# $1,000,000,000

# THE ADT SECURITY CORPORATION

## % First-Priority Senior Secured Notes due 2029

The ADT Security Corporation, a Delaware corporation (the "Issuer"), a wholly owned subsidiary of ADT Inc., a Delaware corporation (the "Company" and, together with its wholly owned subsidiaries, "ADT," "we," "our," and "us"), is offering $1,000,000,000 aggregate principal amount of % First-Priority Senior Secured Notes due 2029 (the "Notes").

The Notes will bear interest at a rate of % per annum and will mature on August 1, 2029. Interest on the Notes will be payable semi-annually on February 1 and August 1 of each year, commencing on February 1, 2022.

The proceeds from the offering of the Notes, together with cash on hand, will be used to (a) redeem $1,000,000,000 aggregate principal amount of the outstanding 2022 ADT Notes (as defined herein) and (b) pay related fees and expenses in connection with the Transactions (as defined herein).

The Notes will be fully and unconditionally guaranteed by Prime Security Services Borrower, LLC, a Delaware limited liability company and parent of the Issuer ("Prime Borrower"), and each of the wholly owned domestic restricted subsidiaries of Prime Borrower, other than the Issuer, that guarantees our First Lien Credit Agreement (as defined herein). Subject to certain exceptions, to the extent lenders under the First Lien Credit Agreement release the guarantee of any guarantor, such guarantor will also be released from its obligations under the Notes. The Notes and related guarantees will be secured by first-priority security interests, subject to permitted liens, in substantially all of our existing and future assets, which assets also secure our First Lien Credit Agreement and certain other debt, as further described in this offering memorandum. The Notes and guarantees will (i) rank equally in right of payment with all of our existing and future senior indebtedness, (ii) rank senior to all of our future subordinated indebtedness, (iii) be effectively senior to all of our future unsecured indebtedness, to the extent of the value of the collateral securing the Notes, (iv) be equal to all of our existing and future indebtedness that is secured by the collateral on a first-priority basis, including indebtedness under the First Lien Credit Agreement, the ADT Notes (as defined herein) and the First-Priority Notes (as defined herein), to the extent of the value of the collateral securing such indebtedness, (v) be effectively senior to all of our existing and future indebtedness that is secured by the collateral on a junior-priority basis, including the Second-Priority Notes (as defined herein), to the extent of the value of the collateral securing the Notes and (vi) be structurally subordinated to all obligations of each of Prime Borrower's subsidiaries that is not a guarantor of the Notes, including our special purpose subsidiaries.

Prior to August 1, 2028 (the date that is twelve months prior to the maturity date), we may redeem some or all of the Notes at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the principal amount of the Notes plus a "make-whole" amount, plus, in each case, accrued and unpaid interest, if any, thereon to the redemption date. On or after August 1, 2028 (the date that is twelve months prior to the maturity date of the Notes), we can redeem the Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date. We may be required to redeem the Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, if we experience a change of control triggering event. There is no sinking fund for the Notes. See "Description of Notes."

We are not obligated under any registration rights agreement or other obligation to register the Notes for resale or to exchange the Notes for notes registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

**Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 14.**

Price of the Notes: % plus accrued and unpaid interest, if any, from , 2021.

We expect that delivery of the Notes to purchasers will be made in New York on or about , 2021 through the book- entry delivery system of The Depository Trust Company ("DTC").

The Notes have not been and will not be registered under the federal securities laws or the securities laws of any state. The initial purchasers named below are offering the Notes (a) in the United States to persons who they reasonably believe are qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A") and (b) outside the United States to non-U.S. persons in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

*Joint Book-Running Managers*

**Deutsche Bank Securities** **Barclays**

**Mizuho Securities** **RBC Capital Markets** **Citigroup** **Morgan Stanley**

**MUFG** **BNP PARIBAS**

*Co-Managers*

**Apollo Global Securities** **Citizens Capital Markets** **Credit Suisse**

**Goldman Sachs & Co. LLC** **ING** **BMO Capital Markets**

, 2021

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**This offering memorandum is highly confidential. You should carefully read the information contained in this document. This document may only be used where the offer and sale of the Notes is permitted. The information contained in this offering memorandum is as of the date hereof and subject to change, completion or amendment without notice. The delivery of this offering memorandum at any time shall not, under any circumstances, create any implication that there has been no change in the information contained in this offering memorandum or in our affairs since the date of this offering memorandum. If you do not purchase the Notes or the offering is terminated for any reason, you agree to return this offering memorandum to: Deutsche Bank Securities Inc., 60 Wall Street, New York, New York 10005.**

This offering memorandum has been prepared by us based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this offering memorandum may not be complete, and we refer you to such documents for a more complete understanding of what we discuss in this offering memorandum. The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. The information in this offering memorandum is current only as of the date on the cover of this offering memorandum or as of the date of such other document, and our business or financial condition and other information described herein or therein may change after such date. You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this offering memorandum is not legal, tax or business advice.

You should contact the initial purchasers with any questions concerning this offering or to obtain documents or additional information to verify the information in this offering memorandum.

We are offering the Notes in reliance on exemptions from registration under the Securities Act, for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Notice to Investors." You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the initial purchasers are making an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction where the offer or sale of the Notes is not permitted. We do not make any representation to you that the Notes are a legal investment for you.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the initial purchasers shall have any responsibility therefor.

The initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes, including over-allotment, stabilizing and short-covering transactions in the Notes and the imposition of a penalty bid during and after this offering of the Notes. Such stabilization, if commenced, may be discontinued at any time. For a description of these activities, see "Plan of Distribution."

We have prepared this offering memorandum solely for use in connection with the offer of the Notes to qualified institutional buyers in reliance on Rule 144A and to persons outside the United States in compliance with Regulation S. You agree that you will hold the information contained in this offering memorandum and the transactions contemplated hereby in confidence. You may not distribute this offering memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes. We and the initial purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES

ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

Each person receiving this offering memorandum acknowledges that (1) it has been afforded an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained in this offering memorandum, (2) it has not relied upon the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision, (3) this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities and (4) no person has been authorized to give information or to make any representation concerning us, this offering or the Notes, other than as contained in this offering memorandum, in connection with an investor's examination of us and the terms of this offering.

