LIBERTY CABLEVISION OF PUERTO RICO LLC

Condensed Consolidated Financial Statements
September 30, 2019

LIBERTY CABLEVISION OF PUERTO RICO LLC

279 Ponce de Leon Ave.
San Juan, Puerto Rico
00918-1485

LIBERTY CABLEVISION OF PUERTO RICO LLC

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LIBERTY CABLEVISION OF PUERTO RICO LLC

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2019	December 31, 2018
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37.8	$ 19.8
Trade receivables, net of allowances of $9.1 million and $10.0 million, respectively	21.4	21.7
Prepaid expenses	9.3	7.1
Derivative instruments	—	10.5
Insurance settlement receivable	—	26.9
Other current assets	4.4	2.9
Total current assets	72.9	88.9
Property and equipment, net	509.0	494.5
Goodwill	277.7	277.7
Cable television franchise rights	540.0	540.0
Customer relationships, net	54.7	68.5
Other assets, net	7.9	3.9
Total assets	$ 1,462.2	$ 1,473.5
LIABILITIES AND MEMBERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 25.2	$ 14.9
Deferred revenue	10.9	11.1
Accrued capital expenditures	15.4	26.2
Third-party accrued interest	2.5	13.1
Derivative instruments	12.4	—
Related-party accrued liabilities	5.1	6.3
Other accrued and current liabilities	16.9	21.5
Total current liabilities	88.4	93.1
Long-term debt:		
Third-party	915.6	933.7
Related-party	75.9	70.2
Other long-term liabilities	47.9	17.8
Total liabilities	1,127.8	1,114.8
Commitments and contingencies		
Members' capital:		
Members' capital	353.1	377.4
Cayman Holding Receivable	(18.7)	(18.7)
Members' capital after deducting loan receivable from member	334.4	358.7
Total liabilities and members' capital	$ 1,462.2	$ 1,473.5

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

LIBERTY CABLEVISION OF PUERTO RICO LLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions			
Revenue	$ 104.3	$ 99.6	$ 306.7	$ 241.7
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):				
Programming and other direct costs of services	22.9	21.3	69.3	57.5
Other operating	16.0	14.6	44.9	41.3
Selling, general and administrative (**SG&A**)	15.3	14.0	44.0	40.0
Related-party fees and allocations	1.4	—	4.2	—
Depreciation and amortization	21.1	23.0	64.1	64.1
Impairment, restructuring and other operating items, net	2.2	0.4	2.6	(0.6)
	78.9	73.3	229.1	202.3
Operating income	25.4	26.3	77.6	39.4
Non-operating income (expense):				
Interest expense:				
Third-party	(14.9)	(15.6)	(45.7)	(45.8)
Related-party	(2.0)	(1.8)	(5.8)	(3.9)
Realized and unrealized gains (losses) on derivative instruments, net	(16.3)	2.7	(40.6)	15.3
Other expense, net	—	(0.2)	(0.1)	—
	(33.2)	(14.9)	(92.2)	(34.4)
Net earnings (loss)	$ (7.8)	$ 11.4	$ (14.6)	$ 5.0

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

LIBERTY CABLEVISION OF PUERTO RICO LLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
(unaudited)

	Class A preferred units	Class B common units	Total Members' capital	Cayman Holding Receivable	Members' capital after deducting loan receivable from member
			in millions		
Balance at July 1, 2018	$ 219.7	$ 85.7	$ 305.4	$ (55.7)	$ 249.7
Net earnings	—	11.4	11.4	—	11.4
Priority Return	2.6	(2.6)	—	—	—
Capital charge in connection with exercise or release of share-based compensation incentive awards	—	(0.4)	(0.4)	—	(0.4)
Share-based compensation	—	0.3	0.3	—	0.3
Balance at September 30, 2018	$ 222.3	$ 94.4	$ 316.7	$ (55.7)	$ 261.0
Balance at January 1, 2018, before effect of accounting change	$ 214.5	$ 96.9	$ 311.4	$ (55.7)	$ 255.7
Accounting change	—	(0.1)	(0.1)	—	(0.1)
Balance at January 1, 2018, as adjusted for accounting change	214.5	96.8	311.3	(55.7)	255.6
Net earnings	—	5.0	5.0	—	5.0
Priority Return	7.8	(7.8)	—	—	—
Capital charge in connection with exercise or release of share-based compensation incentive awards	—	(0.4)	(0.4)	—	(0.4)
Share-based compensation	—	0.8	0.8	—	0.8
Balance at September 30, 2018	$ 222.3	$ 94.4	$ 316.7	$ (55.7)	$ 261.0
Balance at July 1, 2019	$ 230.5	$ 130.6	$ 361.1	$ (18.7)	$ 342.4
Net loss	—	(7.8)	(7.8)	—	(7.8)
Priority Return	2.7	(2.7)	—	—	—
Distribution to Member	—	(0.2)	(0.2)	—	(0.2)
Balance at September 30, 2019	$ 233.2	$ 119.9	$ 353.1	$ (18.7)	$ 334.4
Balance at January 1, 2019	$ 225.0	$ 152.4	$ 377.4	$ (18.7)	$ 358.7
Net loss	—	(14.6)	(14.6)	—	(14.6)
Priority Return	8.2	(8.2)	—	—	—
Distributions to Member	—	(3.9)	(3.9)	—	(3.9)
Excess of consideration paid over carrying value for certain business-to-business (**B2B**) operations transferred from entities under common control	—	(5.8)	(5.8)	—	(5.8)
Balance at September 30, 2019	$ 233.2	$ 119.9	$ 353.1	$ (18.7)	$ 334.4

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

LIBERTY CABLEVISION OF PUERTO RICO LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30,	
	2019	**2018**
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ (14.6)	$ 5.0
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Non-cash share-based compensation expense	—	0.8
Depreciation and amortization	64.1	64.1
Amortization of debt financing costs and discounts	1.9	1.9
Realized and unrealized losses (gains) on derivative instruments, net	40.6	(15.3)
Insurance receipts	18.4	50.1
Changes in other operating assets and liabilities	(3.4)	7.2
Net cash provided by operating activities	107.0	113.8
Cash flows from investing activities:		
Capital expenditures	(57.5)	(167.7)
Consideration paid for C&W Transfer	(16.1)	—
Recovery on damaged or destroyed property and equipment	8.5	—
Net cash used by investing activities	(65.1)	(167.7)
Cash flows from financing activities:		
Distributions to Members	(3.9)	—
Repayments of third-party debt	(20.0)	—
Borrowings of related-party debt	—	45.0
Net cash provided (used) by financing activities	(23.9)	45.0
Net increase (decrease) in cash and cash equivalents	18.0	(8.9)
Cash and cash equivalents:		
Beginning of period	19.8	41.0
End of period	$ 37.8	$ 32.1
Cash paid for interest - third-party	$ 54.4	$ 41.8

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

(1) Basis of Presentation

Liberty Cablevision of Puerto Rico LLC (**Liberty Puerto Rico**) is a provider of fixed telecommunications services to residential and business customers in Puerto Rico. Liberty Puerto Rico was formed in connection with a series of transactions with certain investment funds affiliated with Searchlight Capital Partners L.P. (collectively, **Searchlight**) that were completed on November 8, 2012. We are 100% indirectly-owned by Leo Cable L.P. (**Leo Cable**), a wholly-owned subsidiary of Liberty Latin America Ltd. (**Liberty Latin America**). Choice Cable TV (**Choice**) is a wholly-owned subsidiary of Liberty Puerto Rico.

