution of all securities purchased by it, and the period of distribution of Registrable Securities pursuant to a Registration Statement for any other manner of distribution shall be deemed to extend until the earlier of (i) the sale of all Registrable Securities covered thereby and (ii) (x) in the case of a Registration Statement that is not a Resale Shelf Registration Statement, ninety (90) days after the effective date thereof, (y) in the case of a Resale Shelf Registration Statement on Form S-1, 12 months after the effective date thereof, and (z) in the case of a Resale Shelf Registration Statement on any other form, 24 months after the effective date thereof (such period, including any extension pursuant to Section 4 or Section 6 of this Agreement, the "Effectiveness Period").

(c) In connection with each underwritten public offering hereunder that includes Registrable Securities, if the underwriters so request, each Selling Searchlight Party participating in the underwritten public offering agrees to enter into a customary letter agreement with underwriters providing that such Selling Searchlight Party will not effect any public sale or distribution of Registrable Securities during the sixty (60) calendar day period beginning on the date of a Prospectus or prospectus supplement filed with the SEC with respect to the pricing of such underwritten public offering; *provided,* (i) the duration of the foregoing restrictions shall be no longer than the duration of the shortest restriction generally imposed by the underwriters on the Company or the officers, directors or any other Affiliate of the Company on whom a restriction is imposed and (ii) in the case of any Demand Registration, the Selling Searchlight Parties shall not be required to enter in any agreement that restricts their ability to pledge Registrable Securities in accordance with Section 5.04(b) of the Reorganization Agreement.

Section 6. Suspension of Sales.

Upon receipt of notice from the Company pursuant to Section 5(a)(viii), the Searchlight Parties shall use their reasonable best efforts to as promptly as possible discontinue disposition of Registrable Securities pursuant to the applicable Registration Statement and Prospectus relating thereto until the Searchlight Parties (i) have received copies of a supplemented or amended Prospectus or prospectus supplement pursuant to Section 5(a)(viii) or (ii) is advised in writing by the Company that the use of the Prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, the Searchlight Parties shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in the Searchlight Parties' possession, of the Prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give such notice with regards to any Registration Statement requested pursuant to Section 2(a), (A), if such Registration Statement is already effective, the Effectiveness Period in respect of such Registration Statement shall be extended by the number of days during the period from and including the date such notice is given by the Company to the date when the Company shall have (1) made available to the Searchlight Parties a supplemented or amended Prospectus or prospectus supplement pursuant to Section 5(a)(viii) or (2) advised the Searchlight Parties in writing that the use of the Prospectus and, if applicable, prospectus supplement may be resumed and (B), if such Registration Statement is not yet effective, the Selling Searchlight Parties shall be entitled to withdraw such Demand Registration Request and, if they do so, such Demand Registration Request shall not count against the limitation on the number of such Demand Registration Requests set forth in Section 2(a).

Section 7. Free Writing Prospectuses.

The Searchlight Parties shall not use any Free Writing Prospectus in connection with the sale of Registrable Securities without the prior written consent of the Company.

Section 8. Information.

It shall be a condition precedent to the Company's obligation to file a Registration Statement or any prospectus supplement with the SEC that the Searchlight Parties shall first furnish to the Company such information regarding the Searchlight Parties, the Registrable Securities held by the Searchlight Parties, the intended method of disposition of such securities and such further information as shall be reasonably requested by the Company to effect the registered offering of the Registrable Securities under the Securities Act and to assure compliance with federal and applicable state securities Laws.

Section 9. Indemnification.

(a) Indemnification Rights.

(i) In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company shall indemnify and hold harmless each of the Selling Searchlight Parties thereunder and each Person, if any, that controls each of the Selling Searchlight Parties within the meaning of Section 15 of the Securities Act (each a "controlling person") and the respective officers, directors, managers, employees, agents, stockholders, partners, members and Affiliates of each of the Selling Searchlight Parties and each controlling person (each, a "Registration Rights Indemnitee"), to the fullest extent lawful, from and against any and all Damages, joint or several, directly or indirectly caused by, relating to, arising out of, based upon or in connection with (A) any untrue statement of material fact contained in any Disclosure Package, any

Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus, or in any amendment or supplement thereto or document incorporated by reference therein, in each case, related to the registration of such Registrable Securities or (B) any omission to state in any Disclosure Package, any Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus, or in any amendment or supplement thereto, in each case, related to the registration of such Registrable Securities, any material fact required to be stated therein or necessary to make the statements therein not misleading (and, in the case of any Prospectus, in the light of the circumstances under which a statement is made); *provided*, that the Company shall not be liable to such Registration Rights Indemnitee to the extent that any such Damages are directly caused by an untrue statement or omission made in such Disclosure Package, Registration Statement, Prospectus (including any preliminary Prospectus), Free Writing Prospectus, or any amendment or supplement thereto, in each case, related to the registration of such Registrable Securities, in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Selling Searchlight Parties expressly for use therein. This indemnity agreement shall be in addition to any liability which the Company may otherwise have.