## MARKET AND INDUSTRY DATA

We include statements regarding market share and ranking and factors that have impacted our industry. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from industry publications and surveys, as well as from internal company sources and our management's knowledge and experience in the markets in which we operate. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Neither we nor the initial purchasers have independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. In addition, while we believe that the industry information included herein is generally reliable as of the dates thereof, such information is inherently imprecise. While we are not aware of any misstatements regarding the industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors described in this offering memorandum under the heading "Risk Factors" and as disclosed in Item 1A of the 2020 Annual Report (as defined herein) and the other information included or incorporated by reference in this offering memorandum. These factors could cause results to differ materially from those expressed in these publications. Accordingly, investors should not place undue weight on the industry, ranking and market data presented in this offering memorandum.

## NO SEC REVIEW

**Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.**

The information included in this offering memorandum does not conform to information that would be required if this offering was made pursuant to a registration statement filed with the SEC. This offering memorandum, as well as any other documents in connection with this offering, will not be reviewed by the SEC. There are no registration rights associated with the Notes, and we have no intention to offer notes in a transaction registered under the Securities Act in exchange for the Notes or to file a registration statement with respect to the Notes. The indenture governing the Notes will not be qualified under the Trust Indenture Act of 1939, as amended (the "TIA").

## USE OF NON-GAAP FINANCIAL INFORMATION

To provide to holders of the Notes additional information in connection with our results as determined by generally accepted accounting principles in the United States of America ("GAAP"), we disclose Adjusted EBITDA, Covenant Adjusted EBITDA (Pre-SAC), Free Cash Flow and Adjusted Free Cash Flow as non-GAAP measures. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, operating income, cash flows, or any other measure calculated in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies.

### Adjusted EBITDA

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about our operating profitability adjusted for certain non-cash items, non-routine items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Further, we believe Adjusted EBITDA provides a meaningful measure of operating profitability because we use it for evaluating our business performance, making budgeting decisions, and comparing our performance against that of other peer companies using similar measures.

We define Adjusted EBITDA as net income or loss adjusted for (i) interest, (ii) taxes, (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets

and amortization of dealer and other intangible assets, (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions, (v) share-based compensation expense, (vi) merger, restructuring, integration, and other, (vii) losses on extinguishment of debt, (viii) radio conversion costs, net, (ix) financing and consent fees, (x) foreign currency gains/losses, (xi) acquisition related adjustments, and (xii) other charges and non-cash items.

There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest, taxes, and other adjustments which directly affect our net income or loss. These limitations are best addressed by considering the economic effects of the excluded items independently and by considering Adjusted EBITDA in conjunction with net income or loss as calculated in accordance with GAAP. The Adjusted EBITDA discussion above is also applicable to its margin measure, which is calculated as Adjusted EBITDA as a percentage of monitoring and related services revenue.

**Covenant Adjusted EBITDA (Pre-SAC)**

We believe that the presentation of Covenant Adjusted EBITDA (Pre-SAC) is appropriate to provide additional information to investors about our operating profitability adjusted to exclude the effect of our subscriber acquisition costs ("SAC"). Additionally, we present Covenant Adjusted EBITDA (Pre-SAC), which is used in the indentures governing our First Lien Credit Agreement and our Second-Priority Notes, as a supplemental measure of our performance and ability to service debt and incur additional debt.

We define Covenant Adjusted EBITDA (Pre-SAC) as Adjusted EBITDA adjusted for costs in our statement of operations associated with the acquisition of customers, net of revenue associated with the sale of equipment (expensed net SAC).

There are material limitations to using Covenant Adjusted EBITDA (Pre-SAC). Covenant Adjusted EBITDA (Pre-SAC) does not take into account certain significant items, including depreciation and amortization, interest, taxes, and other adjustments, including subscriber acquisition costs, which directly affect our net income or loss. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Covenant Adjusted EBITDA (Pre-SAC) in conjunction with net income or loss as calculated in accordance with GAAP.

**Free Cash Flow**

We believe that the presentation of Free Cash Flow is appropriate to provide additional information to investors about our ability to repay debt, make other investments, and pay dividends.

We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network; subscriber system asset expenditures; and purchases of property and equipment. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities.

Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Free Cash Flow in combination with the cash flows as calculated in accordance with GAAP.

**Adjusted Free Cash Flow**

We believe that the presentation of Adjusted Free Cash Flow is appropriate to provide additional information to investors about our ability to repay debt, make other investments, and pay dividends.

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for payments related to (i) net cash flow associated with our consumer receivables facility, (ii) financing and consent fees, (iii) restructuring and integration, (iv) integration related capital expenditures, (v) radio conversion costs, and (vi) other payments or receipts that may mask our operating results or business trends. As a result, subject to the limitations described below, Adjusted Free Cash Flow is a useful measure of our cash flow attributable to our normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as our ability to repay other debt, make other investments, and pay dividends.

Adjusted Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Adjusted Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Adjusted Free Cash Flow in combination with the GAAP cash flow numbers.

During the second quarter of 2020, Free Cash Flow before special items was renamed Adjusted Free Cash Flow to reflect the net cash flow associated with our consumer receivables facility, which supports our consumer financing program that launched nationally in 2020. The inclusion of the net cash flow associated with our consumer receivables facility represents the only revision to Free Cash Flow before special items.

## CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This offering memorandum contains certain information that may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that all statements contained in this offering memorandum that are not clearly historical in nature, including statements regarding anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, our ability to successfully respond to the challenges posed by the COVID-19 pandemic; our strategic partnership and ongoing relationship with Google; the expected timing of product commercialization with Google or any changes thereto; the successful internal development, commercialization, and timing of our next generation platform; and other matters are forward-looking. Forward-looking statements are contained principally in the sections of this offering memorandum titled "Summary," "Risk Factors" and "Use of Proceeds." Without limiting the generality of the preceding sentence, any time we use the words "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. For ADT, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include, without limitation:

- our ability to keep pace with rapid technological and industry changes;
- our ability to effectively implement our strategic partnership with, or utilize any of the amounts invested in us by Google LLC;
- the impact of the COVID-19 pandemic on our employees, our customers, our suppliers and our ability to carry on our normal operations;
- our ability to maintain and grow our existing customer base;
- our ability to sell our products and services or launch new products and services in highly competitive markets, including the home automation market and fire and security markets, and achieve market acceptance with acceptable margins;
- our ability to successfully upgrade obsolete equipment, such as 3G and CDMA communications equipment installed at our customers' premises, in an efficient and cost-effective manner;
- changes in law, economic and financial conditions, including tax law changes, changes to privacy requirements, changes to telemarketing, email marketing and similar consumer protection laws, interest volatility, and trade tariffs applicable to the products we sell;
- the impact of potential information technology, cybersecurity or data security breaches;
- our dependence on third-party providers, suppliers, and dealers to enable us to produce and distribute our products and services in a cost-effective manner that protects our brand;
- our ability to successfully implement an equipment ownership model that best satisfies the needs of our customers and to successfully implement and maintain our receivables securitization financing agreement;

- our ability to successfully pursue alternate business opportunities and strategies;

- our ability to integrate various companies we have acquired in an efficient and cost-effective manner;

- the amount and timing of our cash flows and earnings, which may be impacted by customer, competitive, supplier and other dynamics and conditions;

- our ability to maintain or improve margins through business efficiencies; and

- the other factors that are described in this offering memorandum under the heading "Risk Factors" and as disclosed in Item 1A of the 2020 Annual Report.