Liberty Latin America indirectly owns 100% of Liberty Puerto Rico. Prior to October 17, 2018, Liberty Latin America indirectly owned 60% of Liberty Puerto Rico with the remaining 40% interest indirectly owned by Searchlight. On October 17, 2018, a subsidiary of Liberty Latin America acquired Searchlight's 40% indirect interest in Liberty Puerto Rico.

In these notes, the terms "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to Liberty Puerto Rico or collectively to Liberty Puerto Rico and its subsidiary.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our 2018 annual report.

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

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

Liberty Puerto Rico is treated as a partnership that is not a separate tax-paying entity for United States (**U.S.**) federal or Puerto Rico income tax purposes.

These unaudited condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through November 19, 2019, the date of issuance.

(2) Accounting Changes and Recent Accounting Pronouncements

Accounting Changes

ASU 2016-02

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

The main impact of the adoption of this standard was the recognition of right-of-use assets and lease liabilities in our condensed consolidated balance sheet as of January 1, 2019 for those leases classified as operating leases under ASU 2016-02. We did not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less, as permitted by the short-term lease practical expedient in the standard. In transition, we applied the practical expedients that permit us not to reassess (i) whether

expired or existing contracts are or contain a lease under the new standard, (ii) the lease classification for expired or existing leases, (iii) whether previously-capitalized initial direct costs would qualify for capitalization under the new standard and (iv) whether existing or expired land easements that were not previously accounted for as leases are or contain a lease. We also applied the practical expedient that permits us to account for customer service revenue contracts that include both non-lease and lease components as a single component in all instances where the non-lease component is the predominant component of the arrangement and the other applicable criteria are met. In addition, we did not use hindsight during the transition.

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

The cumulative effect of the changes made to our condensed consolidated balance sheet as of January 1, 2019 is as follows:

	Balance at December 31, 2018	Cumulative catch up adjustments upon adoption	Balance at January 1, 2019
		in millions	
Assets:			
Other assets, net	$ 3.9	$ 4.7	$ 8.6
Liabilities:			
Other accrued and current liabilities	$ 21.5	$ 0.9	$ 22.4
Other long-term liabilities	$ 17.8	$ 3.9	$ 21.7

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 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 annual reporting periods 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 early adopted the portion of ASU 2018-13 that allows for the removal of certain fair value measurement disclosures from our consolidated financial statements. We do not expect the remaining disclosure requirements of ASU 2018-13 will have a material effect on our consolidated financial statements.

Recent Accounting Pronouncement

General

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

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, 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 expect to apply ASU 2018-15 prospectively and do not believe it will have a material impact on our consolidated financial statements and related disclosures.

(3) Summary of Changes in Significant Accounting Policies

The following accounting policy reflects an update to the *Summary of Significant Accounting Policies* included in our 2018 annual report resulting from the adoption of ASU 2016-02. For additional information regarding the adoption of ASU 2016-02, see note 2.

Leases

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

Our operating leases primarily consist of lease commitments for (i) retail stores, offices and facilities, (ii) other network assets and (iii) other equipment. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases.

The following table provides details of our operating lease expense:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 (a)	2019	2018 (a)
	in millions			
Operating lease expense:				
Operating lease cost	$ 0.3	$ 0.6	$ 1.0	$ 1.9
Short-term lease cost	0.1	—	0.3	—
Total operating lease expense	$ 0.4	$ 0.6	$ 1.3	$ 1.9

(a) Amounts reflect operating lease expense recorded under Accounting Standards Codification (**ASC**) 840, *Leases* (**ASC 840**), prior to adoption of ASU 2016-02 on January 1, 2019. Accordingly, amounts are not necessarily comparable.

The following table provides certain other details of our operating leases at September 30, 2019:

For the nine months ended September 30, 2019 (in millions):	
Operating cash flows from operating leases	$ 1.0
Right-of-use assets obtained in exchange for new operating lease liabilities (a)	$ 0.3
Weighted-average remaining lease term (in years)	5.4
Weighted-average discount rate (b)	8.9%

(a) Represents non-cash transactions associated with operating leases entered into during the nine months ended September 30, 2019.

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

Maturities of Operating Leases

Maturities of our operating lease liabilities on an undiscounted basis (in millions) as of September 30, 2019 are presented below along with the current and noncurrent operating lease liabilities on a discounted basis.

Years ending December 31:	
2019 (remainder of year)	$ 0.3
2020	1.1
2021	1.0
2022	0.9
2023	0.9
2024	0.9
Thereafter	0.4
Total operating lease liabilities on an undiscounted basis	5.5
Amount representing interest	(1.1)
Present value of operating lease liabilities	$ 4.4
Current portion	$ 0.8
Noncurrent portion	$ 3.6

The following table sets forth (in millions) of our operating lease commitments under ASC 840 as of December 31, 2018, which is required pursuant to ASU 2016-02 when using the effective date transition method.

Years ending December 31:	
2019	$ 1.3
2020	1.0
2021	0.9
2022	0.8
2023	0.8
Thereafter	1.1
Total	$ 5.9

(4) Derivative Instruments

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

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

	September 30, 2019			December 31, 2018		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets (b)	$ —	$ —	$ —	$ 10.5	$ 0.5	$ 11.0
Liabilities (b)	$ 12.4	$ 37.2	$ 49.6	$ —	$ 10.6	$ 10.6

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

(b) We consider credit risk relating to our and our counterparty's nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our interest rate derivative contracts resulted in (i) net gains of $2 million and $4 million during the three and nine months ended September 30, 2019, respectively, and (ii) nil during each of the three and nine months ended September 30, 2018. These amounts are included in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

The derivative assets set forth in the table above exclude our Weather Derivative, as defined and described below, as it is not accounted for at fair value. The Weather Derivative is included in other current assets, net in our condensed consolidated balance sheet.