(ii) Each Selling Searchlight Party agrees severally and not jointly to indemnify the Company and its officers and directors and each Person, if any, that controls the Company (each, a "Company Registration Rights Indemnitee"), against any and all Damages directly caused by any untrue statement of material fact contained in any Disclosure Package, any Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus or any amendments or supplements thereto, in each case, related to the registration of such Selling Searchlight Party's Registrable Securities, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (and, in the case of any Prospectus, in the light of the circumstances under which a statement is made), in each case, to the extent that such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Selling Searchlight Party expressly for use therein.

(iii) If the indemnification provided for in Section 9(a)(i) or (ii) is unavailable to a Registration Rights Indemnitee or a Company Registration Rights Indemnitee, as applicable, with respect to any Damages referred to therein or is unenforceable or insufficient to hold the Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, harmless as contemplated therein, then the Company or each Selling Searchlight Party, as applicable, in lieu of indemnifying such Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, shall contribute to the amount paid or payable by such Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, as a result of such Damages in such proportion as is appropriate to reflect the relative fault of the Registration Rights Indemnitee or the Company Registration Rights Indemnitee, as applicable, on the one hand, and the Company or such Selling Searchlight Party, as applicable, on the other hand, in connection with the statements or omissions which resulted in such Damages as well as any other relevant equitable considerations. The relative fault of the Company or such Selling Searchlight Party, as applicable, on the one hand, and of the Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by or on behalf of the Company or by or on behalf of the Searchlight Parties, as applicable, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Selling Searchlight Party agree that it would not be just and equitable if contribution pursuant to this Section 9(a)(iii) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 9(a)(iii). In no event shall the amount which a Searchlight Party may be obligated to contribute pursuant to this Section 9(a)(iii) exceed an amount by which the net proceeds (after deducting its portion of Selling Expenses) actually received by any Searchlight Party in the sale of Registrable Securities that gives rise to such obligation to contribute exceed the amount of any Damages which such Searchlight Party has otherwise been required to pay by reason of such untrue statement or omission. No Registration Rights Indemnitee or Company Registration Rights Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from the Company or such Selling Searchlight Party, as applicable, if the Company or such Selling Searchlight Party, as applicable, were not guilty of such fraudulent misrepresentation.

(b) Notice of Reg Rights Claim.

(i) As used in this Agreement, the term "Reg Rights Claim" means a claim for indemnification by any Company Registration Rights Indemnitee or any Registration Rights Indemnitee, as the case may be, for Damages under Section 9(a) (such Person making a Reg Rights Claim, a "Reg Rights Indemnified Person"). A Company Registration Rights Indemnitee or a Registration Rights Indemnitee shall give notice of a Reg Rights Claim under this Agreement (and in the case of a Registration Rights Indemnitee whether for its own Damages or for Damages incurred by any other Registration Rights Indemnitee) pursuant to a written notice of such Reg Rights Claim executed by the Company or the applicable Selling Searchlight Party, as applicable (a "Notice of Reg Rights Claim"), and delivered to the other of them (such receiving party, the "Reg Rights Indemnifying Person"), within ten (10) days after such Reg Rights Indemnified Person becomes aware of the existence of any potential claim by such Reg Rights Indemnified Person for indemnification under Section 9(b), arising out of or resulting from any item indemnified pursuant to the terms of Section 9(a)(i) or Section 9(a)(ii); *provided*, that, the failure to timely give such notice shall not limit or reduce the Reg Rights Indemnified Person's right to indemnification hereunder unless (and then only to the extent that) the Reg Rights Indemnifying Person's defense of such Reg Rights Claim is materially and adversely prejudiced thereby.

(ii) Each Notice of Reg Rights Claim shall: (A) state that the Reg Rights Indemnified Person has incurred or paid Damages in an aggregate stated amount (where practicable) arising from such Reg Rights Claim (which amount may be the amount of damages claimed by a third party in an action brought against any Reg Rights Indemnified Person based on alleged facts, which if true, would give rise to liability for Damages to such Reg Rights Indemnified Person under Section 9(a)); and (B) contain a brief description, in reasonable detail (to the extent reasonably available to the Reg Rights Indemnified Person), of the facts, circumstances or events giving rise to the alleged Damages based on the Reg Rights Indemnified Person's good faith belief and knowledge thereof, including the identity and address of any third party claimant (to the extent reasonably available to the Reg Rights Indemnified Person).

(iii) Following delivery of the Notice of Reg Rights Claim (or at the same time if the Reg Rights Indemnified Person so elects) the Reg Rights Indemnified Person shall deliver copies of any demand or complaint, and, to the extent then known: the amount of Damages, the date each such item was incurred or paid, or the basis for such anticipated liability, and the specific nature of the breach to which such item is related.

(c) Defense of Third Party Reg Rights Claims.

(i) Subject to the provisions hereof, the Reg Rights Indemnifying Person on behalf of the Reg Rights Indemnified Person shall have the right to elect to defend and control the defense of any Third-Party Reg Rights Claim, and which such right is exercisable by giving written notice to the Reg Rights Indemnified Person as promptly as reasonably practicable after receipt of written notice from such Reg Rights Indemnified Person of such Third-Party Reg Rights Claim, and, as provided by Section 9(d), the costs and expenses incurred by the Reg Rights Indemnifying Person in connection with such defense (including reasonable attorneys' fees, other professionals' and experts' fees and court or arbitration costs) shall be paid by the Reg Rights Indemnifying Person. The Reg Rights Indemnified Person (unless it is controlling the Third-Party Reg Rights Claim in accordance with this Section 9(c)) may participate, through counsel of its own choice and, except as provided herein (including if the Reg Rights Indemnifying Person is not entitled to assume and control the defense in accordance with Section 9(c)(ii)), at its own expense, in the defense of any Third Party Reg Rights Claim.

