



**Condensed Consolidated Financial Statements
March 31, 2017**

CABLE & WIRELESS COMMUNICATIONS LIMITED
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CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

	March 31, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 288.4	\$ 271.2
Trade and other receivables, net (note 5).....	540.5	544.0
Loans receivable – related-party (note 16)	86.2	86.2
Prepaid expenses.....	65.0	69.6
Other current assets (note 6)	94.6	80.2
Assets held for sale (note 4).....	93.2	93.2
Total current assets.....	<u>1,167.9</u>	<u>1,144.4</u>
Noncurrent assets:		
Property and equipment, net (note 7).....	2,722.6	2,776.8
Goodwill	1,419.3	1,415.9
Intangible assets subject to amortization, net (note 7).....	743.9	793.3
Other noncurrent assets (note 6)	368.0	312.2
Total noncurrent assets.....	<u>5,253.8</u>	<u>5,298.2</u>
Total assets.....	<u>6,421.7</u>	<u>6,442.6</u>
LIABILITIES		
Current liabilities:		
Trade and other payables	205.5	201.9
Deferred revenue and advance payments (note 16).....	132.3	133.0
Current portion of debt and finance lease obligations (note 8).....	87.7	100.8
Other accrued and current liabilities (note 9)	387.5	476.2
Total current liabilities.....	<u>813.0</u>	<u>911.9</u>
Noncurrent liabilities:		
Noncurrent debt and finance lease obligations (note 8).....	3,537.8	3,447.7
Deferred tax liabilities.....	226.1	230.0
Deferred revenue and advance payments (note 16).....	257.8	261.8
Other noncurrent liabilities (note 9).....	186.9	185.3
Total noncurrent liabilities.....	<u>4,208.6</u>	<u>4,124.8</u>
Net assets	<u>\$ 1,400.1</u>	<u>\$ 1,405.9</u>
Commitments and contingencies (notes 3, 8, 10 and 17)		
Owners' equity:		
Capital and reserves attributable to parent:		
Share capital.....	\$ 0.1	\$ 0.1
Share premium.....	453.4	453.4
Reserves	550.5	562.9
Total parent's equity	<u>1,004.0</u>	<u>1,016.4</u>
Noncontrolling interests.....	396.1	389.5
Total owners' equity.....	<u>\$ 1,400.1</u>	<u>\$ 1,405.9</u>

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended	
	March 31,	
	2017	2016
	in millions	
Revenue (notes 16 and 18)	\$ 575.9	\$ 607.5
Operating costs and expenses (note 16):		
Employee and other staff expenses (notes 13)	88.8	91.3
Interconnect	50.4	55.4
Network costs	46.4	29.8
Programming expenses	37.3	25.1
Equipment sales expenses	24.5	26.5
Managed services costs	19.9	25.7
Depreciation and amortization (note 7)	145.4	137.6
Impairment charges (recovery)	2.0	(71.0)
Other operating expenses (note 14)	118.0	67.1
Other operating income (note 15)	(0.2)	(5.6)
	<u>532.5</u>	<u>381.9</u>
Operating income	<u>43.4</u>	<u>225.6</u>
Financial income (expense) (note 12):		
Finance expense	(73.5)	(57.0)
Finance income	26.7	23.8
	<u>(46.8)</u>	<u>(33.2)</u>
Earnings (loss) before income taxes	(3.4)	192.4
Income tax expense (note 11)	(0.8)	(16.6)
Net earnings (loss)	(4.2)	175.8
Net earnings attributable to noncontrolling interests	(6.7)	(35.0)
Net earnings (loss) attributable to parent	<u>\$ (10.9)</u>	<u>\$ 140.8</u>

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Three months ended	
	March 31,	
	2017	2016
	in millions	
Net earnings (loss)	\$ (4.2)	\$ 175.8
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	—	25.0
Income tax related to items that will not be reclassified to earnings (loss) in subsequent periods	—	1.0
Total items that will not be reclassified to earnings (loss) in subsequent periods.....	<u>—</u>	<u>26.0</u>
Items that may be classified to earnings (loss) in subsequent periods:		
Foreign currency translation adjustments	(4.3)	(10.8)
Fair value movements in available-for-sale financial assets (note 4)	0.4	2.0
Total items that may be classified to earnings (loss) in subsequent periods	<u>(3.9)</u>	<u>(8.8)</u>
Other comprehensive income (loss).....	(3.9)	17.2
Comprehensive income (loss).....	(8.1)	193.0
Comprehensive income attributable to noncontrolling interests	(6.6)	(39.6)
Comprehensive income (loss) attributable to parent.....	<u>\$ (14.7)</u>	<u>\$ 153.4</u>

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

(unaudited)

	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign currency translation reserve</u>	<u>Capital and other reserves</u>	<u>Accumulated deficit</u>	<u>Total parent's equity</u>	<u>Noncontrolling interests</u>	<u>Total owners' equity</u>
	in millions							
Balance at January 1, 2016	\$ 223.8	\$ 260.3	\$ (146.0)	\$ 3,721.0	\$ (3,198.0)	\$ 861.1	\$ 351.0	\$ 1,212.1
Net earnings.....	—	—	—	—	140.8	140.8	35.0	175.8
Other comprehensive income	—	—	(11.8)	2.0	22.4	12.6	4.6	17.2
Dividends.....	—	—	—	—	—	—	(6.0)	(6.0)
Share-based compensation	—	—	—	—	3.9	3.9	—	3.9
Balance at March 31, 2016	<u>\$ 223.8</u>	<u>\$ 260.3</u>	<u>\$ (157.8)</u>	<u>\$ 3,723.0</u>	<u>\$ (3,030.9)</u>	<u>\$ 1,018.4</u>	<u>\$ 384.6</u>	<u>\$ 1,403.0</u>
Balance at January 1, 2017	\$ 0.1	\$ 453.4	\$ (188.5)	\$ 4,501.8	\$ (3,750.4)	\$ 1,016.4	\$ 389.5	\$ 1,405.9
Net loss	—	—	—	—	(10.9)	(10.9)	6.7	(4.2)
Other comprehensive loss.....	—	—	(4.2)	0.4	—	(3.8)	(0.1)	(3.9)
Share-based compensation	—	—	—	—	2.3	2.3	—	2.3
Balance at March 31, 2017	<u>\$ 0.1</u>	<u>\$ 453.4</u>	<u>\$ (192.7)</u>	<u>\$ 4,502.2</u>	<u>\$ (3,759.0)</u>	<u>\$ 1,004.0</u>	<u>\$ 396.1</u>	<u>\$ 1,400.1</u>

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

CABLE & WIRELESS COMMUNICATIONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended March 31,	
	2017	2016
	in millions	
Cash flows from operating activities:		
Net earnings (loss).....	\$ (4.2)	\$ 175.8
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Income tax expense.....	0.8	16.6
Share-based compensation expense.....	2.3	6.5
Depreciation, amortization and impairment.....	147.4	66.6
Interest expense.....	63.4	53.2
Interest income.....	(3.3)	(5.4)
Amortization of deferred financing costs and non-cash interest.....	2.6	1.7
Realized and unrealized losses (gains) on derivative instruments, net.....	(23.4)	2.1
Foreign currency transaction losses (gains), net.....	7.5	(18.4)
Losses (gains) on disposal of property and equipment.....	1.1	(4.9)
Share of results of joint ventures and affiliates, net of tax.....	(0.2)	0.7
	<u>194.0</u>	<u>294.5</u>
Changes in operating assets and liabilities.....	(29.3)	(58.1)
Cash provided by operating activities.....	164.7	236.4
Interest paid.....	(106.1)	(113.3)
Interest received.....	3.0	1.8
Income taxes paid.....	(24.5)	(26.3)
Net cash provided by operating activities.....	<u>37.1</u>	<u>98.6</u>
Cash flows from investing activities:		
Capital expenditures.....	(78.5)	(103.2)
Other investing activities.....	(5.5)	2.5
Net cash used by investing activities.....	<u>(84.0)</u>	<u>(100.7)</u>
Cash flows from financing activities:		
Borrowings of debt.....	126.1	72.6
Repayments of debt and finance lease obligations.....	(54.7)	(56.7)
Change in cash collateral.....	(5.6)	0.6
Dividends paid to noncontrolling interests.....	—	(6.0)
Other financing activities.....	(1.0)	(1.1)
Net cash provided by financing activities.....	<u>64.8</u>	<u>9.4</u>
Effect of exchange rate changes on cash.....	(0.7)	(0.1)
Net increase in cash and cash equivalents.....	17.2	7.2
Cash and cash equivalents:		
Beginning of period.....	271.2	160.3
End of period.....	<u>\$ 288.4</u>	<u>\$ 167.5</u>

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

CABLE & WIRELESS COMMUNICATIONS LIMITED
Notes to Condensed Consolidated Financial Statements
March 31, 2017
(unaudited)

(1) Basis of Presentation

Cable & Wireless Communications Limited (**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. CWC is a wholly-owned subsidiary of LGE Coral Holdco Limited (**LGE Coral Holdco**), a subsidiary of Liberty Global plc (**Liberty Global**). 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.