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions			
Interest rate derivative contracts	$ (15.8)	$ 2.7	$ (40.0)	$ 15.3
Other (a)	(0.5)	—	(0.6)	—
Total	$ (16.3)	$ 2.7	$ (40.6)	$ 15.3

(a) The amounts for the 2019 periods include amortization of the premium associated with our weather derivative contract (the **Weather Derivative**), which we entered into during the second quarter of 2019.

Our net cash inflows (outflows) related to derivative instruments during the nine months ended September 30, 2019 and 2018, were $8 million and ($3 million), respectively, and are classified as operating activities in our condensed consolidated statements of cash flows.

Counterparty Credit Risk

We are exposed to the risk that the counterparty to our derivative instruments will default on its obligations to us. We manage this credit risk through the evaluation and monitoring of the creditworthiness of our counterparty. Collateral has not been posted by either party under our derivative instruments. At September 30, 2019, our exposure to counterparty credit risk resulting from our net derivative position was not material.

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

Details of our Derivative Instruments

Interest Rate Derivative Contracts

Interest Rate Swap

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At September 30, 2019, the outstanding notional amount of our interest rate swap contract was $850 million and the related weighted average remaining contractual life was 6.8 years.

Basis Swaps

Basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At September 30, 2019, the outstanding notional amount of our basis swap contracts was $923 million and the related weighted average remaining contractual life was 0.3 years.

Interest Rate Cap

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 September 30, 2019, the total notional amount of our interest rate cap was $73 million and the related weighted average remaining contractual life was 3.8 years.

Impact of Derivative Instruments on Borrowing Costs

The weighted average impact of the derivative instruments on our borrowing costs at September 30, 2019 was an increase of 13 basis points.

(5) Fair Value Measurements

General

We use the fair value method to account for our derivative instruments. The reported fair values of our derivative instruments as of September 30, 2019 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Recurring Fair Value Measurements - Derivatives

In order to manage our interest rate risk, we have entered into various derivative instruments, as further described in note 4. 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 counterparty. Our and our counterparty's 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 counterparty's credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our interest rate derivative contracts are quantified and further explained in note 4.

Nonrecurring Fair Value Measurements - Impairment Assessments

Fair value measurements are also used for purposes of nonrecurring valuations performed in connection with impairment assessments. We did not perform any significant nonrecurring fair value measurements during the three months ended September 30, 2019.

(6) Insurance Recoveries

In September 2017, the island of Puerto Rico was impacted by Hurricanes Maria, and to a lesser extent, Irma (collectively, the **Hurricanes**), resulting in extensive damage to homes, businesses and infrastructure. In December 2018, insurance claims for the Hurricanes were settled.

During the first quarter of 2019, we received the remaining outstanding insurance settlement amount of $27 million, of which $18 million and $9 million have been presented as operating and investing activities, respectively, in our condensed consolidated statement of cash flows.

During the first and third quarters of 2018, we received net advance payments of $35 million ($30 million from a third-party insurance provider and the remainder from a captive insurance subsidiary (the **Captive**) of Cable & Wireless Communications Limited (**C&W**), a subsidiary of Liberty Latin America) and $15 million, respectively, associated with the initial insurance claim

filed in connection with the Hurricanes. The net advances received during 2018 are included in operating activities in our condensed consolidated statement of cash flows.

(7) Long-lived Assets

Property and Equipment, Net

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

	September 30, 2019	December 31, 2018
	in millions	
Distribution systems	$ 603.6	$ 555.6
Customer premises equipment	263.8	246.0
Support equipment, buildings and land	73.9	70.4
	941.3	872.0
Accumulated depreciation	(432.3)	(377.5)
Total	$ 509.0	$ 494.5

Customer Relationships, Net

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

	September 30, 2019	December 31, 2018
	in millions	
Gross carrying amount	$ 149.1	$ 149.1
Accumulated amortization	(94.4)	(80.6)
Net carrying amount	$ 54.7	$ 68.5

(8) Debt

Our third-party debt obligations are as follows:

	September 30, 2019		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
			in millions			
Third-party debt before discounts and deferred financing costs (d)	5.78%	$ 40.0	$ 919.2	$ 905.4	$ 922.5	$ 942.5

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

	September 30, 2019	December 31, 2018
	in millions	
Third-party debt before discounts and deferred financing costs	$ 922.5	$ 942.5
Discounts and deferred financing costs	(6.9)	(8.8)
Total carrying amount of third-party debt	915.6	933.7
Related-party debt (note 10)	75.9	70.2
Total long-term debt	$ 991.5	$ 1,003.9

(a) Represents the weighted average interest rate in effect at September 30, 2019 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rate presented represents the stated rate and does not include the impact of derivative instruments, deferred financing costs, original issue discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our third-party indebtedness was 6.1% at September 30, 2019. For information regarding our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the LPR Revolving Credit Facility at September 30, 2019 without regard to covenant compliance calculations or other conditions precedent to borrowing. Subsequent to September 30, 2019, and as further discussed in note 13, the LPR Revolving Credit Facility was cancelled and replaced with a new revolving credit facility.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 5.

(d) Represents the LPR Bank Facility, which comprises the LPR Revolving Credit Facility, LPR First Lien Term Loan and the LPR Second Lien Term Loan. During the second quarter of 2019, we repaid $20 million of the principal outstanding under the LPR Second Lien Term Loan.

Maturities of Debt

Subsequent to September 30, 2019, the LPR First Lien Term Loan and LPR Second Lien Term Loan were fully repaid and the LPR Revolving Credit Facility was cancelled. For additional information, including the maturity dates of new debt that was entered into, see note 13.

(9) Members' Capital

Liberty Puerto Rico is a limited liability company. We have two Members, a Class A Preferred Unit Member (**Class A Preferred Member**) and a Class B Common Unit Member (**Class B Common Member**). Our limited liability company agreement (the **LLC Agreement**) requires any distribution to our Members be made in the following order of priority: (i) to the Class A Preferred Member, the amount of the aggregate accrued and unpaid Priority Return (as defined and described below), (ii) to the Class B Common Member until such Class B Common Member's capital account has been reduced to the amount of the Class B Common Member's capital contributions, (iii) to the Members in respect of their units on a pro rata basis, subject to certain limitations, and (iv) the balance, if any, to the Class B Common Member. In addition, we periodically pay taxes on behalf of our Members, which are recorded as distributions to the capital account of the Class A Preferred Member and Class B Common Member in our condensed consolidated statements of changes in members' capital, as applicable.

We allocate profits and losses to our Members as follows: (i) profits shall be allocated in the following order: (a) to our Class A Preferred Member in an amount equal to the excess, if any, of (1) the cumulative Priority Returns from the date of issuance of the Class A preferred units, as specified in the LLC Agreement, over (2) the sum of all profits to be allocated to the Class A Preferred Member and (b) all remaining profits shall be allocated to the Class B Common Member and (ii) all losses shall be allocated to the Class B Common Member.

