



**NORTHWEST FIBER, LLC**

Annual Report

December 31, 2020

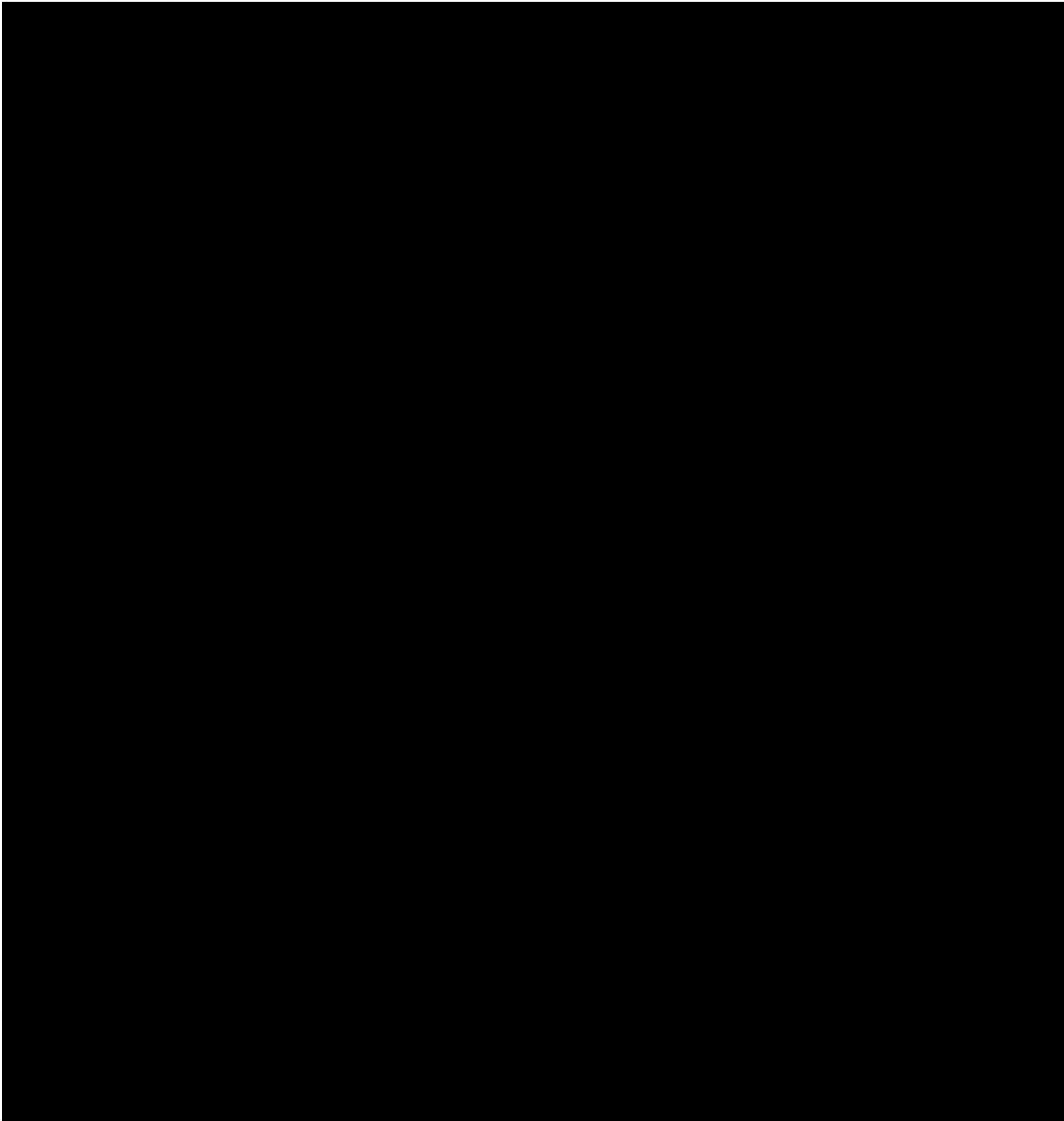
(With Independent Auditors' Report on the Combined and Consolidated  
Financial Statements and Notes to the Financial Statements Included  
Herein)