(ii) The Reg Rights Indemnifying Person shall be entitled to assume the control and defense thereof utilizing legal counsel reasonably acceptable to the Reg Rights Indemnified Person; *provided*, that the Reg Rights Indemnifying Person shall not be entitled to assume control of such defense if (A) the claim for indemnification relates to or arises in connection with any criminal or governmental proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction against the Reg Rights Indemnified Person, to the extent that such defense relates to the claim for such injunction, (C) a conflict of interest between the Reg Rights Indemnifying Person and the Reg Rights Indemnified Person exists with respect to such claim, in the opinion of counsel to such Reg Rights Indemnified Person or (D) the Reg Rights Indemnifying Person has elected not to defend, or assume the control and defense of, a Third-Party Reg Rights Claim in accordance with this Section 9(c).

(iii) Any party controlling the defense of any Third-Party Reg Rights Claim pursuant hereto shall: (A) conduct the defense of such Third-Party Reg Rights Claim with reasonable diligence and keep the other parties reasonably informed of material developments in the Third-Party Reg Rights Claim at all stages thereof; (B) as promptly as reasonably practicable, submit to the other parties copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received or filed in connection therewith; (C) permit the other parties and their counsel to confer on the conduct of the defense thereof; and (D) permit the other parties and their counsel an opportunity to review all documents to be submitted prior to their submission. The Company and the applicable Selling Searchlight Party will render to the other party such assistance as may be reasonably required in order to insure the proper and adequate defense thereof and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the other party in connection therewith; *provided, however*, that notwithstanding anything to the contrary in this Agreement, no party shall be required to disclose any information to the other party or its counsel, accountants or representatives, if doing so would be reasonably expected to violate any Law to which such Person is subject or could jeopardize (in the reasonable discretion of the disclosing party in consultation with counsel) any attorney-client privilege available with respect to such information.

(iv) If the Reg Rights Indemnifying Person controls the defense of and defends any Third-Party Reg Rights Claim under this Section 9(c), the Reg Rights Indemnifying Person shall have the right to effect a settlement of such Third-Party Reg Rights Claim on the Reg Rights Indemnified Person's behalf without the consent of the Reg Rights Indemnified Person; *provided*, that (A) such settlement does not involve any injunctive relief binding upon the Reg Rights Indemnified Person or any of its Affiliates and (B) such settlement expressly and unconditionally releases the Reg Rights Indemnified Person and the other applicable Reg Rights Indemnified Persons (that is, each of the Company Registration Rights Indemnitees, if the Reg Rights Indemnified Person is a Company Registration Rights Indemnitee, and each of the Registration Rights Indemnitees, if the Reg Rights Indemnified Person is a Registration Rights Indemnitee) from all Liabilities with respect to such Third-Party Reg Rights Claim, without prejudice. If the Reg Rights Indemnified Person controls the defense of and defends any Third-Party Reg Rights Claim under this Section 9(c), the Reg Rights Indemnified Person shall have the right to effect a settlement of such Third-Party Reg Rights Claim with the consent of the Reg Rights Indemnifying Person (which consent shall not be unreasonably withheld, conditioned or delayed). No settlement by the Reg Rights Indemnified Person of such Third-Party Reg Rights Claim shall limit or reduce the right of any Reg Rights Indemnified Person to indemnity hereunder for all Damages they may incur arising out of or resulting from the Third-Party Reg Rights Claim to the extent indemnified in Section 9(c); *provided*, that such settlement is effected in accordance with this Section 9(c). As used in this Section 9(c)(iv), the term "settlement" refers to any consensual resolution of the claim in question, including by consent, decree or by permitting any judgment or other resolution of a claim to occur without disputing the same, and the term "settle" has a corresponding meaning.

(d) Resolution of Claims. Each Notice of Reg Rights Claim given by Reg Rights Indemnified Person shall be resolved as follows:

(i) Admitted Claims. If, within twenty (20) Business Days after a Notice of Reg Rights Claim is delivered to the Reg Rights Indemnifying Person, the Reg Rights Indemnifying Person agrees in writing that liability for such Claim is indemnified under Section 9(a)(i) or Section 9(a)(ii), as applicable, the full amount of the Damages specified in the Notice of Reg Rights Claim is agreed to, and that such Notice of Reg Rights Claim is timely, the Reg Rights Indemnifying Person shall be conclusively deemed to have consented to the recovery by the Reg Rights Indemnified Person of the full amount of Damages specified in the Notice of Reg Rights Claim; *provided, that*, to the extent the full amount of Damages is not known at the time such Notice of Reg Rights Claim is delivered, payment by the Reg Rights Indemnifying Person under this Section 9(d) with respect to any speculative Damages shall not be due until the actual amount of such Damages is known.