A priority return (the **Priority Return**) shall be made, from time to time, to the Class A Preferred Member based on a per annum rate of 11% on the adjusted value of the Class A preferred units, as specified in the LLC Agreement. Whether or not declared, the Priority Return accrues on a daily basis, is cumulative and compounds annually on December 31. In accordance with the LLC Agreement, Priority Returns are accrued and recorded quarterly as increases to the Class A Preferred Member capital and decreases to the Class B Common Member capital. The Priority Return shall be reflected as a liability, and generally only paid, when and if declared. The cumulative amount of unpaid Priority Returns as of September 30, 2019 was $13 million.

Transactions with Class B Common Member

During the second and third quarters of 2019, we paid a total of $4 million of taxes on behalf of our Class B Common Member. These payments are reflected in distributions to Members in our condensed consolidated statements of cash flows and changes in Members' capital.

In April 2019, certain B2B operations of C&W in Puerto Rico were transferred to Liberty Puerto Rico (the **C&W Transfer**). In connection with the C&W Transfer, we paid C&W $16 million, which is reflected as an investing cash outflow in our condensed consolidated statement of cash flows, representing the estimated fair value of the net assets acquired. We accounted for the C&W Transfer as a transfer of assets under common control, and, as such, the excess consideration paid over the aggregate carrying value of the net assets received has been reflected as a decrease to our Class B Common Member's capital account in our condensed consolidated statement of changes in Members' capital.

Subsequent to September 30, 2019, the outstanding balance on the Cayman Holding Receivable, as defined and described in note 10, was settled in connection with a non-cash transaction with our Class B Common Member. See note 10 for further information.

(10) Related-party Transactions

Our related-party transactions are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions			
Revenue	$ 0.3	$ 0.5	$ 1.3	$ 1.2
Programming and other direct costs of services	(1.2)	(0.8)	(3.9)	(3.4)
SG&A (exclusive of share-based compensation)	(0.5)	—	(1.0)	(0.5)
Allocated share-based compensation expense	(0.7)	(0.3)	(1.8)	(0.8)
Related-party fees and allocations:				
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(0.7)	—	(2.1)	—
Share-based compensation	(0.7)	—	(1.9)	—
Management fee	—	—	(0.2)	—
Total fees and allocations	(1.4)	—	(4.2)	—
Included in operating income	(3.5)	(0.6)	(9.6)	(3.5)
Interest expense	(2.0)	(1.8)	(5.8)	(3.9)
Included in net earnings (loss)	$ (5.5)	$ (2.4)	$ (15.4)	$ (7.4)

General. We consider Liberty Latin America and its other subsidiaries and Liberty Global plc (**Liberty Global**) and its subsidiaries to each be a related party. Beginning in the fourth quarter of 2018, certain Liberty Latin America subsidiaries charge fees and allocate costs and expenses to our company based on actual costs incurred. Although we believe the related-party fees and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

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

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

SG&A. The 2019 amounts primarily represent certain technical and information technology services (including software development services associated with customer facing platforms, management information systems, computer, data storage, and network and telecommunications services) provided by Liberty Global. The 2018 amount represents other services provided by Liberty Global.

Allocated share-based compensation expense. These amounts represent share-based compensation expense that Liberty Latin America allocated to our company with respect to share-based incentive awards held by certain of our employees, which, in the first nine months of 2018 was reflected as an increase to members' capital in our condensed consolidated statement of changes in members' capital. Beginning in the fourth quarter of 2018, this charge is cash settled and is included in related-party accrued liabilities in our condensed consolidated balance sheets.

Related-party fees and allocations. The amounts represent fees charged to our company by Liberty Latin America or certain other subsidiaries outside our company and are expected to be cash settled. These amounts include charges for management, finance, legal, technology and other corporate and administrative services provided to our company. The categories of our fees and allocations are as follows:

- *Operating and SG&A (exclusive of depreciation and share-based compensation)*. The amount included in this category represents our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Latin America's operations, whose activities benefit multiple operations, including operations within and outside of our company. The amount allocated represents our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up. Amounts in this category are generally deducted to arrive at our "EBITDA" metric specified by our debt agreements.

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

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

Interest expense. The amounts relate to the Leo Cable Loan and the Cayman Holding Loan, each as defined and described below.

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

	September 30, 2019	December 31, 2018
	in millions	
Assets:		
Other assets, net (a)	$ 1.5	$ 1.4
Total assets	$ 1.5	$ 1.4
Liabilities:		
Accounts payable (b)	$ 6.1	$ 4.7
Related-party accrued liabilities (c)	5.1	6.3
Debt:		
Cayman Holding Loan (d)	26.4	25.2
Leo Cable Loan (e)	49.5	45.0
Other long-term liabilities (f)	5.8	5.7
Total liabilities	$ 92.9	$ 86.9

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

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

(c) The amounts primarily represent related-party liabilities associated with (i) related-party fees and allocations and (ii) allocated share based compensation expense. These liabilities are non-interest bearing and will be cash settled.

(d) On October 31, 2017, we entered into a loan agreement with our parent company, LCPR Cayman Holding Inc. (**Cayman Holding**), (the **Cayman Holding Loan**), which is subordinate in right of payment to the LPR Bank Facility. The Cayman Holding Loan bears interest at 4.89% per annum and has a maturity date of July 7, 2024. Interest accrues and is (i) payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal or (ii) transferred to the principal balance of the loan on January 1 of each year. The increase in the Cayman Holding Loan balance during the nine months ended September 30, 2019 relates to a non-cash transfer of accrued interest. Subsequent to September 30, 2019, we settled $21 million of outstanding principal on the Cayman Holding Loan. See further discussion below.

(e) On February 26, 2018, we entered into a $25 million loan agreement with Leo Cable (the **Leo Cable Loan**), which is subordinate in right of payment to the LPR Bank Facility. The Leo Cable Loan bears interest at 13.00% per annum and has a maturity date of July 7, 2024. Interest accrues and is (i) payable on the last day of each month and on the date of each full or partial repayment of the outstanding principal or (ii) transferred to the principal balance of the loan on January 1 of each year. During the second quarter of 2018, we received an additional $20 million from Leo Cable that was added to the principal balance of the Leo Cable Loan. The increase in the Leo Cable Loan balance during the nine months ended September 30, 2019 relates to a non-cash transfer of accrued interest.

(f) The amounts represent accrued and unpaid interest on the Leo Cable Loan and the Cayman Holding Loan. Subsequent to September 30, 2019, we settled $1 million of accrued and unpaid interest on the Cayman Holding Loan. See further discussion below.