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 unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (**IAS**) 34, *Interim Financial Reporting* (**IAS 34**) and do not include all of the information required by International Financial Reporting Standards (**IFRS**) as promulgated by the International Accounting Standards Board (**IASB**) (**IASB-IFRS**) for full annual 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 interim financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our consolidated financial statements for the nine months ended December 31, 2016, which were prepared in accordance with IASB-IFRS and include a description of the significant accounting policies followed in these financial statements.

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 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 costs, deferred income taxes and the related recognition of deferred tax assets, 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.

In connection with the Liberty Global acquisition of CWC in 2016 (the **Liberty Global Transaction**) and our acquisition of Columbus International Inc. and its subsidiaries (collectively, **Columbus**) in 2015 (the **Columbus Acquisition**), certain entities (the **Carve-out Entities**) that held licenses granted by the U.S. Federal Communications Commission (the **FCC**) were transferred to entities not controlled by CWC (collectively, **New Cayman**). The arrangements with respect to the Carve-out Entities, which were executed in connection with the Columbus Acquisition and the Liberty Global Transaction, 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 CWC acquired the Carve-out Entities for an aggregate purchase price of \$86.2 million. At March 31, 2017, the Carve-out Entities owed \$146.4 million to CWC, and CWC owed the Carve-out Entities \$27.9 million.

Effective January 1, 2017, we changed our reportable segments. For additional information, see note 18.

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, 2017.

Management approval

These condensed consolidated financial statements were authorized for issue by management on May 26, 2017 and reflect our consideration of the accounting and disclosure implications of subsequent events through such date.

CABLE & WIRELESS COMMUNICATIONS LIMITED
Notes to Condensed Consolidated Financial Statements – (Continued)
March 31, 2017
(unaudited)

(2) Accounting Changes and Recent Pronouncements

New Accounting Standards, Not Yet Effective

Except for the following accounting standards, there were no additional standards and interpretations issued by the 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)

- (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 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:

CABLE & WIRELESS COMMUNICATIONS LIMITED
Notes to Condensed Consolidated Financial Statements – (Continued)
March 31, 2017
(unaudited)

- 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. We will adopt IFRS 16 on January 1, 2019. Although we are currently evaluating the effect that IFRS 16 will have on our consolidated financial statements and related disclosures, 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.

CABLE & WIRELESS COMMUNICATIONS LIMITED
Notes to Condensed Consolidated Financial Statements – (Continued)
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(3) Derivative Instruments and Financial Liabilities

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 with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the U.S. dollar, the British pound sterling (£) and the Jamaican dollar (JMD). Hedge accounting is not applied to our cross-currency and interest rate swaps. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments within finance expense or finance income in our condensed consolidated statements of operations.

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

	March 31, 2017			December 31, 2016		
	Current (a)	Noncurrent (a)	Total	Current (a)	Noncurrent (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	\$ 2.9	\$ 29.6	\$ 32.5	\$ —	\$ 19.1	\$ 19.1
Embedded derivatives:						
Columbus Senior Notes redemption option	—	57.4	57.4	—	35.6	35.6
Sable Senior Notes redemption option	—	16.9	16.9	—	13.0	13.0
	\$ 2.9	\$ 103.9	\$ 106.8	\$ —	\$ 67.7	\$ 67.7
Liabilities – Cross-currency and interest rate derivative contracts (b)	\$ 24.0	\$ 19.5	\$ 43.5	\$ 15.5	\$ 20.5	\$ 36.0

- (a) Our current and noncurrent derivative assets are included in other current assets and other noncurrent assets, respectively, and our current and noncurrent derivative liabilities are included in other accrued and current liabilities and other noncurrent liabilities, respectively, in our condensed consolidated statements of financial position.
- (b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net loss of \$1.4 million during the three months ended March 31, 2017. This amount is included in realized and unrealized losses on derivative instruments within finance expense in our condensed consolidated statement of operations. For further information regarding our fair value measurements, see note 4.

The details of our realized and unrealized gains (losses) on derivative instruments, included in finance expense in our condensed consolidated statements of operations, are as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Cross-currency and interest rate derivative contracts	\$ (2.3)	\$ —
Embedded derivatives	25.7	21.5
Columbus Put Option	—	(23.6)
Total	\$ 23.4	\$ (2.1)

CABLE & WIRELESS COMMUNICATIONS LIMITED
Notes to Condensed Consolidated Financial Statements – (Continued)
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(unaudited)

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed 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. Our cash outflows related to derivative instruments during the three months ended March 31, 2017 were \$8.2 million and are classified as operating activities in our condensed consolidated statements of cash flows. We had no cash inflow or outflow activity related to derivative instruments during the three months ended March 31, 2016.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under the derivative instruments of our subsidiary borrowing groups. At March 31, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of \$1.8 million.

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 repay or refinance such debt. Although we generally seek to match the denomination of our and our subsidiaries' 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 by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At March 31, 2017, substantially all of our debt was either directly or synthetically matched to the applicable functional currencies of the underlying operations. The following table sets forth the total notional amounts and the related weighted average remaining contractual life of our cross-currency swap contracts at March 31, 2017:

	<u>Notional amount due from counterparty</u>		<u>Notional amount due to counterparty</u>		<u>Weighted average remaining life</u>
	in millions				in years
\$	108.3	JMD	13,817.5		5.8
£	146.7	\$	194.3		2.0

Interest Rate Derivative Contracts

As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At March 31, 2017, the notional amount of these derivatives was \$1,100.0 million. These contracts had a weighted average remaining contractual life of 5.8 years at March 31, 2017.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At March 31, 2017, the notional amount of our interest rate swap contracts was \$1,100.0 million. These contracts had a weighted average remaining contractual life of 0.8 years at March 31, 2017.

Impact of Derivative Instruments on Borrowing Costs

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, on our borrowing costs was an increase of 45 basis points at March 31, 2017.

(4) Fair Value Measurements

We measure our derivative instruments at fair value. The reported fair values of these derivative instruments as of March 31, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. 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 three months ended March 31, 2017, 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.

In order to manage our interest rate and foreign currency exchange risk, we have entered into various derivative instruments, as further described in note 3. The recurring fair value measurements of these 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 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. Effective January 1, 2017, we incorporated a Monte Carlo based approach into our calculation of the value assigned to the risk that we or our counterparties will default on our respective derivative obligations. Previously, we used a static calculation derived from our most current mark-to-market valuation to calculate the impact of counterparty credit risk. The adoption of a Monte Carlo based approach did not have a material impact on the overall fair value of our derivative instruments. 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. Due to the lack of Level 2 inputs for the valuation of the U.S. dollar to Jamaican dollar cross-currency swaps, we believe this valuation falls under Level 3 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 3.