These forward-looking statements reflect our views with respect to future events as of the date of this offering memorandum or the documents incorporated by reference herein, as applicable, and are based on assumptions and subject to risks and uncertainties. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this offering memorandum and in other filings. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this offering memorandum and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events, or otherwise after the date of this offering memorandum. We anticipate that subsequent events and developments will cause our views to change. You should read this offering memorandum and the documents incorporated by reference herein completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures, or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.

## WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF DOCUMENTS BY REFERENCE

The Company files annual, quarterly and current reports and other information with the SEC. You may read and obtain copies of any materials that the Company has filed with the SEC without charge at the website maintained by the SEC. The address of this website is http://www.sec.gov.

This offering memorandum incorporates by reference the documents listed below that the Company has previously filed with the SEC. They contain important information about the financial condition of the Company and its consolidated subsidiaries. Any information referred to in this way is considered part of this offering memorandum from the date the Company files that document. Any reports filed by the Company with the SEC after the date of this offering memorandum and before the date that the offering of the Notes by means of this offering memorandum is completed will automatically update and, where applicable, supersede any information contained in this offering memorandum or incorporated by reference in this offering memorandum.

We incorporate by reference into this offering memorandum the following documents, which have been filed by the Company with the SEC:

- The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 25, 2021 (the "2020 Annual Report");

- The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, filed with the SEC on May 5, 2021 (the "Q1 Quarterly Report");

- The Company's Current Reports on Form 8-K filed with the SEC on January 27, 2021, March 8, 2021, April 5, 2021, April 26, 2021, May 5, 2021, May 27, 2021 and July 6, 2021 (in each case, other than information furnished pursuant to Item 2.02 or Item 7.01 of any such Current Report on Form 8-K); and

- All documents filed by the Company under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this offering memorandum and before the termination of the offering to which this offering memorandum relates (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless expressly stated otherwise therein).

In reviewing any agreements included as part of the documents incorporated by reference herein, please remember they are included to provide you with information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information about the Company, its consolidated subsidiaries or the Issuer. The agreements may contain representations and warranties by the Company, its consolidated subsidiaries or the Issuer, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

We will provide without charge to each person to whom this offering memorandum is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this offering memorandum, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request copies of those documents from the Company, 1501 Yamato Road, Boca Raton, FL 33431. You also may contact us at (561) 988-3600 or through the Company's investor website at http://investor.adt.com.

**Except as described above, no other information is incorporated by reference in this offering memorandum (including, without limitation, information on the Company's website).**

No person has been authorized to give any information or to make any representation other than those contained in this offering memorandum, and, if given or made, any information or representations must not be relied upon as having been authorized. This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy these securities in any circumstances in which this offer or solicitation is unlawful. Neither the delivery of this offering memorandum nor any sale made under this offering memorandum shall, under any circumstances, create any implication that there has been no change in the affairs of ADT since the date of this offering memorandum.

## SUMMARY

The following summary contains selected information about us and about this offering. It does not contain all of the information that is important to you and your investment decision. Before you make an investment decision, you should review this offering memorandum in its entirety, including matters set forth under "Risk Factors," and the documents incorporated by reference herein, including our consolidated financial statements and the related notes thereto included in our 2020 Annual Report and the condensed consolidated financial statements and the related notes thereto included in our Q1 Quarterly Report. Some of the statements in the following summary constitute forward-looking statements. See "Cautionary Note Concerning Forward-Looking Statements."

### Overview

ADT is a leading provider of security, automation, and smart home solutions serving consumer and business customers in the United States. Our mission is to help our customers protect and connect to what matters most—their families, homes, and businesses. We offer many ways to help protect and connect customers by providing 24/7 professional monitoring services as well as delivering lifestyle-driven solutions through professionally installed "do-it-for-me" ("DIFM"), "do-it-yourself ("DIY"), mobile, and digital-based offerings for residential, small businesses, and large commercial customers. The ADT brand is synonymous with monitored security and, as one of the most recognized and trusted brands in the security systems industry, is a key driver of our success. As of March 31, 2021, we served approximately 6.6 million recurring revenue customers through more than 300 locations, nine monitoring centers, and the largest network of security and home automation professionals in the U.S.

ADT Inc. is a public company incorporated in Delaware. Our shares of common stock trade on the NYSE under the symbol "ADT." Our principal executive offices are located at 1501 Yamato Road, Boca Raton, Florida 33431, and our telephone number is (561) 988-3600. Our website is located at https://investor.adt.com. Our website and the information contained on, or that can be accessed through, our website will not be deemed to be incorporated by reference in, and are not considered part of, this offering memorandum. You should not rely on our website or any such information in making your decision whether to purchase Notes in this offering.

### The Transactions

Upon the consummation of this offering, the Issuer intends to issue a notice of redemption with respect to the Issuer's 3.500% Notes due 2022, which mature on July 15, 2022 (the "2022 ADT Notes") to redeem in full the $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes (the "Redemption"). If the offering of the Notes is not successfully consummated, the Issuer will not redeem any 2022 ADT Notes. Throughout this offering memorandum, we collectively refer to this offering and the Redemption as the "Transactions." See "—Sources and Uses of Funds" for additional detail regarding the Transactions.

The proceeds from the offering of the Notes, together with cash on hand, will be used to (a) redeem in full the $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes and (b) pay related fees and expenses in connection with the Transactions.

This offering memorandum does not constitute a notice of redemption with respect to the 2022 ADT Notes.

### Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the Transactions, assuming they occurred on March 31, 2021 and based on estimated amounts outstanding on that date. The following table and accompanying footnotes also assume that (a) the offering of the Notes is consummated on the terms set forth herein and (b) $1,000 million aggregate principal amount

outstanding 2022 ADT Notes are redeemed on August 28, 2021 (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date). The actual sources and uses of funds may vary from the estimated sources and uses of funds in the following table and accompanying footnotes set forth below.

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| | (dollars in thousands) | | |
| Cash from balance sheet[1] | $ 44,000 | Redemption of 2022 ADT Notes[3] | $ 1,000,000 |
| Notes[2] | $1,000,000 | Fees and Expenses[4] | $ 44,000 |
| Total sources of funds | $1,044,000 | Total uses of funds | $ 1,044,000 |

(1) Represents cash available on the Company's balance sheet as of March 31, 2021, as well as cash generated subsequent to March 31, 2021.

(2) Represents the $1,000 million face value of the Notes (excluding original issue discount (if any)) prior to the initial purchasers' discount to the offering price. We intend to use the proceeds from the offering of the Notes, together with cash on hand, to (a) redeem in full the $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes and (b) pay related fees and expenses in connection with the Transactions. See "Description of Notes."

(3) As of March 31, 2021, $1,000 million aggregate principal amount of the 2022 ADT Notes were outstanding. Assumes that the Issuer will redeem $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes on August 28, 2021 (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date), and pay all accrued and unpaid interest and any applicable redemption premium on such 2022 ADT Notes to, but excluding, such date, in accordance with the indenture governing the 2022 ADT Notes, which we expect will amount to approximately $31 million. The 2022 ADT Notes have a maturity date of July 15, 2022 and bear interest at a rate of 3.500% per annum. Prior to July 15, 2022, the Issuer may redeem the 2022 ADT Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2022 ADT Notes redeemed, plus a make-whole premium and accrued and unpaid interest to, but excluding, the redemption date.

(4) Reflects the estimated fees and expenses associated with the Transactions, including the offering of the Notes and the Redemption, including breakage costs, placement and other financing fees, advisory fees and other transaction costs and professional fees, including any initial purchasers' commissions in connection with the offering of the Notes. We intend to pay all fees and expenses associated with the Transactions with cash on hand.

**Recent Developments**

On July 2, 2021, we amended our First Lien Credit Agreement to extend the maturity date of our existing first lien revolving credit facility (as extended, the "Extended First Lien Revolving Credit Facility") to June 23, 2026, subject to the repayment, extension, or refinancing with longer maturity debt of certain of Prime Borrower's other indebtedness, and obtain an additional $175 million of commitments under the Extended First Lien Revolving Credit Facility.

**The Offering**

The summary below describes the principal terms of the Notes offered hereby. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should carefully review the "Description of Notes" section of this offering memorandum, which contains a more detailed description of the terms and conditions of the Notes.

| | |
|---|---|
| Issuer | The ADT Security Corporation |
| Notes Offered | $1,000,000,000 aggregate principal amount of % First-Priority Senior Secured Notes due 2029. |
| Maturity Date | August 1, 2029. |
| Interest Rates and Payment Dates | The Notes will bear interest at a rate of % per annum from , 2021. Interest on the Notes will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2022. |
| Denominations | Minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. |
| Guarantees | The Notes will be fully and unconditionally guaranteed on a first-priority senior secured basis, jointly and severally, by Prime Borrower and each of the present and future direct or indirect wholly owned material domestic subsidiaries of Prime Borrower, other than the Issuer, that guarantees the First Lien Credit Agreement. The guarantees will be automatically released upon release of the corresponding guarantees of the First Lien Credit Agreement (except a release by or as a result of payment under such guarantee following a default by the direct obligor of the First Lien Credit Agreement). However, any such released guarantees will be reinstated if the released guarantors are required to subsequently guarantee the First Lien Credit Agreement. |
| Ranking | The Notes and the related guarantees will be the Issuer's senior secured obligations and will:<br>• rank equally in right of payment with all of our existing and future senior obligations;<br>• rank senior in right of payment to all of our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Notes;<br>• be effectively senior to all of our future unsecured indebtedness to the extent of the value of the collateral securing the Notes;<br>• be equal to all of our existing and future indebtedness that is secured by the collateral on a first-priority basis, including indebtedness under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes, to |

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| | the extent of the value of the collateral securing such indebtedness;<br><br>• be effectively senior to all of our existing and future indebtedness that is secured by the collateral on a junior-priority basis, including the Second-Priority Notes, to the extent of the value of the collateral securing the Notes; and<br><br>• be structurally subordinated to all obligations of each of Prime Borrower's subsidiaries that is not a guarantor of the Notes, including our special purpose subsidiaries.<br><br>As of the date hereof, on a pro forma basis after giving effect to the Transactions, the Notes would have ranked (i) effectively pari passu with $7,329 million face value of indebtedness drawn under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes, with a further $575 million available for borrowing under the Revolving Credit Facility, without giving effect to the letters of credit, and (ii) effectively senior to the Second-Priority Notes to the extent of the value of the collateral securing the Notes. See "Description of Notes—Ranking."<br><br>As of March 31, 2021, the non-recourse indebtedness of our special purpose subsidiaries to which the Notes would be effectively subordinated was $98 million.<br><br>As of March 31, 2021, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries held approximately 1% of our consolidated assets, with less than 1% of our consolidated total assets attributable to special purpose subsidiaries, and had $98 million of outstanding indebtedness under our Receivables Facility (as defined herein), consisting of non-recourse indebtedness of our special purpose subsidiaries. During the three months ended March 31, 2021, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries generated less than 1% of our total revenue and less than 1% of our Adjusted EBITDA. |
| Security..... | The Notes and the related guarantees will be secured by first-priority security interests in the collateral (which generally includes substantially all of the existing and future assets of the Issuer and the guarantors) subject to permitted liens and certain exclusions as described herein.<br><br>The collateral securing the Notes will exclude: (i) certain real property, (ii) motor vehicles, and certain commercial tort claims, (iii) those assets over which the pledging or granting of security interests in such assets would be prohibited by applicable law, rule, regulation or certain contractual obligations (including leases, licenses or other agreements, government licenses or state or local license, franchises, charters or authorizations (in each case, except to the extent such prohibition is unenforceable after giving effect to applicable anti-assignment provisions of Article 9 of the |