Cayman Holding Receivable

In June 2015, Cayman Holding issued a related-party loan receivable to us in connection with the acquisition of Choice (the **Cayman Holding Receivable**). The Cayman Holding Receivable bears interest at 5.45% and has a maturity date of June 10, 2025. For financial reporting purposes, we have presented the Cayman Holding Receivable as a reduction of our members' capital. We do not accrue interest income on the Cayman Holding Receivable given our assessment that it is likely that we would directly or indirectly fund any amounts paid by the Class B Common Member with respect to the Cayman Holding Receivable. During the first three quarters of 2019, there were no principal or interest payments on the Cayman Holding Receivable.

In October 2019, we entered into an intercompany netting agreement with Cayman Holding (the **Netting Agreement**) that resulted in the non-cash settlement of the Cayman Holding Receivable and a partial non-cash settlement of outstanding principal on the Cayman Holding Loan. Pursuant to the Netting Agreement, $22 million representing $19 million outstanding principal and $3 million unpaid interest on the Cayman Holding Receivable was netted against $21 million outstanding principal and $1 million accrued and unpaid interest on the Cayman Holding Loan. The $3 million settlement of unpaid interest on the Cayman Holding Receivable will be accounted for as a capital contribution from our Class B Common Member in our statement of changes in members' capital.

(11) Commitments and Contingencies

Commitments

We have certain commitments under agreements with programming vendors, franchise authorities and municipalities pursuant to which we expect to make payments in future periods. While our programming commitments do not require that we pay any fixed minimum fees, we expect to make significant future payments under these contracts based on the actual number of subscribers to the programming services. In this regard, we incurred programming and copyright costs of $64 million and $50 million during the nine months ended September 30, 2019 and 2018, respectively.

We also have commitments under derivative instruments pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2019 and 2018, see note 4.

Guarantees

Subsequent to September 30, 2019, and in connection with the financing of the AT&T Acquisition, we committed to fund interest payments through the closing of the AT&T Acquisition associated with the 2027 LPR Senior Secured Notes. For additional information, including the definitions of the AT&T Acquisition and the 2027 LPR Senior Secured Notes, see note 13.

Legal and Regulatory Proceedings and Other Contingencies

Regulatory Issues. Adverse regulatory developments could subject our business to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our business to various penalties.

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

(12) Revenue by Product

Our revenue by major category is set forth in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
		in millions		
Residential fixed revenue:				
Subscription revenue (a):				
Video	$ 35.3	$ 32.2	$ 105.6	$ 85.3
Broadband internet	44.4	36.0	129.8	93.7
Fixed-line telephony	5.9	5.1	17.5	13.2
Total subscription revenue	85.6	73.3	252.9	192.2
Non-subscription revenue (b)	5.3	5.1	16.2	11.9
Total residential fixed revenue	90.9	78.4	269.1	204.1
B2B service revenue (c)	13.4	10.1	37.6	26.5
Other revenue (d)	—	11.1	—	11.1
Total	$ 104.3	$ 99.6	$ 306.7	$ 241.7

(a) Residential fixed subscription revenue includes amounts received from subscribers for ongoing fixed services.

(b) Residential fixed non-subscription revenue primarily includes late fees and advertising revenue.

(c) B2B service revenue primarily includes broadband internet, video, fixed-line telephony and managed services (including equipment installation contracts) offered to small (including small or home office), medium and large enterprises and, on a wholesale basis, to other telecommunication operators.

(d) Represents funds received 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 the Hurricanes.

(13) Subsequent Events

Financing and Refinancing Transactions

On October 9, 2019, Leo Cable and Liberty Latin America entered into a stock purchase agreement with certain subsidiaries of AT&T Inc. (**AT&T**) to acquire AT&T's wireless and wireline operations in Puerto Rico and the U.S. Virgin Islands (the **AT&T Acquisition**) in an all-cash transaction. Liberty Latin America intends to finance this acquisition, including related fees and expenses, through a combination of net proceeds from the 2027 LPR Senior Secured Notes and the 2019 SPV Credit Facility, each as defined and further discussed below, and Liberty Latin America's available liquidity. Per the terms of the 2027 LPR Senior Secured Notes indenture, we have committed to fund interest payments on the 2027 LPR Senior Secured Notes until the AT&T Acquisition closes. See below for further information regarding this commitment.

The transaction is subject to customary closing conditions, including reviews by the FCC and the Department of Justice. The AT&T Acquisition is currently expected to close during the second quarter of 2020.

2019 SPV Credit Facility. In October 2019, LCPR Loan Financing LLC (**LCPR Loan Financing**) entered into a LIBOR plus 5.0% $1.0 billion principal amount term loan facility issued at 99.0% of par (the **2019 SPV Credit Facility**) due October 15, 2026. LCPR Loan Financing is a special purpose financing entity, created for the primary purpose of facilitating the issuance of certain term loan debt. We will be required to consolidate LCPR Loan Financing as a result of certain variable interests in LCPR Loan Financing, for which we are considered the primary beneficiary.

LCPR Loan Financing used the proceeds from the 2019 SPV Credit Facility to (i) fund a new $947 million term loan (the **LPR Financing Loan**) to us and (ii) deposit $53 million into escrow (the **SPV Escrowed Proceeds**), which is expected to fund a portion of the purchase price associated with the AT&T Acquisition. The terms and conditions, including maturity and applicable interest rate, for the LPR Financing Loan are the same as those for the 2019 SPV Credit Facility. LCPR Loan Financing's obligations under the 2019 SPV Credit Facility are secured by interests over various assets, as further described in the 2019 SPV Credit Facility agreement.

In the event that the AT&T Acquisition is not or will not be consummated, LCPR Loan Financing will be required to apply the SPV Escrowed Proceeds in partial prepayment of the 2019 SPV Credit Facility, together with accrued and unpaid interest to such date of prepayment. In the event that the AT&T Acquisition is consummated and the purchase price for the AT&T Acquisition is reduced in excess of 10%, LCPR Loan Financing will be required to apply the portion of the SPV Escrowed Proceeds that was not used towards the purchase price of the AT&T Acquisition in partial prepayment of the 2019 SPV Credit Facility, together with accrued and unpaid interest to such date of prepayment.

The net proceeds from the LPR Financing Loan were used to redeem, in full, the $923 million outstanding principal amount of the LPR Bank Facility.