We have bifurcated an embedded derivative associated with certain redemption terms of our CWC Notes (for additional information, see note 8). 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

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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. We did not perform any significant nonrecurring fair value measurements during the three months ended March 31, 2017. During the three months ended March 31, 2016, we finalized our nonrecurring valuation for the purpose of determining the acquisition accounting for Columbus International, Inc.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our condensed consolidated statements of financial position, are as follows:

	Level	March 31, 2017		December 31, 2016	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
in millions					
Assets carried at fair value:					
Derivative instruments (a).....	2 and 3	\$ 32.5	\$ 32.5	\$ 19.1	\$ 19.1
Embedded derivatives (b):					
Columbus Senior Notes redemption option	2	57.4	57.4	35.6	35.6
Sable Senior Notes redemption option	2	16.9	16.9	13.0	13.0
Government bonds	1	34.8	34.8	32.3	32.3
Total assets carried at fair value.....		<u>\$ 141.6</u>	<u>\$ 141.6</u>	<u>\$ 100.0</u>	<u>\$ 100.0</u>
Assets carried at cost or amortized cost:					
Trade and other receivables, net		\$ 542.4	\$ 542.4	\$ 546.9	\$ 546.9
Cash and cash equivalents		288.4	288.4	271.2	271.2
Loan receivable – related-party		143.8	143.8	142.9	142.9
Held-for-sale investment in Telecommunications Services of Trinidad and Tobago Limited (TSTT) (c).....		93.2	93.2	93.2	93.2
Other current and noncurrent financial assets.....		45.2	45.2	39.7	39.7
Restricted cash		35.6	35.6	28.2	28.2
Total assets carried at cost or amortized cost.....		<u>\$ 1,148.6</u>	<u>\$ 1,148.6</u>	<u>\$ 1,122.1</u>	<u>\$ 1,122.1</u>
Liabilities carried at fair value:					
Derivative instruments (a).....	2 and 3	\$ 43.5	\$ 43.5	\$ 36.0	\$ 36.0
Liabilities carried at cost or amortized cost:					
Debt obligations		\$ 3,610.5	\$ 3,845.9	\$ 3,533.0	\$ 3,747.5
Accounts payable and other liabilities (including related-party)		251.1	251.1	246.8	246.8
Accrued liabilities (including related-party).....		530.9	530.9	625.6	625.6
Finance lease obligations		15.0	15.0	15.5	15.5
Total liabilities carried at cost or amortized cost.....		<u>\$ 4,407.5</u>	<u>\$ 4,642.9</u>	<u>\$ 4,420.9</u>	<u>\$ 4,635.4</u>

(a) These amounts represent our cross-currency and interest rate swaps.

(b) These amounts represent embedded derivative instruments associated with the CWC Notes.

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- (c) 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 was recently 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. We are not able to reliably measure the fair value of our investment in TSTT. Accordingly, the investment is reflected on a cost basis in our condensed consolidated statements of financial position.

Pre-tax amounts recognized in our condensed consolidated statements of operations for the three months ended March 31, 2017 and 2016 related to our financial assets and liabilities are as follows:

	<u>Finance income</u>	<u>Finance expense</u>	<u>Other statement of operations effects (a)</u>	<u>Impact on earnings (loss) before income taxes</u>
	in millions			
Three months ended March 31, 2017:				
Derivative assets carried at fair value through our condensed consolidated statement of operations.....	\$ —	\$ —	\$ (23.4)	\$ (23.4)
Assets carried at cost or amortized cost:				
Trade receivables (b).....	—	—	14.5	14.5
Loan receivable.....	(2.5)	—	—	(2.5)
Cash and cash equivalents.....	(0.8)	—	—	(0.8)
Liabilities carried at fair value.....	—	3.1	—	3.1
Liabilities carried at cost or amortized cost.....	—	60.9	—	60.9
Total.....	<u>\$ (3.3)</u>	<u>\$ 64.0</u>	<u>\$ (8.9)</u>	<u>\$ 51.8</u>
Three months ended March 31, 2016:				
Derivative assets carried at fair value through our condensed consolidated statement of operations.....	\$ —	\$ —	\$ (21.5)	\$ (21.5)
Assets carried at cost or amortized cost:				
Trade receivables (b).....	—	—	8.5	8.5
Loan receivable.....	(4.8)	—	—	(4.8)
Cash and cash equivalents.....	(0.6)	—	—	(0.6)
Liabilities carried at fair value.....	—	2.3	—	2.3
Liabilities carried at cost or amortized cost.....	—	52.6	23.6	76.2
Total.....	<u>\$ (5.4)</u>	<u>\$ 54.9</u>	<u>\$ 10.6</u>	<u>\$ 60.1</u>

- (a) Except as noted in (b) below, amounts are included in realized and unrealized gains (losses) on derivative instruments within financial income (expense) in our condensed 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 condensed consolidated statements of operations.

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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	Financial liabilities at fair value through earning (loss) for the period	Total
	in millions			
Balance at January 1, 2017	\$ 32.3	\$ 67.7	\$ (36.0)	\$ 64.0
Fair value gain	—	22.1	1.3	23.4
Cash payments.....	—	—	8.2	8.2
Fair value gain recognized in other comprehensive loss.....	0.4	—	—	0.4
Transfers.....	—	17.0	(17.0)	—
Foreign currency translation adjustments and other	2.1	—	—	2.1
Balance at March 31, 2017	<u>\$ 34.8</u>	<u>\$ 106.8</u>	<u>\$ (43.5)</u>	<u>\$ 98.1</u>

(5) Trade and Other Receivables

The details of our trade and other receivables, net, are set forth below:

	March 31, 2017	December 31, 2016
	in millions	
Current trade and other receivables:		
Trade receivables – gross (a)	\$ 428.2	\$ 439.8
Allowance for impairment of trade receivables.....	(85.8)	(81.1)
Trade receivables, net	<u>342.4</u>	<u>358.7</u>
Other receivables (note 16) (b)	122.7	115.1
Unbilled revenue	73.6	69.2
Amounts receivable from joint ventures and associates	1.8	1.0
Total current trade and other receivables, net.....	<u>540.5</u>	<u>544.0</u>
Noncurrent – trade and other receivables.....	1.8	2.9
Total trade and other receivables	<u>\$ 542.3</u>	<u>\$ 546.9</u>

(a) Includes \$51.9 million and \$58.1 million, respectively, due from various departments within a single government entity.

(b) Other receivables primarily include amounts due from New Cayman and value-added taxes (VAT) receivables.

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(6) Other Assets

The details of our other current assets are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Restricted cash (a)	\$ 31.1	\$ 25.5
Inventory	27.9	25.3
Income taxes receivable	14.7	11.0
Accrued other income	6.1	4.8
Other current assets	14.8	13.6
Total	<u>\$ 94.6</u>	<u>\$ 80.2</u>

- (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, 2017	December 31, 2016
	in millions	
Prepaid expenses (a)	\$ 128.1	\$ 125.7
Derivative instruments (note 3)	103.9	67.7
Loans receivable – related-party (note 16)	57.6	54.4
Available-for-sale financial assets (b)	34.8	32.3
Retirement benefit plan assets	16.8	16.3
Deferred income taxes	12.8	2.1
Restricted cash (c)	4.5	2.7
Other noncurrent assets	9.5	11.0
Total	<u>\$ 368.0</u>	<u>\$ 312.2</u>

- (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. Accordingly, these financial assets are restricted.
- (c) Restricted cash represents funding for seniority provisions in Panama.

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(7) **Long-lived Assets**

Property and Equipment, Net

Changes during the three months ended March 31, 2017 in the carrying amounts of our property and equipment, net, are as follows:

	<u>Distribution systems</u>	<u>Support equipment, buildings and land</u>	<u>Customer premises equipment</u>	<u>Other</u>	<u>Assets under construction</u>	<u>Total</u>
	in millions					
Cost:						
January 1, 2017	\$ 4,748.4	\$ 967.8	\$ 397.4	\$ 41.7	\$ 244.6	\$ 6,399.9
Additions.....	0.4	4.8	10.1	(1.6)	40.0	53.7
Retirements and disposals.....	(25.6)	(0.5)	(0.7)	—	—	(26.8)
Foreign currency translation, transfers and other (a)	122.0	7.9	0.4	(2.8)	(121.3)	6.2
March 31, 2017	<u>\$ 4,845.2</u>	<u>\$ 980.0</u>	<u>\$ 407.2</u>	<u>\$ 37.3</u>	<u>\$ 163.3</u>	<u>\$ 6,433.0</u>
Accumulated depreciation:						
January 1, 2017	\$ 2,802.6	\$ 596.9	\$ 223.4	\$ 0.2	\$ —	\$ 3,623.1
Depreciation.....	77.2	4.8	14.4	—	—	96.4
Impairment.....	2.0	—	—	—	—	2.0
Retirements and disposals.....	(21.0)	(0.3)	(0.7)	—	—	(22.0)
Foreign currency translation, transfers and other (a)	11.3	0.1	(0.3)	(0.2)	—	10.9
March 31, 2017	<u>\$ 2,872.1</u>	<u>\$ 601.5</u>	<u>\$ 236.8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,710.4</u>
Property and equipment, net:						
March 31, 2017	<u>\$ 1,973.1</u>	<u>\$ 378.5</u>	<u>\$ 170.4</u>	<u>\$ 37.3</u>	<u>\$ 163.3</u>	<u>\$ 2,722.6</u>

(a) Transfers include amounts from (i) other categories, primarily from assets under construction for certain assets put into service during the current period, and (ii) other assets.