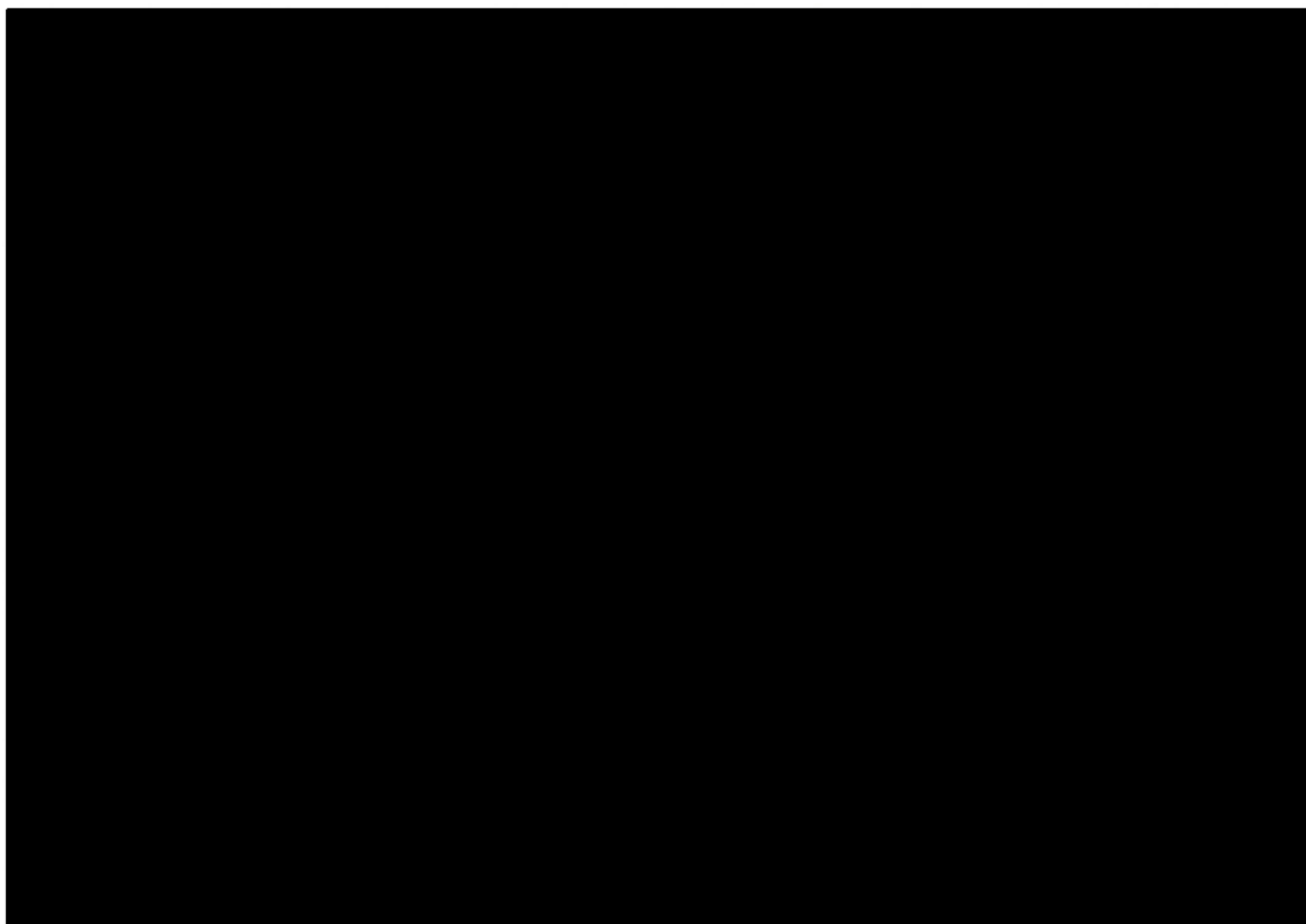
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## Independent Auditors' Report





**NORTHWEST FIBER, LLC**

Combined and Consolidated Balance Sheets

(Dollars in millions)