2027 LPR Senior Secured Notes. In October 2019, LCPR Senior Secured Financing Designated Activity Company (**LCPR Senior Secured Financing**) issued $1.2 billion principal amount, at par, of 6.75% senior secured notes, due October 15, 2027 (the **2027 LPR Senior Secured Notes**). Interest is payable semi-annually on April 15 and October 15, with the first interest payment due on April 15, 2020. LCPR Senior Secured Financing is a special purpose financing entity, created for the primary purpose of facilitating the issuance of certain debt offerings. We are not considered the primary beneficiary of LCPR Senior Secured Financing; however, we have committed to pay the interest on the 2027 LPR Senior Secured Notes through the close of the AT&T Acquisition on behalf of the primary beneficiary, which is another subsidiary of Leo Cable. We will recognize interest expense and accrued interest related to the 2027 LPR Senior Secured Notes in our consolidated statement of operations and consolidated balance sheet, respectively, until the closing of the AT&T Acquisition. If the AT&T Acquisition closes after April 15, 2020, we will pay the difference between the interest earned on the LCPR Escrowed Proceeds, as defined and described below, and the accrued interest on the 2027 LPR Senior Secured Notes through April 15, 2020.

The net proceeds from the 2027 LPR Senior Secured Notes were deposited into escrow (the **LCPR Escrowed Proceeds**) and are expected to fund a portion of the purchase price associated with the AT&T Acquisition, including certain related fees and expenses. The LCPR Escrowed Proceeds are invested in U.S. Treasury securities.

In the event that the AT&T Acquisition is not or will not be consummated on or before April 9, 2021 (the **Long-Stop Date**), LCPR Senior Secured Financing will be required to redeem all of the 2027 LPR Senior Secured Notes at a redemption price equal to 100% of the principal amount redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date.

2019 LPR Revolving Credit Facility. In October 2019, we entered into a LIBOR plus 3.5%, 6-year senior secured credit facility agreement providing for $125 million of revolving commitments (the **2019 LPR Revolving Credit Facility**). The 2019 LPR Revolving Credit Facility has a fee on unused commitments of 0.5%. Upon closing of the 2019 LPR Revolving Credit Facility, the previously existing LPR Revolving Credit Facility was cancelled. In the event that the AT&T Acquisition is not or will not be consummated on or before the Long-Stop Date, the aggregate principal amount available for borrowing under the 2019 LPR Revolving Credit Facility will be reduced by $63 million. As of the date of this report, the full amount of unused borrowing capacity under the 2019 LPR Revolving Credit Facility is available to be borrowed.

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 condensed consolidated financial statements and the discussion and analysis included in our 2018 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.

- *Overview.* This section provides a general description of our business and recent events.

- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2019 and 2018.

- *Material Changes in Financial Condition.* This section provides an analysis of our liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms "**we**," "**our**," "**our company**" and "**us**" may refer, as the context requires, to Liberty Puerto Rico or collectively to Liberty Puerto Rico and its subsidiary.

Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding: our business, product, and finance strategies; subscriber growth and retention rates; changes in competitive, regulatory and economic factors, including inflationary factors; anticipated changes in our revenue, expenses or growth rates; debt levels; our liquidity; credit risks; interest rate risks; compliance with debt, financial and other covenants; our future projected contractual commitments and cash flows; legal and regulatory contingencies; the AT&T Acquisition, including financing plans, the expected closing date, and the potential risks associated with such acquisition; and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in Puerto Rico, including any adverse impacts that may arise as a result of the high level of Puerto Rico's sovereign debt and the ability of customers in Puerto Rico to pay for our services;

- the competitive environment in Puerto Rico, including competitor responses to our products and services;

- fluctuations in 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 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 and fixed-line telephony 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 Puerto Rico and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution network 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, such as the AT&T Acquisition;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire, such as with respect to the AT&T Acquisition;
- changes in laws or treaties relating to taxation, or the interpretation thereof;
- 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 to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our network extension and upgrade programs;
- the availability of capital for the acquisition and/or development of telecommunications networks and services, including property and equipment additions;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire, such as with the AT&T Acquisition;
- cybersecurity threats or other security breaches, including the leakage of sensitive customer data, which could harm our business or reputation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners;
- changes in and compliance with applicable data privacy laws, rules, and regulations;
- our ability to recoup insurance reimbursements and settlements from third-party providers; and
- events that are outside of our control, such as political conditions and unrest in international markets, terrorist attacks, malicious human acts, hurricanes and other natural disasters, pandemics and other similar events.

The broadband distribution industry is changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

General

We are a provider of fixed telecommunications services to residential and business customers in Puerto Rico. As further described in note 1 to our condensed consolidated financial statements, we are an indirect wholly-owned subsidiary of Liberty Latin America.

Operations

At September 30, 2019, we owned and operated fixed networks that passed 1,102,400 homes and served 771,700 revenue generating units (**RGUs**), comprising 346,700 broadband internet subscribers, 219,000 video subscribers and 206,000 fixed-line telephony subscribers.

Material Changes in Results of Operations

General

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

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

As further described in note 10 to our condensed consolidated financial statements, certain B2B operations under common control in Puerto Rico were transferred from C&W to Liberty Puerto Rico. This did not have a significant impact on our financial results.

Revenue

We derive our revenue primarily from (i) residential fixed services, including video, broadband internet and telephony, and (ii) B2B services.

While not specifically discussed in the below explanations of the changes in our revenue, we are experiencing significant competition in our market. This competition has an adverse impact on our ability to increase or maintain our RGUs and/or average monthly subscription revenue per average fixed RGU (**ARPU**).

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of fixed products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet and fixed-line telephony products. The Hurricanes in 2017 had a significant impact on the variances in our revenue for the comparative periods, as further described below.

Due to the significant impact of the Hurricanes on our operations during the 2018 periods, we have provided supplementary sequential information in order to provide a meaningful analysis of our business, including recovery after the Hurricanes. Accordingly, our revenue by major category during each of the (i) three months ended September 30, 2019, June 30, 2019 and September 30, 2018 and (ii) nine months ended September 30, 2019 and 2018 is set forth below:

	Three months ended			Nine months ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
			in millions		
Residential fixed revenue:					
Subscription revenue:					
Video	$ 35.3	$ 35.3	$ 32.2	$ 105.6	$ 85.3
Broadband internet	44.4	43.6	36.0	129.8	93.7
Fixed-line telephony	5.9	5.9	5.1	17.5	13.2
Total subscription revenue	85.6	84.8	73.3	252.9	192.2
Non-subscription revenue	5.3	5.6	5.1	16.2	11.9
Total residential fixed revenue	90.9	90.4	78.4	269.1	204.1
B2B service revenue	13.4	13.4	10.1	37.6	26.5
Other revenue	—	—	11.1	—	11.1
Total	$ 104.3	$ 103.8	$ 99.6	$ 306.7	$ 241.7

Our revenue increased $5 million and $65 million during the three and nine months ended September 30, 2019, respectively, as compared to the corresponding periods in 2018. The 2018 periods include $11 million received from the FCC in August 2018. The FCC granted these funds to help restore and improve coverage and service quality from damages caused by the Hurricanes. Excluding the impact of the FCC funding, the increases during the three and nine-month comparisons are primarily attributable to recovery 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 and (iii) B2B service revenue, each reflective of changes during the three months ended September 30, 2019, as compared to the three months ended June 30, 2019 (in millions).