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Intangible Assets Subject to Amortization, Net

Changes during the three months ended March 31, 2017 in the carrying amounts of our finite-lived intangible assets are as follows:

	<u>Customer relationships</u>	<u>Software</u>	<u>Licensing and operating agreements</u>	<u>Other (a)</u>	<u>Total</u>
	<u>in millions</u>				
Cost:					
January 1, 2017	\$ 695.5	\$ 475.1	\$ 108.7	\$ 82.2	\$ 1,361.5
Additions	—	6.8	—	—	6.8
Retirements and disposals	(93.2)	(3.8)	(9.4)	(2.4)	(108.8)
Transfers	—	6.9	(1.5)	—	5.4
Foreign currency translation and other	34.5	2.0	4.2	0.7	41.4
March 31, 2017	<u>\$ 636.8</u>	<u>\$ 487.0</u>	<u>\$ 102.0</u>	<u>\$ 80.5</u>	<u>\$ 1,306.3</u>
Accumulated amortization:					
January 1, 2017	\$ 142.6	\$ 367.2	\$ 48.0	\$ 10.4	\$ 568.2
Amortization	22.4	13.1	10.6	2.9	49.0
Retirements and disposals	(93.9)	(3.7)	(9.7)	(2.4)	(109.7)
Transfers	—	2.1	(0.7)	—	1.4
Foreign currency translation and other	37.1	2.1	13.1	1.2	53.5
March 31, 2017	<u>\$ 108.2</u>	<u>\$ 380.8</u>	<u>\$ 61.3</u>	<u>\$ 12.1</u>	<u>\$ 562.4</u>
Intangible assets subject to amortization, net:					
March 31, 2017	<u>\$ 528.6</u>	<u>\$ 106.2</u>	<u>\$ 40.7</u>	<u>\$ 68.4</u>	<u>\$ 743.9</u>

(a) Primarily includes brand names.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expense is composed of the following:

	Three months ended March 31,	
	<u>2017</u>	<u>2016</u>
	<u>in millions</u>	
Depreciation expense	\$ 96.4	\$ 108.3
Amortization expense	49.0	29.3
Total depreciation and amortization	<u>145.4</u>	<u>137.6</u>
Impairment charge (recovery) (a)	2.0	(71.0)
Total depreciation, amortization and impairment	<u>\$ 147.4</u>	<u>\$ 66.6</u>

(a) The recovery during the three months ended March 31, 2016 is due to the partial reversal of an impairment charge recorded in 2015 due to changes in the expected useful lives of the underlying assets.

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(8) Debt and Finance Lease Obligations

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

	March 31, 2017		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	in millions					
CWC Notes.....	7.31%	\$ —	\$ 2,346.6	\$ 2,319.6	\$ 2,184.0	\$ 2,181.1
CWC Credit Facilities (d).....	5.09%	756.5	1,499.3	1,427.9	1,486.9	1,411.9
Total debt before discounts, premiums and deferred financing costs.....	6.30%	\$ 756.5	\$ 3,845.9	\$ 3,747.5	\$ 3,670.9	\$ 3,593.0

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, 2017	December 31, 2016
	in millions	
Total debt before discounts, premiums and deferred financing costs.....	\$ 3,670.9	\$ 3,593.0
Discounts, net of premiums	(32.4)	(30.9)
Deferred financing costs	(28.0)	(29.1)
Total carrying amount of debt.....	3,610.5	3,533.0
Finance lease obligations.....	15.0	15.5
Total debt and finance lease obligations.....	3,625.5	3,548.5
Current maturities of debt and finance lease obligations.....	(87.7)	(100.8)
Long-term debt and finance lease obligations	\$ 3,537.8	\$ 3,447.7

- (a) Represents the weighted average interest rate in effect at March 31, 2017 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 6.81% at March 31, 2017. For information regarding our derivative instruments, see note 3.
- (b) Unused borrowing capacity under the CWC Credit Facilities includes \$625.0 million under the CWC Revolving Credit Facility, which represents the maximum availability without regard to covenant compliance calculations or other conditions precedent to borrowing. At March 31, 2017, 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), \$612.5 million of unused borrowing capacity was available to be borrowed under the CWC Credit Facilities. When the relevant March 31, 2017 compliance reporting requirements have been completed, and assuming no changes from March 31, 2017 borrowing levels, we anticipate that \$612.5 million of unused borrowing capacity under the CWC Credit Facilities will continue to be available to be borrowed.
- (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 4.

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- (d) In March 2017, a 49%-owned subsidiary of CWC, Cable & Wireless Panama, SA (**CW Panama**), issued \$100.0 million of subordinated debt. The term loan bears interest at 4.5%, payable on a semi-annual basis, and matures in March 2021. The proceeds from the term loan were used for general corporate purposes.

Maturities of Debt and Finance Lease Obligations

The U.S. dollar equivalents of the maturities of our debt, including amounts representing interest payments, as of March 31, 2017 are presented below (in millions):

Year ending December 31:	
2017 (remainder of year)	\$ 183.3
2018.....	291.1
2019.....	482.3
2020.....	255.3
2021.....	1,550.6
2022.....	1,988.8
Thereafter	19.7
Total debt maturities	<u>4,771.1</u>
Discounts, net of premiums	(32.4)
Deferred financing costs.....	(28.0)
Amounts representing interest	(1,100.2)
Total.....	<u>\$ 3,610.5</u>
Current portion	<u>\$ 82.5</u>
Noncurrent portion	<u>\$ 3,528.0</u>

The U.S. dollar equivalents of the maturities of our finance lease obligations as of March 31, 2017 are presented below (in millions):

Year ending December 31:	
2017 (remainder of year)	\$ 4.1
2018.....	11.0
2019.....	0.6
Total maturities.....	<u>15.7</u>
Amounts representing interest	(0.7)
Total.....	<u>\$ 15.0</u>
Current portion	<u>\$ 5.2</u>
Noncurrent portion	<u>\$ 9.8</u>

Subsequent Events

For information regarding refinancing transactions completed subsequent to March 31, 2017, see note 19.

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(9) Other Liabilities

The details of our other accrued and current liabilities are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Accrued and other operating liabilities	\$ 196.8	\$ 223.1
Current tax liabilities	57.9	62.7
Accrued capital expenditures	39.6	58.8
Payroll and employee benefits	34.1	41.0
Derivative instruments and other financial liabilities (note 3)	24.0	15.5
Provisions (note 10)	22.4	15.9
Accrued interest payable	12.7	59.2
Total	\$ 387.5	\$ 476.2

The details of our other noncurrent liabilities are set forth as follows:

	March 31, 2017	December 31, 2016
	in millions	
Retirement benefit obligations	\$ 131.3	\$ 129.6
Provisions (note 10)	36.1	35.2
Derivative instruments and other financial liabilities (note 3)	19.5	20.5
Total	\$ 186.9	\$ 185.3

(10) Provisions

A summary of changes in our provisions for liabilities and charges during the three months ended March 31, 2017 is set forth in the table below:

	Restructuring	Network and asset retirement obligations	Legal and other	Total
	in millions			
January 1, 2017	\$ 3.9	\$ 35.2	\$ 12.0	\$ 51.1
Additional provisions	9.1	0.3	4.4	13.8
Amounts used	(6.4)	—	(0.5)	(6.9)
Foreign currency translation adjustments and other	(0.1)	0.6	—	0.5
March 31, 2017	\$ 6.5	\$ 36.1	\$ 15.9	\$ 58.5
Current portion	\$ 6.5	\$ —	\$ 15.9	\$ 22.4
Noncurrent portion	—	36.1	—	36.1
	\$ 6.5	\$ 36.1	\$ 15.9	\$ 58.5

Our restructuring charges during three months ended March 31, 2017 include employee severance and termination costs related to reorganization and integration activities, primarily associated with the integration with Liberty Global.

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(11) Income Taxes

Income tax expense attributable to our loss before income taxes during the three months ended March 31, 2017 differs from the amount computed using the applicable statutory or “expected” tax rate in the U.K. of 19.25% due to various factors, including international rate differences, enacted tax law and rate changes, non-deductible or non-taxable interest and other expenses and the tax effect of tax withholdings and intra-group dividends. The statutory rate represents the blended rate that will be in effect for the year ended December 31, 2017 based on the 20.0% statutory rate that was in effect for the first quarter of 2017 and the 19.0% statutory rate that will be in effect for the remainder of 2017. There was no income tax expense associated with gains and losses presented within other comprehensive loss during the three months ended March 31, 2017.