(ii) Contested Claims. If the Reg Rights Indemnifying Person does not so agree in writing to such Notice of Reg Rights Claim or gives the Reg Rights Indemnified Person written notice contesting all or any portion of a Notice of Reg Rights Claim (a "Contested Claim") within the twenty (20) Business Day period specified in Section 9(b)(i), then such Contested Claim shall be resolved by a written settlement agreement executed by the Company and the applicable Selling Searchlight Party, unless such Contested Claim (A) is subject to a proceeding to be resolved pursuant to Section 16 or (B) includes a Third-Party Reg Rights Claim, in which case such Third-Party Reg Rights Claim shall be resolved pursuant to Section 9(c).

Section 10. Rule 144.

With a view to making available to the Searchlight Parties the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to: (a) make and keep adequate current public information available, as those terms are understood and defined in Rule 144 under the Securities Act or any similar or analogous rule promulgated under the Securities Act, at all times after the Registrable Date; (b) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and submit electronically every interactive data file required to be submitted pursuant to Rule 405 under the Securities Act; (c) so long as the Searchlight Parties own any Registrable Securities, (i) furnish to the Searchlight Parties forthwith upon request: a written statement by the Company as to its compliance with the reporting and submission requirements of Rule 144 under the Securities Act; and, unless otherwise available via the SEC's EDGAR filing system, a copy of the most recent annual or quarterly report of the Company and (ii) take such actions and provide any reports and documents as the Searchlight Parties may reasonably request in availing themselves of any rule or regulation of the SEC allowing them to sell any Registrable Securities without registration.

Section 11. Assignment.

This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the parties hereto and their respective successors and permitted assigns. The Company shall not assign this Agreement, nor any right, benefit, remedy or obligation hereunder, without the prior written consent of the Searchlight Parties. The Searchlight Parties shall not assign this Agreement, nor any right, benefit, remedy or obligation hereunder, without the prior written consent of the Company, except that each of the Searchlight Parties shall be permitted, without the consent of Company, to assign its rights and obligations hereunder to (i) any Affiliate thereof to whom such Searchlight Party sells or otherwise transfers Registrable Securities or (ii) any Person to which such Searchlight Party sells or otherwise transfers at least 2,000,000 or more Registrable Securities or such lesser amount if it constitutes the remaining holdings of such Searchlight Party; *provided*, that such sale or transfer is in accordance with Section 5.04 of the Reorganization Agreement and that a Permitted Transferee shall execute and deliver to the Company a counterpart to this Agreement in the form attached hereto as Exhibit A (any Person described in (i) or (ii), a "Permitted Transferee"). Upon execution and delivery of such counterpart, the Permitted Transferee shall have the same rights and benefits of, and shall be subject to the same restrictions contained in, this Agreement as those applicable to the Searchlight Parties at the time of such execution and delivery. If the Searchlight Parties continue to own Registrable Securities following a Permitted Transferee becoming a party to this Agreement, then the Searchlight Parties and all Permitted Transferees shall have no greater rights collectively than the Searchlight Parties had individually pursuant to this Agreement.

Section 12. Entire Agreement.

This Agreement, together with the Reorganization Agreement, constitutes the entire agreement between the parties hereto with respect to the registration rights to be provided to the Searchlight Parties and supersedes any prior understandings, agreements or representations by or among the parties hereto, or any of them, written or oral, in each case, with respect to the subject matter hereof.

Section 13. Termination.

This Agreement (other than Section 3, Section 9, Section 14, Section 15, Section 16, Section 18, Section 19, Section 20, Section 21 and Section 23 and, except where there are no longer any Registrable Securities as a result of clause (y) of the last sentence of the definition of "Registrable Securities", Section 10) will terminate on the date on which there are no longer any Registrable Securities.

Section 14. Notices.

Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given (A) when delivered in person, (B) upon transmission by electronic mail (but only if followed by transmittal of a copy thereof by (x) national overnight courier or (y) hand delivery with receipt, in each case, for delivery by the second (2nd) Business Day following such electronic mail), (C) on receipt after dispatch by registered or certified mail, postage prepaid and addressed, or (D) on the next Business Day if transmitted by national overnight courier, in each case as follows:

If to the Company:

Liberty Latin America Ltd.
1550 Wewatta Street, Suite 710
Denver, CO 80202
Attention: John Winter, Chief Legal Officer
Email: jwinter@lla.com

with a copy (which shall not constitute notice) to:

Baker Botts L.L.P.
30 Rockefeller Plaza
New York, NY 10112-4498
Attention: Jonathan Gordon
Email: jonathan.gordon@bakerbotts.com

If to the Searchlight Parties:

c/o Searchlight Capital Partners, L.P.
745 Fifth Avenue, 27th Floor
New York, New York 10151
Attention: Nadir Nurmohamed & Christopher Cruz
Email: nnurmohamed@searchlightcap.com & ccruz@searchlightcap.com

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 57th Street
New York, NY 10019
Attention: Steven A. Cohen & Victor Goldfeld
E-mail: sacohen@wlrk.com & vgoldfeld@wlrk.com

Section 15. Governing Law.

This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Law of any jurisdiction other than the State of Delaware.

Section 16. Jurisdiction and Venue.