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| | Uniform Commercial Code), (iv) assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as determined in good faith by Prime Borrower, (v) "intent-to-use" trademark applications until an Amendment to Allege Use or Statement of Use has been filed, (vi) certain securitization assets, (vii) exceptions mutually agreed upon between Prime Borrower and the administrative agent under the First Lien Credit Agreement and (viii) certain other limited assets.<br><br>For more information on the security granted, see "Description of Notes—Security." The security interests in the assets securing the Notes may be released under certain circumstances without your consent or the consent of the trustee. See "Risk Factors—Risks Related to Our Indebtedness and the Notes" and "Description of Notes—Release of Collateral." |
| Intercreditor Agreement..... | The security granted in the collateral to secure the Notes on a first-priority basis also secures, on a first-priority basis, indebtedness under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes. In addition, the indenture governing the Notes will permit us to secure additional indebtedness with liens on the collateral under certain circumstances.<br><br>Pursuant to an intercreditor agreement (the "First Lien/First Lien Intercreditor Agreement") to be joined by the Trustee on the Issue Date, the lenders under the First Lien Credit Agreement, the holders of the ADT Notes, the holders of the First-Priority Notes and the holders of certain other debt (including certain hedging and cash management counterparties) will receive parity treatment with the Notes with respect to the proceeds of an enforcement of the security interest in or other recoveries from the collateral. See "Description of Notes—Security— First Lien/First Lien Intercreditor Agreement."<br><br>The Notes will also be subject to an intercreditor agreement (the "First Lien/Second Lien Intercreditor Agreement") that establishes the subordination of the liens securing the Second-Priority Notes to the liens securing the first-priority lien obligations, including the Notes, and certain other matters relating to the administration of security interests. See "Description of Notes—First Lien/Second Lien Intercreditor Agreement." |
| Optional Redemption ..... | The Notes will be subject to redemption at our option on any date prior to the maturity date, in whole or from time to time in part.<br><br>Prior to , 2028 (twelve months prior to the maturity date) (the "Par Call Date"), the Notes will be redeemable at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the principal amount of the Notes plus a "make-whole" |

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| | amount, plus in each case, accrued and unpaid interest to, but excluding, the Par Call Date.<br><br>On or after the Par Call Date, the Notes will be redeemable at a redemption price equal to 100% of the aggregate principal amount of any Notes being redeemed, plus accrued and unpaid interest, if any, thereon to the redemption date. See "Description of Notes—Optional Redemption." |
| Redemption of Notes for Tax Reasons ..... | We may redeem all, but not part, of the Notes upon the occurrence of specified tax events described under "Description of Notes— Redemption Upon Changes in Withholding Taxes." |
| Change of Control Offer to Repurchase..... | If (a) a Change of Control as defined under "Description of Notes—Change of Control" occurs and (b) the rating on the Notes is lowered in respect of a Change of Control and the Notes are rated below investment grade by two of three rating agencies (which are Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings, Inc.), the Issuer must offer to repurchase the Notes at a repurchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See "Description of Notes—Change of Control." |
| Certain Covenants ..... | The indenture governing the Notes will include requirements that will, among other things, restrict the ability of Prime Borrower and its subsidiaries to:<br><br>• merge, consolidate or sell, transfer or lease assets;<br><br>• create liens on certain assets; and<br><br>• enter into sale-leaseback transactions.<br><br>These covenants will be subject to a number of important qualifications and limitations. See "Description of Notes." |
| Transfer Restrictions; No Registration Rights ..... | The Notes have not been and will not be registered under the Securities Act or any state securities laws. The Notes are subject to certain restrictions on transfer and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Notice to Investors." Holders of the Notes will not be entitled to any registration rights, and we will not be required to complete a registered exchange offer or file a shelf registration statement for resales of the Notes. We do not intend to issue registered notes in exchange for the Notes and the absence of registration rights may adversely impact the transferability of the Notes. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—There are |

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| | restrictions on your ability to transfer or resell the Notes without registration or the filing of a prospectus under applicable securities laws, and the Notes are not subject to any future registration rights or obligations." |
| Use of Proceeds ..... | We will use the proceeds from the offering of the Notes, together with cash on hand, to (a) redeem $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes and (b) pay related fees and expenses in connection with the Transactions. See "Use of Proceeds." |
| No Prior Market ..... | The Notes will be new securities for which there is currently no public trading market. Although certain of the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. We do not intend to list or apply to list the Notes on any securities exchange or for quotation through any automated quotation system. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop, or if developed be maintained, for the Notes." |
| Book-Entry Form ..... | The Notes will be issued in registered book-entry form represented by one or more global notes to be deposited with or on behalf of DTC or its nominee. Transfers of the Notes will only be effected through facilities of DTC. Beneficial interests in the global notes may not be exchanged for certificated notes except in limited circumstances. See "Book-Entry; Delivery and Form." |
| Additional Notes ..... | From time to time, without notice to, or the consent of, the holders of the Notes, the Issuer may issue other debt securities under the indenture governing the Notes in addition to the Notes, increase the principal amount of the Notes that may be issued under the indenture governing the Notes and issue additional Notes in the future. Any additional Notes issued in this manner will have the same terms as the Notes being offered by this offering memorandum but may be offered at a different offering price or have a different issue date, interest accrual date or initial interest payment date than the Notes being offered by this offering memorandum. If issued in this manner, these additional Notes will become part of the same series as the Notes being offered by this offering memorandum, including for purposes of voting, redemptions and offers to purchase. If any additional Notes issued in this manner are issued at a price that causes such additional Notes to have more than a de minimis amount of "original issue discount" within the meaning of Section 1273 of the United States Internal Revenue Code of 1986, as amended, and regulations of the United States Department of Treasury thereunder (the "Code"), such additional Notes may not have the same CUSIP number as the Notes offered by this offering |

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| | memorandum. The indenture governing the Notes also permit the issuance of additional series of notes having different terms than the Notes. Holders of additional notes issued in this manner will vote with holders of the Notes (except to the extent the amendment affects a provision that is included in only one series of notes). |
| Trustee ..... | Wells Fargo Bank, National Association. |
| Notes Collateral Agent ..... | Barclays Bank PLC. |
| Governing Law ..... | The governing law for the Notes and the indenture is New York. |
| Risk Factors ..... | You should carefully consider the information set forth herein under "Risk Factors" and in the section entitled "Risk Factors" in the 2020 Annual Report and the other information included or incorporated by reference in this offering memorandum in deciding whether to purchase the Notes. |

## SUMMARY HISTORICAL AND OTHER DATA

The following summary historical consolidated financial and other data of ADT Inc. should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes included in the 2020 Annual Report and the condensed consolidated financial statements and the related notes thereto included in our Q1 Quarterly Report, each of which are incorporated by reference herein.