	<b>Successor</b>	<b>Predecessor</b>
<b>Assets</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents		
Short-term investments		
Accounts receivable, less allowances of \$6 and \$11, respectively		
Contract acquisition costs		
Prepaid expenses		
Incometaxes and other current assets		
Total current assets		
Property, plant and equipment, net		
Goodwill, net		
Other intangibles, net		
Other assets		
Total assets		
<b>Liabilities and Member's Equity/Net Parent Investment</b>		
Accounts payable		
Advanced billings		
Accrued content costs		
Accrued other taxes		
Accrued pole attachments		
Accrued payroll related		
Accrued interest		
Current portion of long term debt		
Other current liabilities		
Total current liabilities		
Deferred income taxes		
Other liabilities		
Long term debt, net		
Pension and OPEB liability, net		
Total liabilities		
Commitments and contingencies (Note 16)		
Member's equity/net parent investment:		
Contributed capital		
Accumulated deficit		
Accumulated other comprehensive loss		
Net parent investment		
Total member's equity/net parent investment		
Total liabilities and member's equity/net parent investment		

See accompanying notes to combined and consolidated financial statements.

**NORTHWEST FIBER, LLC**

Combined and Consolidated Statements of (Loss) Income

(Dollars in millions)

	<u>Successor</u>	<u>Predecessor</u>	
	May 1, 2020 to December 31, 2020	January 1, 2020 to April 30, 2020	Twelve months ended December 31, 2019
Revenue			
Operating expenses:			
Network access expenses			
Network related expenses			
Selling, general, and administrative expenses			
Depreciation and amortization			
Transaction costs			
Total operating expenses			
Operating income			
Interest expense			
(Loss) income before income taxes			
Income tax expense			
Net (loss) income			

See accompanying notes to combined and consolidated financial statements.

**NORTHWEST FIBER, LLC**

Combined and Consolidated Statements of Comprehensive (Loss) Income

(Dollars in millions)

	<u>Successor</u>	<u>Predecessor</u>	
	May 1, 2020 to December 31, 2020	January 1, 2020 to <u>April 30, 2020</u>	Twelve months ended December 31, 2019
Net (loss) income			
Comprehensive loss - employee benefit plans			
Comprehensive (loss) income			

See accompanying notes to combined and consolidated financial statements.

**NORTHWEST FIBER, LLC**

Combined and Consolidated Statements of Member's Equity/Net Parent Investment

(Dollars in millions)

<b>Predecessor</b>	<u>Units</u>	<u>Contributed capital</u>	<u>Accumulated deficit</u>	<u>Comprehensive loss</u>	<u>Total member's equity/ Net parent investment</u>
Balance December 31, 2018					
Net decrease in parent investment					
Impact of adoption of ASC 842					
Comprehensive loss					
Net income					
Balance, December 31, 2019					
Net decrease in parent investment					
Comprehensive loss					
Net income					
Balance, April 30, 2020					
<hr/>					
<b>Successor</b>					
Balance, May 1, 2020					
Equity contributions					
Member distributions					
Comprehensive loss					
Net loss					
Balance, December 31, 2020					

See accompanying notes to combined and consolidated financial statements

**NORTHWEST FIBER, LLC**

Combined and Consolidated Statements of Cash Flows

(Dollars in millions)

	<u>Successor</u>	<u>Predecessor</u>
	<b>May 1, 2020</b>	Twelve
	to	months ended
	December 31,	December 31,
	<b>2020</b>	<u>April 30, 2020</u>
		<u>2019</u>
Cash flows provided by operating activities:		
Net (loss) income		
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization		
Amortization of deferred financing costs		
Transaction costs paid at acquisition		
Deferred income taxes		
Change in pension liabilities		
Change in accounts receivable		
Change in accounts payable and other liabilities		
Change in prepaid expenses, income taxes and other assets		
Net cash provided by operating activities		
Cash flows used in investing activities:		
Capital expenditures		
Purchase of short-term investments		
Acquisition of Frontier Northwest		
Other		
Proceeds on sale of assets		
Net cash used in investing activities		
Cash flows provided by (used in) financing activities:		
Net parent investment		
Issuance of new debt		
Debt issuance costs		
Equity financing (members contributions)		
Debt principal repayment		
Finance lease obligation payments		
Net cash provided by (used in) financing activities		
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period		
Cash and cash equivalents ending balance		
Cash paid during the period for:		
Interest		
Income tax payments, net		

See accompanying notes to combined and consolidated financial statements.