The parties hereto hereby irrevocably submit to the jurisdiction of the Delaware Court of Chancery or, in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware, or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware. The parties hereto hereby consent to and grant the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, the United States District Court for the District of Delaware, jurisdiction over the person of such parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in this Agreement or in such other manner as may be permitted by Law shall be valid and sufficient service thereof. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND ACKNOWLEDGMENTS IN THIS SECTION 16.

Section 17. Counterparts and Signature.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by electronic mail transmission.

Section 18. Amendments and Waivers.

(a) No failure or delay on the part of the Company or the Searchlight Parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(b) The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless consented to in writing by the party against whom it shall be enforced.

Section 19. Interpretation.

When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement, unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any reference to any federal, state, local or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

Section 20. No Third-Party Beneficiaries.

This Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns or to otherwise create any third-party beneficiary hereto; *provided*, each Registration Rights Indemnitee and Company Registration Rights Indemnitee is an express third-party beneficiary of this Agreement with respect to the provisions of Section 9 and is entitled to enforce the provisions thereof.

Section 21. Fees and Expenses.

Subject to Section 3, all fees and expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement shall be paid by the party incurring such expenses.

Section 22. Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be completed as originally contemplated to the fullest extent possible.

Section 23. Equitable Remedies.

Neither rescission, set-off nor reformation of this Agreement shall be available as a remedy to any of the parties hereto. The parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof and that the parties shall be entitled, and each party hereby consents, to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms hereof, without bonds or other security being required, in addition to any other remedies at Law or in equity. In the event that a party institutes any suit or action under this Agreement, including for specific performance or injunctive relief pursuant to this Section 23, the prevailing party in such proceeding shall be entitled to receive the costs incurred thereby in conducting the suit or action, including reasonable attorneys' fees and expenses.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LIBERTY LATIN AMERICA LTD.

By: /s/ John Winter

Name: John Winter

Title: Senior Vice President & Chief Legal Officer

SCPV LEO, L.P.

By: Searchlight Capital Partners GP, L.P., its general partner
By: Searchlight Capital Partners GP, LLC, its general partner

/s/ Andrew Frey

Name: Andrew Frey
Title: Authorized Person

SC LEO, L.P.

By: Searchlight Capital Partners GP, L.P., its general partner
By: Searchlight Capital Partners GP, LLC, its general partner

_/s/ Andrew Frey____________________
Name: Andrew Frey
Title: Authorized Person

SC AIV LEO, L.P.

By: Searchlight Capital Partners GP, L.P., its general partner
By: Searchlight Capital Partners GP, LLC, its general partner

_/s/ Andrew Frey____________________
Name: Andrew Frey
Title: Authorized Person

SEARCHLIGHT/SIP HOLDCO SPV II (TRI), L.P.

By: Searchlight Capital Partners GP, L.P., its general partner
By: Searchlight Capital Partners GP, LLC, its general partner

_/s/ Andrew Frey____________________
Name: Andrew Frey
Title: Authorized Person

SEARCHLIGHT LEO CO-INVEST PARTNERS, LP

By: Searchlight Capital Partners GP, L.P., its general partner
By: Searchlight Capital Partners GP, LLC, its general partner

_/s/ Andrew Frey____________________
Name: Andrew Frey
Title: Authorized Person

EXHIBIT A

Form of Agreement Counterpart For A Permitted Transferee

Agreement Counterpart for Permitted Transferee (this "Agreement"), dated the date indicated below (the "Effective Date"), between [●] (the "Transferor") and the Permitted Transferee named below.

Reference is made to the Registration Rights Agreement (the "Registration Rights Agreement") made and entered into as of October 17, 2018, by and between Liberty Latin America Ltd., an exempted Bermuda company limited by shares (the "Company"), and SCPV LEO, L.P., a Delaware limited partnership, SC LEO, L.P., a Delaware limited partnership, SC AIV LEO, L.P., a Delaware limited partnership, Searchlight/SIP Holdco SPV II (TRI), L.P., a Delaware limited partnership, and SC LEO Co-Invest Holdings, Limited, a Delaware limited partnership (collectively, the "Searchlight Parties"). All terms used but not otherwise defined herein have the meanings set forth in the Registration Rights Agreement.

1. Assignment and Assumption. Effective as of the Effective Date, the Transferor hereby assigns, transfers and conveys to Permitted Transferee all rights, benefits, liabilities and obligations applicable to the Searchlight Parties under the Registration Rights Agreement as to the number of Registrable Securities indicated beneath the signature of Permitted Transferee below, and Permitted Transferee

hereby accepts and assumes such rights, benefits, liabilities and obligations and agrees to be bound thereby and to perform such obligations as if Permitted Transferee had originally executed and delivered the Registration Rights Agreement.

2. No Greater Rights. If Transferor is selling or transferring to Permitted Transferee less than all of the Searchlight Parties' Registrable Securities, Permitted Transferee acknowledges and agrees that the Searchlight Parties and all Permitted Transferees shall have no greater rights collectively than the Searchlight Parties had individually pursuant to the Registration Rights Agreement prior to the execution and delivery of this Agreement.