Increase in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	$ 0.6
ARPU (b)	0.2
Decrease in residential fixed non-subscription revenue	(0.3)
Total increase in residential fixed revenue	0.5
Change in B2B service revenue	—
Total	$ 0.5

(a) The increase is primarily attributable to higher broadband internet RGUs.

(b) The increase is primarily attributable to higher ARPU from video services.

Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs 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.

Our programming and other direct costs of services increased $2 million or 7.5% and $12 million or 20.5% during the three and nine months ended September 30, 2019, respectively, as compared to the corresponding periods in 2018. These increases primarily include the following factors:

- Increases in programming and copyright costs of $3 million or 15.8% and $14 million or 28.4%, respectively, mostly attributable to credits received from programming vendors in 2018 resulting from the Hurricanes of $1 million and $11 million, respectively; and

- Decreases in interconnect costs of $1 million or 39.2% and $2 million or 28.6%, respectively, primarily resulting from lower rates.

Other operating expenses

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.

Our other operating expenses increased $1 million or 9.6% and $4 million or 8.7% during the three and nine months ended September 30, 2019, respectively, as compared to the corresponding periods in 2018. These increases primarily include the following factors:

- Increases in network-related expenses of $1 million or 36.9% and $2 million or 40.9%, respectively, primarily due to (i) higher customer premises equipment (**CPE**) repair costs, and (ii) increases in system power expenses, as the 2018 periods were impacted by the Hurricanes;

- Decreases in personnel costs of $1 million or 20.1% and $2 million or 12.4%, respectively, mostly driven by lower overtime-related personnel activities, as the 2018 periods were impacted by the Hurricanes. The nine-month comparison also includes a $1 million hurricane disaster relief credit received during the third quarter of 2018 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;

- Increases in other various operating expenses of $1 million and $2 million, as the 2018 periods were impacted by the Hurricanes; and

- Net increases resulting from other individually insignificant changes in other indirect cost categories.

SG&A expenses

SG&A expenses include human resources, information technology, general services, management, finance, legal, sales and marketing costs, share-based compensation and other general expenses.

Our SG&A expenses (exclusive of share-based compensation expense) increased $1 million or 6.6% and $3 million or 7.7% during the three and nine months ended September 30, 2019, respectively, as compared to the corresponding periods in 2018. These increases primarily include the following factors:

- Increases in information technology-related expenses of $1 million or 130.4% and $2 million or 76.2%, respectively, mostly driven by new software licenses; and

- For the nine-month comparison, higher personnel costs of $2 million or 12.5%, largely driven by a $1 million hurricane disaster relief credit received during the third quarter of 2018 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.

Related-party fees and allocations

We recorded related-party fees and allocations of $1 million and $4 million during the three and nine months ended September 30, 2019, respectively. These amounts include charges for services provided to our company by Liberty Latin America or subsidiaries of Liberty Latin America.

For additional information regarding our related-party fees and allocations, see note 10 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense decreased $2 million or 8.3% for the quarter-to-date comparison and remained unchanged for the year-to-date comparison. The decrease for the three-month comparison is primarily associated with certain assets becoming fully depreciated. The change for the nine-month comparison is primarily associated with the net effect of (i) property and equipment additions, largely related to network restoration activities following the Hurricanes, and (ii) certain assets becoming fully depreciated.

Impairment, restructuring and other operating items, net

Our our impairment, restructuring and other operating items, net, increased $2 million and $3 million during the three and nine months ended September 30, 2019, respectively, as compared to the corresponding periods in 2018, primarily due to direct acquisition costs related to the AT&T Acquisition.

For additional information regarding the AT&T Acquisition, see note 13 to our condensed consolidated financial statements.

Interest expense – third-party

Our third-party interest expense decreased $1 million for the quarter-to-date comparison and remained relatively unchanged for the year-to-date comparison, primarily due to the net effect of (i) lower average outstanding debt balances for both comparative periods, (ii) a higher weighted average interest rate for the nine-month comparison and (iii) a lower weighted average interest rate for the three-month comparison.

For additional information regarding our outstanding third-party indebtedness, see note 8 to our condensed consolidated financial statements. For information regarding subsequent events that will result in additional interest expense, see note 13 to our condensed consolidated financial statements.

Interest expense – related-party

Our related-party interest expense remained relatively unchanged for the quarter-to-date comparison and increased $2 million for the year-to-date comparison. The increase is primarily due to the Leo Cable Loan. For additional information regarding our outstanding related-party indebtedness, see note 10 to our condensed consolidated financial statements.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions			
Interest rate derivative contracts (a)	$ (15.8)	$ 2.7	$ (40.0)	$ 15.3
Other (b)	(0.5)	—	(0.6)	—
Total	$ (16.3)	$ 2.7	$ (40.6)	$ 15.3

(a) The gains (losses) during the three and nine months ended September 30, 2019 and 2018 primarily relate to changes in market interest rates in the U.S. dollar market. In addition, the losses during the 2019 periods include net gains of $2 million and $4 million, respectively, resulting from changes in our credit risk valuation adjustments.

(b) The amounts for the 2019 periods include amortization of the premium associated with our Weather Derivative, which we entered into during the second quarter of 2019.

For additional information regarding our derivative instruments, see notes 4 and 5 to our condensed consolidated financial statements.

Other expense, net

Our other expense, net, was not material during the three and nine months ended September 30, 2019 and 2018.

Net earnings (loss)

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions			
Operating income	$ 25.4	$ 26.3	$ 77.6	$ 39.4
Net non-operating expenses	$ (33.2)	$ (14.9)	$ (92.2)	$ (34.4)
Net earnings (loss)	$ (7.8)	$ 11.4	$ (14.6)	$ 5.0

Gains or losses associated with changes in the fair values of derivative instruments are subject to a high degree of volatility and, as such, any gains from this source do not represent a reliable source of income. In the absence of significant gains in the future from this source or from other non-operating items, our ability to achieve earnings is largely dependent on our ability to increase our OCF 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, net, (iv) interest expense and (v) other non-operating expenses.

Subject to the limitations included in our various debt instruments, we expect to maintain our debt at current levels. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information regarding subsequent events that will impact our interest expense, see note 13 to our condensed consolidated financial statements.

Material Changes in Financial Condition

Sources and Uses of Cash

We had $38 million of cash and cash equivalents at September 30, 2019. In addition to cash and cash equivalents, the primary sources of our liquidity are cash provided by operations and, subsequent to September 30, 2019, borrowing availability under the 2019 LPR Revolving Credit Facility. From time to time, our Members may also agree to provide funding to us in the form of subordinated loans or equity contributions.