We derived the summary historical condensed consolidated statements of operations and cash flow data of ADT Inc. for the three months ended March 31, 2021 and March 30, 2020 from ADT Inc.'s unaudited interim condensed consolidated financial statements included in the Q1 Quarterly Report, which is incorporated by reference herein.

We derived the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the years ended December 31, 2020, 2019 and 2018 from ADT Inc.'s consolidated financial statements included in its 2020 Annual Report, which is incorporated by reference herein.

We derived the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the twelve months ended March 31, 2021 by taking the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the year ended December 31, 2020, plus the summary historical condensed consolidated statements of operations and cash flow data of ADT Inc. for the three months ended March 31, 2021, less the summary historical condensed consolidated statements of operations and cash flow data of ADT Inc. for the three months ended March 31, 2020.

The selected key performance indicators noted below have not been presented in the above mentioned unaudited condensed consolidated financial statements and the historical consolidated financial statements.

| (in thousands, except as otherwise indicated) | Twelve Months Ended March 31, 2021 | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2020 | 2019 | 2018 |
| **Results of Operations:** | | | | | | |
| Monitoring and related services | $ 4,203,796 | $ 1,062,766 | $ 1,045,957 | $ 4,186,987 | $ 4,307,582 | $ 4,109,939 |
| Installation and other | 1,045,943 | 241,938 | 323,795 | 1,127,800 | 818,075 | 471,734 |
| **Total revenue** | 5,249,739 | 1,304,704 | 1,369,752 | 5,314,787 | 5,125,657 | 4,581,673 |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 1,489,708 | 381,166 | 407,986 | 1,516,528 | 1,390,284 | 1,041,336 |
| Selling, general and administrative expenses | 1,719,281 | 449,602 | 453,227 | 1,722,906 | 1,406,532 | 1,246,950 |
| Depreciation and intangible asset amortization | 1,894,552 | 469,809 | 489,024 | 1,913,767 | 1,989,082 | 1,930,929 |
| Merger, restructuring, integration, and other | 31,921 | 20,507 | 108,794 | 120,208 | 35,882 | (3,344) |
| Goodwill impairment | — | — | — | — | 45,482 | 87,962 |
| Loss on Sale of Business | 661 | — | 77 | 738 | 61,951 | — |
| **Operating income (loss)** | 113,616 | (16,380) | (89,356) | 40,640 | 196,444 | 277,840 |
| Interest expense, net | (530,546) | (47,724) | (225,367) | (708,189) | (619,573) | (663,204) |
| Loss on extinguishment of debt | (53,976) | (156) | (65,843) | (119,663) | (104,075) | (274,836) |
| Other income | 7,787 | 1,803 | 2,309 | 8,293 | 5,012 | 27,582 |
| **Loss before income taxes** | (463,119) | (62,457) | (378,257) | (778,919) | (522,192) | (632,618) |

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|---|---|---|---|---|---|---|
| Income tax benefit..... | 83,325 | 14,563 | 77,964 | 146,726 | 98,042 | 23,463 |
| **Net loss .....** | $ (379,794) | $ (47,894) | $ (300,293) | $ (632,193) | $ (424,150) | $ (609,155) |
| **Summary Cash Flow Data:** | | | | | | |
| Net cash provided by operating activities..... | $ 1,475,854 | $ 359,334 | $ 250,229 | $ 1,366,749 | $ 1,873,117 | $ 1,787,607 |
| Net cash used in investing activities..... | $(1,198,154) | $ (399,112) | $ (338,435) | $(1,137,477) | $ (978,177) | $(1,738,210) |
| Net cash (used in) provided by financing activities..... | $ (268,557) | $ (40,685) | $ 157,611 | $ (70,261) | $(1,214,204) | $ 193,001 |
| **Key Performance Indicators:** | | | | | | |
| RMR[1][2] ..... | $ 349,058 | $ 349,058 | $ 339,182 | $ 343,243 | $ 336,128 | $ 346,751 |
| Gross customer revenue attrition (percentage)[1][3]..... | 13.1% | 13.1% | 13.5% | 13.1% | 13.4% | 13.3% |
| Adjusted EBITDA[4]..... | $ 2,201,879 | $ 542,131 | $ 539,489 | $ 2,199,237 | $ 2,483,210 | $ 2,453,497 |
| Covenant Adjusted EBITDA (Pre-SAC)[4] ... | $ 2,582,050 | $ 647,655 | $ 623,377 | $ 2,557,772 | $ 2,766,318 | $ 2,749,214 |
| Adjusted Free Cash Flow [5]..... | $ 565,829 | $ 63,585 | $ 172,656 | $ 674,900 | $ 590,410 | $ 537,827 |

(1) In evaluating our results, we utilize key performance indicators which include non-GAAP measures as well as certain other operating metrics such as recurring monthly revenue ("RMR") and gross customer revenue attrition. Our computations of key performance indicators may not be comparable to other similarly titled measures reported by other companies. Additionally, our operating metric key performance indicators are approximated as there may be variations to reported results in each period due to certain adjustments we might make in connection with the integration over several periods of acquired companies that calculated these metrics differently, or otherwise, including periodic reassessments and refinements in the ordinary course of business. These refinements, for example, may include changes due to systems conversions or historical methodology differences in legacy systems.

(2) RMR is generated by contractual recurring fees for monitoring and other recurring services provided to our customers. We believe the presentation of RMR is useful because it measures the volume of revenue under contract at a given point in time.

(3) A portion of our customer base can be expected to cancel its service every year. Customers may choose not to renew or may terminate their contracts for a variety of reasons, including relocation, cost, loss to competition, or service issues. Gross customer revenue attrition has a direct impact on our financial results, including revenue, operating income, and cash flows.

Gross customer revenue attrition is defined as RMR lost as a result of customer attrition, net of dealer charge-backs and reinstated customers, excluding contracts monitored but not owned and DIY customers. Customer sites are considered canceled when all services are terminated. Dealer charge-backs represent customer cancellations charged back to the dealers because the customer canceled service during the charge-back period, which is generally thirteen months.