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 condensed consolidated statements of operations are as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Current tax expense	\$ (19.8)	\$ (14.7)
Deferred tax benefit (expense).....	19.0	(1.9)
Total income tax expense.....	\$ (0.8)	\$ (16.6)

(12) Finance Expense and Finance Income

Finance expense is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Interest expense on third-party debt	\$ 59.6	\$ 52.1
Foreign currency transaction losses, net	7.5	—
Amortization of deferred financing costs and accretion of discounts	2.6	1.7
Realized and unrealized losses on derivative instruments (note 3)	—	2.1
Other financial expense items.....	3.8	1.1
Total.....	\$ 73.5	\$ 57.0

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Finance income is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Realized and unrealized gains on derivative instruments (note 3)	\$ 23.4	\$ —
Interest on related-party loans receivable (note 16)	2.4	1.2
Interest on cash and bank deposits.....	0.9	0.6
Foreign currency transaction gains, net	—	18.4
Other financial income items	—	3.6
Total.....	<u>\$ 26.7</u>	<u>\$ 23.8</u>

(13) Employee and Other Staff Expenses

Our employee and other staff expenses is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Salaries and wages (a)	\$ 73.7	\$ 57.6
Defined benefit pension plan costs	0.7	17.6
Other costs (b).....	14.4	16.1
Total.....	<u>\$ 88.8</u>	<u>\$ 91.3</u>

(a) Includes restructuring charges, net, of \$9.1 million and \$1.2 million, respectively.

(b) Includes share-based compensation expense of \$2.3 million and \$6.5 million, respectively.

(14) Other Operating Expense

Our other operating expense is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Property and utilities costs.....	\$ 26.8	\$ 25.2
Consultancy costs	22.0	11.2
Bad debt and collection expenses	16.6	10.7
Marketing and advertising expenses.....	15.3	13.2
License fees, duties, tariffs and other related expenses	6.6	5.1
Information technology costs	6.1	3.9
Other items (a)	24.6	(2.2)
Total.....	<u>\$ 118.0</u>	<u>\$ 67.1</u>

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- (a) The amount for the three months ended March 31, 2016 includes the release of certain redundancy and other provisions, including certain legal-related accruals.

(15) Other Operating Income

Our other operating income is composed of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Share of results of joint ventures and affiliates.....	\$ 0.2	\$ (0.7)
Gains on disposal of property and equipment	—	4.9
Other income	—	1.4
Total.....	\$ 0.2	\$ 5.6

(16) Related-party Transactions

Our related-party transactions consist of the following:

	Three months ended March 31,	
	2017	2016
	in millions	
Revenue	\$ 4.9	\$ 3.6
Operating costs	(0.7)	(0.8)
Included in total operating income	4.2	2.8
Interest income.....	2.4	1.2
Included in net earnings (loss).....	\$ 6.6	\$ 4.0

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. We acquired the Carve-out Entities on April 1, 2017.

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 our related-party loans receivable, as further described below.

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

	March 31, 2017	December 31, 2016
	in millions	
Assets:		
Loans receivable (a).....	\$ 86.2	\$ 86.2
Other receivables (b).....	34.1	27.5
Interest receivable (c).....	—	2.3
Total current assets.....	120.3	116.0
Noncurrent assets – note receivable (c).....	57.6	54.4
Total assets.....	\$ 177.9	\$ 170.4
Liabilities:		
Trade and other payables (d).....	\$ 3.4	\$ 3.3
Deferred revenue and advance payments (e).....	0.9	0.9
Total current liabilities.....	4.3	4.2
Other noncurrent liabilities (e).....	6.8	7.0
Total liabilities.....	\$ 11.1	\$ 11.2

- (a) Primarily represents notes receivable from New Cayman that bear interest at 8.0% per annum. We acquired the Carve-out Entities on April 1, 2017.
- (b) Represents the net unpaid amount due to us pursuant to ordinary course transactions between us and (i) New Cayman, including fees charged by us to New Cayman under the MSA and (ii) a subsidiary of Liberty Global. These amounts are included in trade and other receivables in our condensed consolidated statements of financial position. We acquired the Carve-out Entities on April 1, 2017.
- (c) Represents accrued interest and the related note receivable, respectively, due from LGE Coral Holdco, primarily related to certain fees and taxes we paid on our parent company’s behalf.
- (d) Represents payables to LGE Coral Holdco related to certain financing costs paid on our behalf.
- (e) Represents deferred revenue associated with certain infeasible rights of use (IRUs) arrangements with another subsidiary of Liberty Global.

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(17) 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, purchases of customer premises equipment, network and connectivity commitments, non-cancelable operating leases and other items. The following table sets forth the U.S. dollar equivalents of such commitments as of March 31, 2017:

	Payments due during:							Total
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	
	in millions							
Programming commitments	\$ 61.4	\$ 53.8	\$ 15.6	\$ 3.8	\$ 2.4	\$ 2.0	\$ 2.0	\$ 141.0
Purchase commitments	115.1	10.7	4.3	1.8	1.7	1.7	5.1	140.4
Network and connectivity commitments	37.0	15.0	11.7	8.6	6.6	6.8	7.6	93.3
Operating leases	14.3	10.1	7.3	5.6	3.6	3.5	6.1	50.5
Other commitments	17.7	1.2	0.5	—	—	—	—	19.4
Total (a)	<u>\$ 245.5</u>	<u>\$ 90.8</u>	<u>\$ 39.4</u>	<u>\$ 19.8</u>	<u>\$ 14.3</u>	<u>\$ 14.0</u>	<u>\$ 20.8</u>	<u>\$ 444.6</u>

(a) The commitments included in this table do not reflect any liabilities that are included in our March 31, 2017 condensed consolidated statement of financial position.

Programming commitments consist of obligations associated with certain of our programming 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. Programming costs in our condensed consolidated statements of operations include the amortization of certain live-programming rights in certain of our markets.

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

In addition to the commitments set forth in the table above, 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, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2017 and 2016, see note 3.

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

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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.

At March 31, 2017, we have provided guarantees of \$361.0 million, in aggregate, for financial obligations principally in respect of a number of business disposals, property and other leases, bank guarantees and letters of credit (primarily related to government contracts and bids), as well as guarantees and indemnities in relation to a number of business disposals. Generally, the liability for business disposals has been capped at no more than the value of the sales proceeds, although some uncapped indemnities have been given. In relation to the April 2013 disposal of our interests in operations primarily in the Maldives, the Channel Islands and Isle of Man, South Atlantic and Diego Garcia to Batelco International Group Holding Limited, we provided a guarantee for up to \$300.0 million in respect of tax-related claims. This guarantee expires in April 2020. We also provided indemnities to the purchaser in respect of the May 2014 disposal of Monaco Telecom. We also give warranties and indemnities in relation to certain agreements including facility sharing agreements, certain of which do not contain liability caps.

In addition, we are a party to a Contingent Funding Agreement with the Trustees of the CWSF. The Trustees have the right to drawdown on the £100.0 million (\$125.4 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.

(18) Segment Reporting

Effective January 1, 2017, we disaggregated our Caribbean reportable segment into the following reportable segments: (i) Jamaica, (ii) Trinidad and Tobago, (iii) Barbados and (iv) Ventures and other, which primarily includes our Ventures group, Cayman Islands and other less significant operating entities. This change is based on our new operating structure and aligns with how our chief operating decision maker reviews our operating results. Accordingly, our comparative period has been retroactively revised to reflect these changes.

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Generally, we identify our segments on a geographical basis and, in certain cases, on a product basis. Each country in which we operate is generally treated as an operating segment. The aggregation of operating segments into their reporting segments reflects (i) the similar economic and regulatory characteristics within each of those segments, (ii) the similar nature of its products and services and (iii) its customers. In certain cases, we may elect to include an operating segment in our segment disclosure that does not meet the above-described criteria for a reportable segment.

We have eight reportable segments that provide mobile, fixed-line telephony, broadband internet, video and managed services to residential and business customers.

As of March 31, 2017, our reportable segments are as follows:

- Jamaica
- Trinidad and Tobago
- Barbados
- Ventures and other
- Panama
- The Bahamas Telecommunications Company Limited (**BTC**)
- Networks and LatAm
- Seychelles

Our reportable segments set forth above, other than Networks and LatAM, derive their revenue primarily from communications services, including mobile, fixed-line telephony, broadband internet, video and business-to-business (**B2B**) services. Our Networks and LatAm segment primarily derives its revenue from broadband connectivity solutions to businesses and government institutions. At March 31, 2017, our operating segments provide broadband communications and other services in over 30 countries, primarily in the Caribbean and Latin America.