3. Third Party Beneficiary. The Company is an express third-party beneficiary of this Agreement.

[Signature Page Follows]

Dated: ______

TRANSFEROR

By: ____________________________
Name:
Title:

PERMITTED TRANSFEREE
Name:
Address:

By: ________________________
Name:
Title:

Number of Registrable Securities: _____

Exhibit 21

Liberty Latin America Subsidiaries
December 31, 2018

Name	Country
Cable and Wireless (Anguilla) Limited	Anguilla
Cable & Wireless Antigua & Barbuda Limited	Antigua & Barbuda
Kelcom International (Antigua & Barbuda) Limited	Antigua & Barbuda
Columbus Communications Limited	Bahamas
CWC Bahamas Holdings Limited	Bahamas
The Bahamas Telecommunications Company Limited	Bahamas
Antilles Crossing (Barbados) IBC, Inc.	Barbados
Cable & Wireless (Barbados) Limited	Barbados
Cable Jamaica (Barbados) Limited	Barbados
Caribbean Data Centers (Barbados) Inc.	Barbados
CNL-CWC Networks Inc.	Barbados
Columbus Acquisitions Inc.	Barbados
Columbus Antilles (Barbados) Limited	Barbados
Columbus Capital (Barbados) Limited	Barbados
Columbus Caribbean Acquisitions Inc.	Barbados
Columbus Curacao (Barbados) Inc.	Barbados
Columbus Eastern Caribbean (Barbados) Inc.	Barbados
Columbus Holdings (Barbados) II SRL	Barbados
Columbus Holdings (Barbados) SRL	Barbados
Columbus International Capital (Barbados) Inc.	Barbados
Columbus International Inc.	Barbados
Columbus Investments Inc.	Barbados
Columbus Jamaica Holdings (Barbados) Inc.	Barbados
Columbus Networks (Cayman) Holdco Limited	Barbados
Columbus Networks Finance Company Limited	Barbados
Columbus Networks Sales, Ltd.	Barbados
Columbus Networks, Limited	Barbados
Columbus Telecommunications (Barbados) Limited	Barbados
Columbus Trinidad (Barbados) Inc.	Barbados
Columbus TTNW Holdings Inc.	Barbados
CWC CALA Holdings Limited	Barbados
CWC-Columbus Asset Holdings Inc.	Barbados
CWI Caribbean Limited	Barbados
Gemini North Cable (Barbados) Inc.	Barbados
Karib Cable Inc.	Barbados
Liberty CWC Holdings Limited	Barbados
S.A.U.C.E. Holdings (Barbados) (I) Limited	Barbados
Wamco Technology Group Limited	Barbados
Cable and Wireless Network Services Limited	Bermuda
Liberty Latin America Limited	Bermuda

Name	Country
LiLAC Services Limited	Bermuda
New World Network International, Ltd	Bermuda
Columbus Networks (Bonaire), N.V.	Bonaire
CNW Leasing Ltd.	Canada
CWC Canada Limited	Canada
C&W Senior Finance Limited	Cayman Islands
C&W Senior Secured Parent Limited	Cayman Islands
Coral Re SPC, Ltd.	Cayman Islands
Cable & Wireless Jamaica Finance (Cayman) Limited	Cayman Islands
Cable and Wireless (Cayman Islands) Limited	Cayman Islands
Columbus New Cayman Limited	Cayman Islands
CWC Cayman Finance Limited	Cayman Islands
CWC Acquisitions Holding Limited	Cayman Islands
CWC Macau Holdings Limited	Cayman Islands
CWC New Cayman Limited	Cayman Islands
CWC Overseas Holdco Limited	Cayman Islands
CWC Trinidad Holdings Limited	Cayman Islands
CWC WS Holdings Cayman Ltd.	Cayman Islands
Kelfenora Limited	Cayman Islands
LCPR Cayman Holding Inc.	Cayman Islands
Liberty Costa Rica Holdings Ltd.	Cayman Islands
LiLAC Ventures Ltd.	Cayman Islands
Sable International Finance Limited	Cayman Islands
United Chile Ventures, Inc.	Cayman Islands
C&W Networks Chile SPA	Chile
Sociedad Televisora CBC Limitada	Chile
VTR Comunicaciones S.p.A.	Chile
VTR Global Carrier S.A.	Chile
VTR Ingeniería S.A.	Chile
VTR Movíl S.p.A.	Chile
VTR Southam Chile S.p.A.	Chile
VTR.com SpA	Chile
Columbus Networks Zona Franca, Limitada	Colombia
ColumbusNetworks de Colombia, Limitada	Colombia
Lazus Colombia S.A.S.	Colombia
Cabletica S.A	Costa Rica
Columbus Networks de Costa Rica S.R.L.	Costa Rica
Columbus Networks Wholesale de Costa Rica S.A.	Costa Rica
LBT CT Communications S.A	Costa Rica
Columbus Communications Curacao N.V.	Curacao
Columbus Networks Antilles Offshore N.V.	Curacao
Columbus Networks Curacao, N.V.	Curacao
Columbus Networks Netherlands Antilles N.V.	Curacao
E-Commercepark N.V.	Curacao
Exploitatiemaatchappij E-Zone Vredenberg N.V.	Curacao
Cable & Wireless Dominica Limited	Dominica