Gross customer revenue attrition is calculated on a trailing twelve-month basis, the numerator of which is the RMR lost during the period due to attrition, net of dealer charge-backs and reinstated customers, excluding contracts monitored but not owned and DIY customers, and the denominator of which is total annualized RMR based on an average of RMR under contract at the beginning of each month during the period.

As of January 1, 2019, in conjunction with the acquisition of LifeShield LLC, we began presenting gross customer revenue attrition excluding existing and new DIY customers. As a result, trailing twelve-month gross customer revenue attrition excludes DIY customers for all periods presented in this offering memorandum. For all prior reports covering periods prior to January 1, 2019, trailing twelve-month gross customer revenue attrition included DIY customers. Including DIY customers as of December 31, 2018 rounds to the same percentage as presented in this offering memorandum.

(4) Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) are non-GAAP measures that we believe are useful to investors to measure the operational strength and performance of our business and to provide additional information to investors about certain non-cash items and about unusual items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Further, we believe Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) provide a meaningful measure of operating profitability because we use them for evaluating our business performance, making budgeting decisions, and

comparing our performance against that of other peer companies using similar measures.

We define Adjusted EBITDA as net income or loss adjusted for (i) interest, (ii) taxes, (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets and amortization of dealer and other intangible assets, (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions, (v) share-based compensation expense, (vi) merger, restructuring, integration, and other, (vii) losses on extinguishment of debt, (viii) radio conversion costs, net, (ix) financing and consent fees, (x) foreign currency gains/losses, (xi) acquisition related adjustments, and (xii) other charges and non-cash items. We define Covenant Adjusted EBITDA (Pre-SAC) as Adjusted EBITDA adjusted for costs in our statement of operations associated with the acquisition of customers, net of revenue associated with the sale of equipment (expensed net SAC).

There are material limitations to using Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC). Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) do not take into account certain significant items, including depreciation and amortization, interest, taxes, and other adjustments, including subscriber acquisition costs, which directly affect our net income or loss. These limitations are best addressed by considering the economic effects of the excluded items independently and by considering Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) in conjunction with net income or loss as calculated in accordance with GAAP.

The table below reconciles net (loss) income to Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) for the periods presented.

| | Twelve Months Ended March 31, | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **2021** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Net loss | $ (379,794) | $ (47,894) | $ (300,293) | $ (632,193) | $ (424,150) | $ (609,155) |
| Interest expense, net | 530,546 | 47,724 | 225,367 | 708,189 | 619,573 | 663,204 |
| Income tax benefit | (83,325) | (14,563) | (77,964) | (146,726) | (98,042) | (23,463) |
| Depreciation and intangible asset amortization | 1,894,552 | 469,809 | 489,024 | 1,913,767 | 1,989,082 | 1,930,929 |
| Amortization of deferred subscriber acquisition costs | 102,838 | 28,642 | 22,627 | 96,823 | 80,128 | 59,928 |
| Amortization of deferred subscriber acquisition revenue | (132,486) | (37,159) | (29,477) | (124,804) | (107,284) | (79,136) |
| Share based compensation expense | 88,533 | 16,019 | 23,499 | 96,013 | 85,626 | 135,012 |
| Merger, restructuring, integration and other | 31,921 | 20,507 | 108,794 | 120,208 | 35,882 | (3,344) |
| Goodwill impairment | — | — | — | — | 45,482 | 87,962 |
| Loss on sale of business | 661 | — | 77 | 738 | 61,951 | — |
| Loss on extinguishment of debt | 53,976 | 156 | 65,843 | 119,663 | 104,075 | 274,836 |
| Radio conversion costs, net[(a)] | 103,979 | 58,729 | 6,639 | 51,889 | 24,983 | 5,099 |
| Financing and consent fees[(b)] | 3,359 | 3,346 | 5,250 | 5,263 | 23,250 | 8,857 |
| Foreign currency (gains)/losses[(c)] | — | — | — | — | (1,250) | 3,228 |
| Acquisition related adjustments[(d)] | (1,187) | (248) | 1,377 | 438 | 22,285 | 16,178 |
| Licensing Fees[(e)] | — | — | — | — | — | (21,533) |
| Other[(f)] | (11,694) | (2,937) | (1,274) | (10,031) | 21,619 | 4,895 |
| **Adjusted EBITDA** | $ 2,201,879 | $ 542,131 | $ 539,489 | $ 2,199,237 | $ 2,483,210 | $ 2,453,497 |
| Expensed Net SAC[(g)] | 380,171 | 105,524 | 83,888 | 358,535 | 283,108 | 295,717 |
| **Covenant Adjusted EBITDA (Pre-SAC)** | $ 2,582,050 | $ 647,655 | $ 623,377 | $ 2,557,772 | $ 2,766,318 | $ 2,749,214 |

(a) Represents costs, net of any incremental revenue earned, associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.

(b) Represents fees expensed associated with financing transactions.

(c) Relates to the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars.

(d) Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions.

(e) Represents other income related to $22 million of one-time licensing fees.

(f) Represents other charges and non-cash items. During 2020, included recoveries of $10 million associated with notes receivable from a former strategic investment. During 2019, included losses of $10 million associated with notes receivable from a former strategic investment and $6 million associated with an estimated legal settlement, net of insurance. During 2018, included a gain of $7.5 million from the sale of equity in a third-party that we received as part of a settlement.

(g) Represents expensed costs associated with the acquisition of new customers, net of revenue associated with the sale of equipment.

(5) We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network; subscriber system asset expenditures; and purchases of property and equipment. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities.

Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Free Cash Flow in combination with the cash flows as calculated in accordance with GAAP.

Adjusted Free Cash Flow is a non-GAAP measure that our management employs to measure cash that is available to repay debt, make other investments, and pay dividends.

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for payments related to (i) net cash flow associated with our consumer receivables facility, (ii) financing and consent fees, (iii) restructuring and integration, (iv) integration related capital expenditures, (v) radio conversion costs, net and (vi) other payments or receipts that may mask our operating results or business trends. As a result, subject to the limitations described below, Adjusted Free Cash Flow is a useful measure of our cash flow attributable to our normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as our ability to repay other debt, make other investments, and pay dividends.

Adjusted Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Adjusted Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Adjusted Free Cash Flow in combination with the GAAP cash flow numbers.