Revenue of our Reportable Segments

The amounts presented below represent 100% of each of our reportable segment's revenue:

	Three months ended March 31,	
	2017	2016
	in millions	
Jamaica	\$ 83.6	\$ 82.1
Trinidad and Tobago.....	42.9	43.5
Barbados	40.2	45.7
Ventures and other.....	106.1	112.1
Panama.....	153.7	165.7
BTC.....	72.0	86.2
Networks and LatAm.....	77.7	69.8
Seychelles	15.5	14.6
	<u>591.7</u>	<u>619.7</u>
Corporate and intersegment eliminations	(15.8)	(12.2)
Total	<u>\$ 575.9</u>	<u>\$ 607.5</u>

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Property, Equipment and Intangible Asset Additions of our Reportable Segments

The property, equipment and intangible asset additions of our reportable segments (including capital additions financed under finance lease arrangements) are presented below and reconciled to the capital expenditure amounts included in our condensed consolidated statements of cash flows. For additional information concerning capital additions financed under finance lease arrangements, see note 7.

	Three months ended March 31,	
	2017	2016
	in millions	
Jamaica	\$ 9.3	\$ 25.7
Trinidad and Tobago.....	3.5	12.2
Barbados	4.2	12.7
Ventures and other	5.8	10.7
Panama.....	11.6	24.6
BTC.....	10.2	18.3
Networks and LatAm.....	4.1	16.3
Seychelles	3.5	1.2
Corporate	8.3	12.8
Total property, equipment and intangible asset additions.....	<u>60.5</u>	<u>134.5</u>
Assets acquired under finance leases.....	(0.9)	—
Changes in current liabilities related to capital expenditures	18.9	(31.3)
Total capital expenditures	<u>\$ 78.5</u>	<u>\$ 103.2</u>

Revenue by Major Category

Our revenue by major category is as follows:

	Three months ended March 31,	
	2017	2016
	in millions	
Subscription revenue (a):		
Video.....	\$ 41.4	\$ 45.9
Broadband internet.....	51.5	55.9
Fixed-line telephony	31.3	34.3
Fixed-line subscription revenue	124.2	136.1
Mobile	161.8	178.3
Total subscription revenue	<u>286.0</u>	<u>314.4</u>
Other revenue (b).....	289.9	293.1
Total	<u>\$ 575.9</u>	<u>\$ 607.5</u>

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

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(b) Other revenue includes, among other items, managed services, wholesale, interconnect and mobile handset sales revenue.

Geographic Segments

The external revenue of our geographic segments is set forth below:

	Three months ended March 31,	
	2017	2016
	in millions	
Panama.....	\$ 159.0	\$ 166.3
Jamaica	81.4	82.1
The Bahamas	72.0	86.2
Barbados	59.7	45.7
Trinidad and Tobago.....	41.3	43.5
Seychelles	15.5	14.6
Other	147.0	169.1
Total.....	\$ 575.9	\$ 607.5

(19) Subsequent Events

On May 26, 2017, Coral-US Co-Borrower LLC (**Coral-US**), a wholly-owned subsidiary of CWC, entered into a \$1,125 million term loan facility (the **CWC Term Loan B-3 Facility**). The CWC Term Loan B-3 Facility matures on January 31, 2025, bears interest at LIBOR plus 3.50% and is subject to a LIBOR floor of 0.00%. The proceeds of the CWC Term Loan B-3 Facility, which were issued at an original issue discount of 99.5%, were used to (i) prepay in full the existing term loans under CWC’s credit agreement dated May 16, 2016 (the **CWC Credit Agreement**) and (ii) pay certain fees and expenses incurred in connection with the refinancing. The remaining proceeds will be used for general and/or working capital purposes.

On May 26, 2017, Sable International Finance Limited (**Sable**), a wholly-owned subsidiary of CWC, and Coral-US entered into a \$625 million refinancing amendment agreement pursuant to the CWC Credit Agreement. Under the terms of the new agreement, certain lenders agreed to establish a new class of revolving credit commitments to extend their existing revolving credit commitments in connection with the CWC Revolving Credit Facility (the **CWC Class B Revolving Credit Commitments**). The CWC Class B Revolving Credit Commitments mature on June 30, 2023. Advances under the CWC Class B Revolving Credit Commitments bear interest at LIBOR plus 3.25% and unused commitments incur a fee of 0.50% per year.

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, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three months ended March 31, 2017 and 2016.
- *Material Changes in Financial Condition.* This section provides an analysis of our parent and subsidiary 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 CWC or collectively to CWC and its subsidiaries.

Unless otherwise indicated, convenience translations into U.S. dollars are calculated as of March 31, 2017.

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, foreign currency and finance strategies, our property, equipment and intangible asset additions, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the countries in which we operate;
- the competitive environment in the industries in the countries in which we operate, including competitor responses to our products and services;
- fluctuations in currency exchange rates 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 television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our cable television, 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;
- our ability to maintain or increase the number of subscriptions to our cable television, 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 may acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.K. 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 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 planned new build and upgrade activities;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- 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; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, 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 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 subsidiary of Liberty Global that provides mobile, broadband internet, fixed-line telephony and video services to residential and business customers and managed services to business and government customers. We primarily operate in the Caribbean and Latin America, providing consumer, B2B and networks services across 18 countries. In addition, we deliver B2B and provide wholesale services over our sub-sea and terrestrial networks that connect over 30 markets across the region. Our primary markets include Panama, Jamaica, the Bahamas, Barbados and Trinidad and Tobago.

Operations

At March 31, 2017, we (i) provided services to 3,553,400 mobile subscribers and (ii) owned and operated networks that passed 1,871,500 homes and served 1,791,300 revenue generating units (RGUs), consisting of 403,300 video subscribers, 609,800 broadband internet subscribers and 778,200 fixed-line telephony subscribers.

The following table provides details of our organic RGU and mobile subscriber changes for the periods indicated. Organic RGU and mobile subscriber changes exclude the effect of acquisitions (RGUs and mobile subscribers added on the acquisition date) and other non-organic adjustments, but include post-acquisition date RGU and mobile subscriber additions or losses, as applicable.

	Three months ended March 31,	
	2017	2016
Organic RGU additions (losses):		
Video:		
Basic.....	1,900	300
Enhanced.....	(4,700)	(9,000)
Direct-to-home (DTH).....	2,800	5,800
Total video.....	—	(2,900)
Broadband internet.....	7,100	8,000
Fixed-line telephony.....	2,800	4,700
Total organic RGU additions.....	9,900	9,800
Organic mobile subscriber additions (losses):		
Prepaid.....	27,300	(114,300)
Postpaid.....	(700)	8,400
Total organic mobile subscriber additions.....	26,600	(105,900)

Strategy and management focus

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 upselling.

Competition and other external factors

We are experiencing significant competition from incumbent telecommunications operators, DTH operators and/or other providers in all of our markets. In the Bahamas, where we previously were the only provider of mobile services, competition has increased significantly due to the commercial launch of mobile services by a competitor during the quarter ended December 31, 2016. In addition, fixed-line competition has increased in Trinidad and Tobago. In certain of our markets, we are also experiencing increased regulatory intervention that would, if implemented, facilitate increased competition. For additional information regarding the competition we face, see *Description of Our Business – Regulatory Matters* and – *Competition* included in our annual report. This significant competition, 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**), particularly in Barbados, the Bahamas and Trinidad and Tobago. For additional information regarding the revenue impact of changes in RGUs and ARPU, see *Material Changes in Results of Operations* below.

In addition, 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. and certain European countries, 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.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive and, to a lesser degree, regulatory factors. The competition we face in our markets, as well as any decline in the economic environment, could adversely impact our ability to increase or maintain our revenue, RGUs, Adjusted Segment EBITDA or liquidity. We currently are unable to predict the extent of any of these potential adverse effects. As we use the term, “**Adjusted Segment EBITDA**” is defined as EBITDA before share-based compensation, provisions and provision releases related to significant litigation 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, (iv) restructuring provisions or provision releases and (v) share of results of joint ventures and associates.

Material Changes in Results of Operations

General

Changes in foreign currency exchange rates impact our reported operating results as certain of our subsidiaries have functional currencies other than the U.S. dollar. Our primary exposure to FX risk during the three months ended March 31, 2017 was to the Jamaican dollar, Trinidad and Tobago dollar and Colombian peso. In addition, our reported operating results are impacted by changes in the exchange rates for other local currencies the Caribbean and Latin America. The portions of the changes in the various components of our results of operations that are attributable to changes in FX are highlighted under *Material Changes in Results of Operations* below.