Name	Country
Marpin 2K4 Limited	Dominica
Columbus Networks Dominicana, S.A.	Dominican Republic
CWC Cable & Wireless Communications Dominican Republic SA	Dominican Republic
Columbus Networks de Ecuador S.A.	Ecuador
Columbus Networks El Salvador S.A. de C.V.	El Salvador
SSA Sistemas El Salvador, SA de CV	El Salvador
Columbus Holdings France SAS	France
Cable and Wireless Grenada Limited	Grenada
Columbus Communications (Grenada) Limited	Grenada
Columbus Networks de Guatemala, Limitada	Guatemala
Columbus Networks (Haiti) S.A.	Haiti
Columbus Networks de Honduras S. de R.L.	Honduras
PT Mitracipta Sarananusa	Indonesia
Pender Insurance Limited	Isle of Man
Cable & Wireless Jamaica Limited	Jamaica
Caribbean Landing Company Limited	Jamaica
Chartfield Development Company Limited	Jamaica
Columbus Communications Jamaica Limited	Jamaica
Columbus Networks Jamaica Limited	Jamaica
D. & L. Cable & Satelitte Network Limited	Jamaica
Dekal Wireless Jamaica Limited	Jamaica
Digital Media & Entertainment Limited	Jamaica
Jamaica Digiport International Limited	Jamaica
LIME Foundation Limited	Jamaica
Northern Cable & Communication Network Limited	Jamaica
S.A.U.C.E. Communication Network Limited	Jamaica
Columbus Eastern Caribbean Holdings Sàrl	Luxembourg
Columbus Networks de Mexico S.R.L.	Mexico
Cable & Wireless Australia & Pacific Holding B.V.	Netherlands
Cable and Wireless International Finance B.V.	Netherlands
Lila Chile Holdings BV	Netherlands
VTR Finance BV	Netherlands
Columbus Networks Nicaragua y Compania Limitada	Nicaragua
SSA Sistemas Nicaragua, Socieded Anonima	Nicaragua
Cable & Wireless Panama S.A.	Panama
Columbus Networks Centroamérica S. de R.L	Panama
Columbus Networks de Panamá SRL	Panama
Columbus Networks Marítima de Panamá S. de R.L.	Panama
CWC WS (Panama) SA	Panama
CWC WS Holdings Panama SA	Panama
Grupo Sonitel, SA	Panama
Sonitel, SA	Panama
Lazus Peru S.A.C	Peru
SSA Sistemas del Peru S.R.L.	Peru
Columbus Networks Puerto Rico, Inc.	Puerto Rico
Liberty Cablevision of Puerto Rico LLC	Puerto Rico

Name	**Country**
Puerto Rico Cable Acquisition Company LLC	Puerto Rico
Cable & Wireless (Seychelles) Limited	Seychelles
Le Chantier Property Limited	Seychelles
Seychelles Cable System Company	Seychelles
Cable & Wireless (Singapore) Pte Limited	Singapore
Cable & Wireless St. Kitts & Nevis Limited	St Kitts and Nevis
Antilles Crossing Holding Company (St. Lucia) Limited	St Lucia
Bandserve Inc.	St Lucia
Cable and Wireless (St Lucia) Limited	St Lucia
Columbus Communications (St Lucia) Limited	St Lucia
Columbus Eastern Caribbean (St. Lucia) Inc.	St Lucia
Dekal Wireless Holdings Limited	St Lucia
Techvision Inc.	St Lucia
Tele (St. Lucia) Inc.	St Lucia
Cable & Wireless St Vincent and the Grenadines Limited	St Vincent and the Grenadines
Columbus Communications St. Vincent and the Grenadines Limited	St Vincent and the Grenadines
Petrel Communications SA	Switzerland
Cable & Wireless Trinidad and Tobago Limited	Trinidad and Tobago
Cable Company of Trinidad and Tobago Unlimited	Trinidad and Tobago
Columbus Communications Trinidad Limited	Trinidad and Tobago
Columbus Holdings Trinidad Unlimited	Trinidad and Tobago
Columbus Networks International (Trinidad) Ltd.	Trinidad and Tobago
Trinidad and Tobago Trans-Cable Company Unlimited	Trinidad and Tobago
Cable and Wireless (TCI) Limited	Turks and Caicos Islands
Cable & Wireless (UK) Group Limited	UK-England & Wales
Cable & Wireless Carrier Limited	UK-England & Wales
Cable & Wireless Central Holding Limited	UK-England & Wales
Cable & Wireless Communications Limited	UK-England & Wales
Cable & Wireless DI Holdings Limited	UK-England & Wales
Cable & Wireless International HQ Limited	UK-England & Wales
Cable & Wireless Limited	UK-England & Wales
Cable & Wireless Services UK Limited	UK-England & Wales
Cable & Wireless Trade Mark Management Limited	UK-England & Wales
Cable and Wireless (CALA Management Services) Limited	UK-England & Wales
Cable and Wireless (Investments) Limited	UK-England & Wales
Cable and Wireless (West Indies) Limited	UK-England & Wales
Cable and Wireless Pension Trustee Limited	UK-England & Wales
CWC Communications Limited	UK-England & Wales
CWC UK Finance Limited	UK-England & Wales
CWIG Limited	UK-England & Wales
CWIGroup Limited	UK-England & Wales
LGE Coral Holdco Ltd	UK-England & Wales
Liberty Global CIHB Ltd	UK-England & Wales
Sable Holding Limited	UK-England & Wales