Our liquidity is generally used to fund property and equipment additions and debt service requirements. From time to time, we may also require cash in connection with (i) the repayment of any outstanding debt, (ii) acquisitions and other investment opportunities, (iii) distributions or loans to our Members and (iv) satisfaction of contingencies. No assurance can be given that any external funding would be available to us on favorable terms, or at all.

For additional information concerning our cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. For additional information concerning the 2019 LPR Revolving Credit Facility and other transactions or commitments that may impact our liquidity, see note 13 to our condensed consolidated financial statements.

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

Capitalization

For the quarter ended September 30, 2019, (i) our consolidated first lien net leverage ratio was 4.0x and (ii) our consolidated total net leverage ratio was 4.3x, each as specified in, and calculated in accordance with, the LPR Bank Facility.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in the LPR Bank Facility is dependent primarily on our ability to maintain OCF and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in our credit agreements. In this regard, if our OCF were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any extra funding would be available on favorable terms, or at all, to fund any such required repayment. At September 30, 2019, we were in compliance with our debt covenants. Subsequent to September 30, 2019, we completed certain refinancing transactions as described in note 13 to our condensed consolidated financial statements. We do not anticipate any instances of non-compliance with respect to our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At September 30, 2019, the outstanding principal amount of our third-party debt aggregated $923 million. Subsequent to September 30, 2019, the LPR First Lien Term Loan and LPR Second Lien Term Loan were fully repaid and the LPR Revolving Credit Facility was cancelled. For additional information, including the maturity dates of new debt that was entered into, see note 13 to our condensed consolidated financial statements.

Notwithstanding our negative working capital position at September 30, 2019, we believe that we have sufficient resources to fund our foreseeable liquidity requirements during the next 12 months. We may seek to refinance our debt prior to its maturity, and no assurance can be given that we will be able to complete this refinancing. In this regard, it is difficult to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit markets we access and our future financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under the LPR Bank Facility and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity. For information regarding certain financing and refinancing transactions completed subsequent to September 30, 2019, see note 13 to our condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the nine months ended September 30, 2019 and 2018 are summarized as follows:

	Nine months ended September 30,		
	2019	**2018**	**Change**
		in millions	
Net cash provided by operating activities	$ 107.0	$ 113.8	$ (6.8)
Net cash used by investing activities	(65.1)	(167.7)	102.6
Net cash provided (used) by financing activities	(23.9)	45.0	(68.9)
Net increase (decrease) in cash and cash equivalents	$ 18.0	$ (8.9)	$ 26.9

Operating Activities. The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash resulting from insurance receipts as discussed below, (ii) excluding insurance receipts, an increase from our OCF and related working capital items, (iii) higher cash payments for interest and (iv) an increase in cash related to derivative instruments, as we received (paid) net amounts of $8 million and ($3 million) during the 2019 and 2018 periods, respectively. During the first nine months of 2019, $18 million of the cash received associated with the final insurance settlement for the Hurricanes was reflected as an operating cash inflow. During the first and third quarters of 2018, we received net advance payments of $35 million ($30 million from a third-party insurance provider and the remainder from the Captive) and $15 million, respectively, associated with the then outstanding insurance settlement claims resulting from the Hurricanes. For additional information regarding our insurance receipts, see note 6 to our condensed consolidated financial statements.

Investing Activities. The decrease in net cash used by our investing activities is attributable to the net effect of (i) lower capital expenditures, (ii) $16 million of cash paid related to the C&W Transfer and (iii) $9 million of cash received during the first half of 2019 related to the recovery on damaged or destroyed property and equipment resulting from the Hurricanes. For additional information regarding the C&W Transfer, see note 10 to our condensed consolidated financial statements. For additional information regarding the settlement of our insurance claims associated with the Hurricanes, see note 6 to our condensed consolidated financial statements.

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

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

	Nine months ended September 30,	
	2019	**2018**
	in millions	
Property and equipment additions	$ 56.0	$ 139.5
Changes in current liabilities related to capital expenditures	1.5	28.2
Capital expenditures	$ 57.5	$ 167.7

The decrease in our property and equipment additions during the nine months ended September 30, 2019, as compared to the corresponding period in 2018, is primarily due to the net effect of (i) a decrease of $92 million for network restoration activities following the Hurricanes during the corresponding 2018 period, (ii) an increase in additions for baseline-related assets and (iii)

an increase in additions related to CPE. During the nine months ended September 30, 2019 and 2018, our property and equipment additions represented 18.3% and 57.7% of revenue, respectively. Our property and equipment additions as a percentage of revenue decreased primarily due to a decline in property and equipment additions together with an increase in revenue following the recovery from the Hurricanes.

Financing Activities. During the nine months ended September 30, 2019, we repaid $20 million the principal outstanding under the LPR Second Lien Term Loan and made a $4 million distribution to our Class B Common Member. For additional information, see notes 8 and 9 to our condensed consolidated financial statements. During the nine months ended September 30, 2018, we received $45 million in net cash from financing activities related to the Leo Cable Loan further described in note 10 to our condensed consolidated financial statements.

Contractual Commitments

The following table sets forth our third-party commitments as of September 30, 2019:

	Payments due during:							
	Remainder of 2019	2020	2021	2022	2023	2024	Thereafter	Total
	in millions							
Third-party debt (excluding interest)	$ —	$ —	$ —	$ 850.0	$ 72.5	$ —	$ —	$ 922.5
Operating leases	0.3	1.1	1.0	0.9	0.9	0.9	0.4	5.5
Total	$ 0.3	$ 1.1	$ 1.0	$ 850.9	$ 73.4	$ 0.9	$ 0.4	$ 928.0
Projected cash interest payments on third-party debt (a)	$ 28.4	$ 56.8	$ 56.8	$ 10.8	$ 3.9	$ —	$ —	$ 156.7

(a) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of September 30, 2019. 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 8 to our condensed consolidated financial statements. For information regarding certain financing and refinancing transactions completed subsequent to September 30, 2019, see note 13 to our condensed consolidated financial statements. For information concerning our operating leases, see note 3 to our condensed consolidated financial statements. For information concerning our commitments, see note 11 to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with our derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2019 and 2018, see note 4 to our condensed consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected net cash flows associated with our derivative instruments. The amounts presented below are based on interest rates that were in effect as of September 30, 2019. 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 4 to our condensed consolidated financial statements.

	Payments due during:							
	Remainder of 2019	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**Total**
				in millions				
Interest-related (a)	$ 0.3	$ 10.4	$ 1.7	$ 1.7	$ 1.7	$ 1.7	$ 2.8	$ 20.3

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