Most of our revenue is subject to VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our Adjusted Segment EBITDA and Adjusted Segment EBITDA margin to the extent of any such tax increases.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our Adjusted Segment EBITDA would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Revenue

Revenue includes amounts earned from (i) subscribers to our broadband communications and other fixed-line services (collectively referred to herein as “**fixed-line subscription revenue**”) and mobile services, (ii) broadband connectivity solutions provided to businesses and government institutions and (iii) B2B services, interconnect fees, installation fees and late fees. Consistent with the presentation of our revenue categories in note 18 to our condensed consolidated financial statements, we use the term “subscription revenue” in the following discussion to refer to amounts received from subscribers for ongoing services, excluding installation fees and late fees. In the below table for the three months ended March 31, 2017 and 2016, mobile subscription revenue excludes the related interconnect revenue.

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 outstanding during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (a) price increases, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products within a segment during the period. In the following discussion,

we provide the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

The details of our revenue are as follows:

	Three months ended March 31,		Decrease		Organic decrease
	2017	2016	\$	%	%
	in millions, except percentages				
Subscription revenue (a):					
Video.....	\$ 41.4	\$ 45.9	\$ (4.5)	(9.8)	(7.4)
Broadband internet	51.5	55.9	(4.4)	(7.9)	(6.1)
Fixed-line telephony	31.3	34.3	(3.0)	(8.7)	(8.2)
Fixed-line subscription revenue	124.2	136.1	(11.9)	(8.7)	(7.1)
Mobile (b).....	161.8	178.3	(16.5)	(9.3)	(8.5)
Total subscription revenue	286.0	314.4	(28.4)	(9.0)	(7.9)
Other revenue (b) (c).....	289.9	293.1	(3.2)	(1.1)	(0.1)
Total	\$ 575.9	\$ 607.5	\$ (31.6)	(5.2)	(4.1)

- (a) Subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.
- (b) Mobile subscription revenue excludes mobile interconnect revenue of \$11.6 million and \$12.2 million during the three months ended March 31, 2017 and 2016, respectively. Mobile interconnect revenue and mobile handset sales are included in other revenue.
- (c) Other revenue includes, among other items, managed services, wholesale, interconnect and mobile handset sales revenue.

Total revenue. Our consolidated revenue decreased \$31.6 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016. Excluding the effects of FX, our consolidated revenue decreased \$25.0 million or 4.1%.

Subscription revenue. The details of the decrease in our consolidated subscription revenue during the three months ended March 31, 2017, as compared to the corresponding period in 2016, are set forth below (in millions):

Decrease in fixed-line subscription revenue due to change in:	
Average number of RGUs.....	\$ (5.4)
ARPU	(4.2)
Total decrease in fixed-line subscription revenue	(9.6)
Decrease in mobile subscription revenue	(15.2)
Total organic decrease in subscription revenue	(24.8)
Impact of FX.....	(3.6)
Total.....	\$ (28.4)

Excluding the effects of FX, our consolidated fixed-line subscription revenue decreased \$9.6 million or 7.1% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease is attributable to (i) a decrease from video services of \$3.4 million or 7.4%, attributable to (a) lower ARPU from video services and (b) a decrease in the average number of video RGUs, (ii) a decrease from broadband internet services of \$3.4 million or 6.1%, attributable to (1) a decrease in the average number of broadband internet RGUs and (2) lower ARPU from broadband internet services, and (iii) a decrease from fixed-line telephony services of \$2.8 million or 8.2%, attributable to (I) lower ARPU from fixed-line telephony services and (II) a decrease in the average number of fixed-line telephony RGUs.

Excluding the effects of FX, our consolidated mobile subscription revenue decreased \$15.2 million or 8.5% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. This decrease is primarily due to the net effect of (i) a decline in ARPU and (ii) an increase in the average number of mobile customers.

Other revenue. Excluding the effects of FX, our consolidated other revenue decreased \$0.2 million or 0.1% during the three months ended March 31, 2017, as compared to the corresponding period in 2016.

Operating Costs and Expenses

The details of our operating costs and expenses are as follows:

	Three months ended March 31,		Increase (decrease)		Organic increase (decrease)	
	2017	2016	\$	%	\$	%
	in millions, except percentages					
Employee and other staff expenses.....	\$ 88.8	\$ 91.3	\$ (2.5)	(2.7)	\$ (2.2)	(2.4)
Interconnect	50.4	55.4	(5.0)	(9.0)	(3.3)	(6.0)
Network costs	46.4	29.8	16.6	55.7	16.9	56.7
Programming expenses.....	37.3	25.1	12.2	48.6	13.1	52.2
Equipment sales expenses.....	24.5	26.5	(2.0)	(7.5)	(1.7)	(6.4)
Managed services costs.....	19.9	25.7	(5.8)	(22.6)	(6.0)	(23.3)
Other operating expenses.....	118.0	67.1	50.9	75.9	51.6	76.9
Total	<u>\$ 385.3</u>	<u>\$ 320.9</u>	<u>\$ 64.4</u>	<u>20.1</u>	<u>\$ 68.4</u>	<u>21.3</u>

Our consolidated operating costs and expenses increased \$64.4 million or 20.1% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. Excluding the effects of FX, our operating costs and expenses increased \$68.4 million or 21.3%. This increase includes the following factors:

- An increase in network costs primarily attributable to (i) lower vendor credits, (ii) higher costs in connection with repairs and maintenance associated with hurricane damage in 2016 and (iii) higher costs associated with restructuring activities;
- An increase in programming expenses primarily attributable to the amortization of certain live-programming rights in certain of our markets;
- A decrease in managed services costs primarily attributable to a decrease in managed service revenue in Panama;
- A decrease in interconnect costs primarily attributable to (i) lower interconnection rates and (ii) lower fixed-line usage;
- A decrease in employee and staff expenses primarily due to the net effect of (i) a decrease in curtailment costs associated with the Jamaica defined benefit pension plan, (ii) an increase in restructuring costs due to (a) the release of certain redundancy provisions in the 2016 period and (b) higher restructuring activities in the 2017 period, primarily in connection with Liberty Global integration, and (iii) a decrease in incentive compensation costs;
- A decrease in equipment sales expenses primarily attributable to lower mobile handset sales activity; and
- An increase in other operating expenses primarily due to the net effect of (i) an increase due to the release of restructuring accruals in 2016, (ii) an increase in bad debt expense, (iii) an increase due to the release of legal provisions in 2016, (iv) an increase in marketing and advertising expense and (v) a net increase in other administrative related expenses.

Other operating income

Other operating income decreased \$5.4 million during the three months ended March 31, 2017, as compared to the corresponding period in 2016, primarily due to a decrease in gains on disposal of property and equipment.

Depreciation and amortization

Depreciation and amortization expense increased \$7.8 million or 5.7% during the three months ended March 31, 2017, as compared to the corresponding period in 2016. Excluding the effect of FX, depreciation and amortization expense increased \$9.5 million or 6.9% due in part to an increase associated with property, equipment and intangible asset additions.

Impairment

We recognized impairment expense (recovery), net, of \$2.0 million and (\$71.0 million) during the three months ended March 31, 2017 and 2016, respectively. The 2017 expense relates to the write-down of certain sub-sea cable system assets. The 2016 recovery is due to the partial reversal of an impairment charge recorded in 2015 due to changes in the expected useful lives of the underlying assets.

If, among other factors, (i) our enterprise value or Liberty Global's equity values 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 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.

Financial income (expense)

Financial income (expense) primarily includes interest expense, interest income, realized and unrealized gains or losses on our derivative instruments and losses on debt extinguishment. As further described below, we recorded total financial expense, net, of \$46.8 million and \$33.2 million during the three months ended March 31, 2017 and 2016, respectively.

Interest expense

Interest expense, including amortization of deferred financing costs and non-cash interest, increased \$11.1 million or 20.2% during the three months ended March 31, 2017, as compared to the corresponding period in 2016, primarily due to a higher average outstanding debt balance. For additional information regarding our outstanding indebtedness, see note 8 to our condensed consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 3 to our condensed consolidated financial statements, 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:

	Three months ended March 31,	
	2017	2016
	in millions	
Cross-currency and interest rate derivative contracts (a).....	\$ (2.3)	\$ —
Embedded derivatives.....	25.7	21.5
Accretion of Columbus Put Option.....	—	(23.6)
Total.....	<u>\$ 23.4</u>	<u>\$ (2.1)</u>

- (a) The loss during the three months ended March 31, 2017 includes a net loss of \$1.4 million resulting from changes in our credit risk valuation adjustments.

For additional information concerning our derivative instruments, see note 3 to our condensed consolidated financial statements.