Name	Country
The Eastern Telegraph Company Limited	UK-England & Wales
The Western Telegraph Company Limited	UK-England & Wales
LGI International Holdings LLC	USA-Colorado
United Chile, LLC	USA-Colorado
LLA Operations, LLC	USA-Colorado
A.SUR NET, Inc.	USA-Delaware
ARCOS-1 USA, Inc.	USA-Delaware
Cable & Wireless Delaware 1, Inc.	USA-Delaware
Columbus Networks Telecommunications Services USA, Inc.	USA-Delaware
Columbus Networks USA (2015), Inc.	USA-Delaware
Columbus Networks USA, Inc.	USA-Delaware
Coral-US Co-Borrower LLC	USA-Delaware
LCPR Ventures LLC	USA-Delaware
Leo Cable LLC	USA-Delaware
Latam Technologies Holdings I, LLC	USA-Delaware
Leo Cable LP	USA-Delaware
LiLAC Communications Inc.	USA-Delaware
Petrel Communications Corporation	USA-Delaware
SkyOnline Maya-1, LLC	USA-Delaware
Cable & Wireless Communications Inc.	USA-Virginia
Columbus Networks Venezuela S.A.	Venezuela
Cable and Wireless (BVI) Limited	Virgin Islands, British
Cable and Wireless (EWC) Limited	Virgin Islands, British

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Latin America Ltd.:

We consent to the incorporation by reference in the registration statements (Nos. 333-222515 and 333-223322) on Form S-8 of Liberty Latin America Ltd. of our reports dated February 20, 2019, with respect to the consolidated balance sheets of Liberty Latin America Ltd. and subsidiaries as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement schedules I to II (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2018, which reports appear in the December 31, 2018 annual report on Form 10-K of Liberty Latin America Ltd.

Our report dated February 20, 2019, on the consolidated financial statements as of December 31, 2018, includes an explanatory paragraph related to the Company's change in method of accounting for revenue from contracts with customers in 2018 due to the adoption of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers.

Our report dated February 20, 2019, on the effectiveness of internal control over financial reporting as of December 31, 2018, expresses our opinion that Liberty Latin America Ltd. and subsidiaries did not maintain effective internal control over financial reporting as of December 31, 2018, because of the effect of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states the following material weaknesses have been identified:

- The Company did not have a sufficient number of trained resources with the appropriate skills and knowledge with assigned responsibilities and accountability for the design and operation of internal controls over financial reporting.
- The Company did not have an effective risk assessment process that successfully identified and assessed risks of misstatement to ensure controls were designed and implemented to respond to those risks. The Company did not adequately communicate the changes necessary in financial reporting and related internal controls throughout its organization and to affected third parties.
- The Company did not have an effective monitoring process to assess the consistent operation of internal control over financial reporting and to remediate known control deficiencies.
- The Company did not have an effective information and communication process to identify, capture and process relevant information necessary for financial accounting and reporting.
- The Company did not i) establish effective general information technology controls (GITCs), specifically program change controls and access controls, commensurate with financial and IT personnel job responsibilities that support the consistent operation of the Company's IT operating systems, databases and IT applications, and end user computing over all financial reporting, ii) have policies and procedures through which general information technology controls are deployed across the organization. Automated process-level controls and manual controls dependent upon the accuracy and completeness of information derived from information technology systems were also rendered ineffective because they are affected by the lack of GITCs.
- The Company did not have effective control activities related to the design, implementation and operation of process-level control activities related to order-to-cash (including revenue, trade receivables, and deferred revenue), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued expenses), hire-to-pay (including compensation expense and accrued expenses), long-lived assets (including goodwill impairment expense), inventory and other financial reporting processes, including business combinations.

/s/ KPMG LLP

Denver, Colorado
February 20, 2019

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements (No. 333-222515 and 333-223322) on Form S-8 of Liberty Latin America Ltd. of our report dated April 12, 2017, with respect to the consolidated statements of financial position of Cable & Wireless Communications Limited and subsidiaries as of March 31, 2016 and 2015 and the related consolidated statements of operations, comprehensive income, changes in owners' equity, and cash flows for each of the years in the two-year period ended March 31, 2016, which report appears in the December 31, 2018 annual report on Form 10-K of Liberty Latin America Ltd.

/s/ KPMG LLP

London, United Kingdom
February 20, 2019

Exhibit 31.1

CERTIFICATION

I, Balan Nair, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Latin America Ltd.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
    d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2019

/s/ Balan Nair

Balan Nair

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Christopher Noyes, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Latin America Ltd.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
    d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2019

/s/ Christopher Noyes

Christopher Noyes
Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Latin America Ltd. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2018 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of December 31, 2018 and December 31, 2017, and for the years ended December 31, 2018, 2017 and 2016.

Dated:	February 20, 2019	/s/ Balan Nair
		Balan Nair
		President and Chief Executive Officer

Dated:	February 20, 2019	/s/ Christopher Noyes
		Christopher Noyes
		Senior Vice President and Chief Financial Officer
		(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.