Foreign currency transaction gains (losses), net

We recognized foreign currency transaction gains (losses), net, of (\$7.5 million) and \$18.4 million during the three months ended March 31, 2017 and 2016, respectively. These amounts primarily relate to 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.

Interest income

We recognized interest income of \$3.3 million and \$5.4 million during the three months ended March 31, 2017 and 2016, respectively. These amounts primarily relate to (i) interest on our loans receivable and cash and cash equivalents and (ii) late fees charged on delinquent customer accounts.

Income tax expense

Income tax expense attributable to our loss before income taxes for the three months ended March 31, 2017 differs from the amount computed by applying the U.K. tax rate as a result of the following (in millions):

Income tax benefit at U.K. statutory tax rate (a).....	\$	0.7
International rate differences (b).....		5.1
Adjustments relating to prior years.....		4.5
Enacted tax law and rate change.....		(3.6)
Effect of withholding tax and intra-group dividends.....		(2.6)
Non-deductible or non-taxable interest and other expenses.....		(1.4)
Other.....		(3.5)
Total income tax expense.....	\$	<u>(0.8)</u>

- (a) The statutory or “expected” tax rate is the U.K. rate of 19.25%. The statutory rate represents the blended rate that will be in effect for the year ended December 31, 2017 based on the 20.0% statutory rate that was in effect for the first quarter of 2017 and the 19.0% statutory rate that will be in effect for the remainder of 2017.
- (b) Amounts reflect adjustments (either an increase or a decrease) to “expected” tax benefit for statutory rates in jurisdictions in which we operate outside of the U.K.

Net earnings (loss)

We reported net earnings (loss) of (\$4.2 million) and \$175.8 million during the three months ended March 31, 2017 and 2016, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments, (ii) movements in foreign currency exchange rates and (iii) the disposition of assets 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 from continuing operations is largely dependent on our ability to increase our Adjusted Segment EBITDA to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) depreciation, amortization and impairment, (c) interest expense, (d) other financial income or expenses and (e) income tax benefit or expense.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will continue to cause our company to maintain our debt at current levels relative to our “EBITDA” metric specified by our debt agreements (**Covenant EBITDA**). As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Earnings attributable to noncontrolling interests

We reported earnings attributable to noncontrolling interests of \$6.7 million and \$35.0 million during the three months ended March 31, 2017 and 2016, respectively. Profit or loss attributable to noncontrolling interests includes the noncontrolling interests’ share of the results of our operations, primarily in the Bahamas, Panama, Jamaica and Barbados.

Material Changes in Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

We are a holding company that is dependent on the capital resources of our subsidiaries to satisfy our liquidity requirements at the corporate level. Our significant operating subsidiaries are included within one of our “borrowing groups.” These borrowing groups include the respective restricted parent and subsidiary entities within CWC and Columbus and entities holding amounts borrowed by CW Panama, BTC and Cable & Wireless Jamaica Limited, each a subsidiary of CWC (collectively, the **CWC Regional Facilities**). Our borrowing groups accounted for all of our consolidated cash and cash equivalents at March 31, 2017. The terms of the instruments governing the indebtedness of these borrowing groups restrict our ability to access the liquidity of these subsidiaries. In addition, 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 and other factors.

At March 31, 2017, we had \$288.4 million of consolidated cash and cash equivalents, of which \$74.7 million was held by Columbus.

Liquidity of CWC

Our sources of liquidity at the parent level include dividend income received on our investments and, subject to certain tax and legal considerations, our unrestricted subsidiaries’ cash and cash equivalents and investments.

The ongoing cash needs of CWC include (i) corporate general and administrative expenses and (ii) required funding of employee benefit plans. From time to time, CWC may also require cash in connection with (a) the funding of loans or distributions to LGE Coral Holdco (and ultimately to Liberty Global or other Liberty Global subsidiaries), (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. No assurance can be given that funding from Liberty Global or other Liberty Global subsidiaries, our subsidiaries or external sources would be available on favorable terms, or at all.

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

Liquidity of our subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our subsidiaries are cash provided by operations, in the case of Sable, any borrowing availability under the CWC Revolving Credit Facility and borrowings available under the CWC Regional Facilities. At March 31, 2017, we had aggregate borrowing capacity of \$612.5 million available under the CWC Revolving Credit Facility. For information regarding limitations on the borrowing availability of the CWC Revolving Credit Facility, see note 8 to our condensed consolidated financial statements.

The liquidity of our subsidiaries is generally used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to CWC (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

At March 31, 2017, the outstanding principal amount of our consolidated debt, together with our finance lease obligations, aggregated \$3,685.9 million, including \$87.7 million that is classified as current in our condensed consolidated statement of financial position and \$3,278.2 million that is not due until 2021 or thereafter. Our debt and finance lease obligations are all held by our subsidiaries.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property, equipment and intangible asset additions and acquisitions. Our ability to maintain or increase 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. In addition, our ability to obtain additional debt financing is limited by

the leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the CWC Revolving Credit Facility in order to maintain compliance with applicable covenants. 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.

We believe that our cash and cash equivalents, the cash provided from the operations of our subsidiaries and any available borrowings under the CWC Revolving Credit Facility will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our maturing debt grows 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 these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties 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 could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the three months ended March 31, 2017 and 2016 are summarized as follows:

	Three months ended March 31,		Change
	2017	2016	
	in millions		
Net cash provided by operating activities	\$ 37.1	\$ 98.6	\$ (61.5)
Net cash used by investing activities.....	(84.0)	(100.7)	16.7
Net cash provided by financing activities	64.8	9.4	55.4
Effect of exchange rate changes on cash.....	(0.7)	(0.1)	(0.6)
Net increase in cash and cash equivalents	<u>\$ 17.2</u>	<u>\$ 7.2</u>	<u>\$ 10.0</u>

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 provided by our Adjusted Segment EBITDA and related working capital items, (ii) a decrease in cash provided due to higher cash payments related to derivative instruments and (iii) an increase in cash provided due to lower payments of interest.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to a decrease in cash used of \$24.7 million related to lower capital expenditures.

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, equipment and intangible assets when the underlying assets are delivered, and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under finance lease arrangements, and (ii) our total property, equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under finance lease arrangements. For further details regarding our property, equipment and intangible asset additions and our debt, see notes 7 and 8, respectively, to our condensed consolidated financial statements.

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

	Three months ended March 31,	
	2017	2016
in millions		
Property, equipment and intangible asset additions	\$ 60.5	\$ 134.5
Changes in liabilities related to capital expenditures	18.9	(31.3)
Assets acquired under finance leases	(0.9)	—
Capital expenditures.....	<u>\$ 78.5</u>	<u>\$ 103.2</u>

The decrease in our property, equipment and intangible asset additions is largely due to timing of capital projects. During the three months ended March 31, 2017 and 2016, our property, equipment and intangible asset additions represented 10.5% and 22.1% of our revenue, respectively.

Financing Activities. The increase in net cash provided by our financing activities is primarily attributable to the net effect of (i) an increase in cash provided of \$55.5 million related to higher net borrowings of debt, (ii) a decrease in cash provided of \$6.2 million due to changes in cash collateral and (iii) an increase in cash provided of \$6.0 million for dividends paid to noncontrolling interests.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments at March 31, 2017. The U.S. dollar equivalents presented below are based on interest rates and exchange rates that were in effect as of March 31, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash paid or received in future periods. For additional information regarding our derivative instruments, see note 3 to our condensed consolidated financial statements.

	Payments (receipts) due during:							Total
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	
in millions								
Projected derivative cash payments (receipts), net:								
Interest-related (a).....	\$ (2.6)	\$ 20.5	\$ 20.4	\$ 17.4	\$ 17.3	\$ 17.3	\$ —	\$ 90.3
Principal-related (b)	—	—	10.3	—	—	(0.5)	—	9.8
Total.....	<u>\$ (2.6)</u>	<u>\$ 20.5</u>	<u>\$ 30.7</u>	<u>\$ 17.4</u>	<u>\$ 17.3</u>	<u>\$ 16.8</u>	<u>\$ —</u>	<u>\$ 100.1</u>

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

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

Debt Maturities and Contractual Commitments

For information concerning the maturities of our debt and other financial obligations as of March 31, 2017, see note 8 to our condensed consolidated financial statements. For information concerning our contractual commitments as of March 31, 2017, see note 17 to our condensed consolidated financial statements.

In addition to the commitments set forth in note 17 to our condensed consolidated financial statements, 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 projected cash flows associated with derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* above. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the three months ended March 31, 2017 and 2016, see note 3 to our condensed consolidated financial statements.