During the second quarter of 2020, Free Cash Flow before special items was renamed Adjusted Free Cash Flow to reflect the net cash flow associated with our consumer receivables facility, which supports our consumer financing program that launched nationally in 2020. The inclusion of the net cash flow associated with our consumer receivables facility represents the only revision to Free Cash Flow before special items.

The table below reconciles cash flows from operating activities to Free Cash Flow and Adjusted Free Cash Flow for the periods presented.

| | Twelve Months Ended March 31, | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **2021** | **2021** | **2020** | **2020** | **2019** | **2018** |
| Net cash provided by operating activities | $ 1,475,854 | $ 359,334 | $ 250,229 | $ 1,366,749 | $ 1,873,117 | $ 1,787,607 |
| Dealer generated customer accounts and bulk account purchases | (517,230) | (198,761) | (62,247) | (380,716) | (669,683) | (693,525) |
| Subscriber system asset expenditures | (497,870) | (144,345) | (64,830) | (418,355) | (542,305) | (576,290) |
| Purchases of property and equipment | (164,125) | (41,505) | (34,571) | (157,191) | (158,846) | (126,799) |
| **Free Cash Flow** | 296,629 | (25,277) | 88,581 | 410,487 | 502,283 | 390,993 |
| Net proceeds from | 98,078 | 22,303 | — | 75,775 | — | — |

| (in thousands) | Twelve Months Ended March 31, 2021 | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2020 | 2019 | 2018 |
| receivables facility | | | | | | |
| Financing and consent fees | 3,709 | 3,309 | 4,789 | 5,189 | 22,731 | 8,445 |
| Restructuring and integration payments | 15,155 | 1,409 | 6,502 | 20,248 | 14,460 | 18,083 |
| Integration related capital expenditures | 22,590 | 4,689 | 4,712 | 22,613 | 15,634 | 6,760 |
| Radio conversion costs, net | 90,925 | 50,973 | 3,218 | 43,170 | 25,332 | 5,778 |
| Redemption of mandatorily redeemable preferred securities[1] | — | — | — | — | — | 96,131 |
| Other[2] | 38,743 | 6,179 | 64,854 | 97,418 | 9,970 | 11,637 |
| **Adjusted Free Cash Flow** | $ 565,829 | $ 63,585 | $ 172,656 | $ 674,900 | $ 590,410 | $ 537,827 |

(1) On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96 million ($51 million related to 2018 and $45 million related to 2017), which is excluded from Adjusted Free Cash Flow.

(2) The three months ended March 31, 2020 and the twelve months ended December 31, 2020 included $81 million related to the settlement of a pre-existing relationship in connection with the Defenders acquisition. This was partially offset by $4 million related to the unrealized portion of a $39 million advance payment received for estimated charge-backs in connection with the Defenders acquisition during the three months ended March 31, 2020, of which $14 million was realized during the three months ended March 31, 2020, $11 million was realized during the three months ended June 30, 2020, $7 million was realized during the three months ended September 30, 2020, and $3 million was realized during the three months ended December 31, 2020.

## RISK FACTORS

In addition to the other information included or incorporated by reference in this offering memorandum, including the matters addressed under "Cautionary Note Concerning Forward-Looking Statements," you should carefully consider the following risks before investing in the Notes.

You should also read the risk factors and other cautionary statements, including those described under the sections entitled "Risk Factors" in the 2020 Annual Report and the Q1 Quarterly Report filed by ADT Inc., which are incorporated by reference in this offering memorandum.

We are subject to certain risks and uncertainties due to the nature of the business activities we conduct. The risks discussed below, any of which could materially and adversely affect our business, financial condition, cash flows, and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows, and results of operations.

### Risks Related to our Indebtedness and the Notes

***Our substantial indebtedness could materially adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under the Notes.***

We are a highly leveraged company. As of March 31, 2021, on a pro forma basis after giving effect to the Transactions, we would have had $9,629 million face value of outstanding indebtedness (excluding finance leases and indebtedness under the Receivables Facility). On a pro forma basis giving effect to the Transactions, we will have total interest expense payments of $441 million (including approximately $343 million of debt service relating to fixed rate obligations) for the first year following the consummation of the Transactions.

Our substantial indebtedness could have important consequences for you as a holder of the Notes. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the Notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the Notes and the agreements governing other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing funds available to us for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- make us more vulnerable to downturns in our business or the economy;
- restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies or exploiting business opportunities;

- cause us to make non-strategic divestitures;

- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds or dispose of assets;

- prevent us from raising the funds necessary to repurchase all Notes upon the occurrence of certain changes of control, which failure to repurchase would constitute a default under the indenture governing the Notes; or

- expose us to the risk of increased interest rates, as certain of our borrowings, including borrowings under the First Lien Credit Agreement, are at variable rates of interest.

In addition, the First Lien Credit Agreement and the indentures governing the Notes, the ADT Notes, the First-Priority Notes and the Second-Priority Notes contain, or will contain, restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.***

Any default under the agreements governing our indebtedness that are not waived by the required holders and the remedies sought by the holders of such indebtedness could leave us unable to pay principal, premium, if any, or interest on the Notes and could substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and the Second-Priority Notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to (i) declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, (ii) terminate their commitments and cease making further loans and (iii) institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to seek waivers from the required lenders under the First Lien Credit Agreement and the holders of the ADT Notes, the First-Priority Notes and the Second-Priority Notes to avoid being in default. If we breach our covenants under the documents governing our indebtedness and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders, as applicable. If this occurs, we would be in default under the documents governing our indebtedness, the lenders or holders, as applicable, could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. See “Description of Other Indebtedness” and “Description of Notes.”

Upon any such bankruptcy filing, under Title 11 of the United States Code, as amended (the “Bankruptcy Code”), we would be stayed from making any ongoing payments on the Notes, and the holders of the Notes would not be entitled to receive post-petition interest or applicable fees, costs or charges to the extent the amount of the obligations due under the Notes exceeded the value of the collateral (after taking into account all other senior debt that was also secured by the collateral), or any “adequate protection” on account of any undersecured portion of the Notes.

***Despite our substantial indebtedness, we may still be able to incur significantly more debt, which could intensify the risks associated with our substantial indebtedness.***

We and our subsidiaries may be able to incur substantial indebtedness in the future. Although the terms of the indenture governing the Notes and agreements governing our other indebtedness contain

restrictions on our and our subsidiaries' ability to incur additional indebtedness, including secured indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. As of the date hereof on a pro forma basis after giving effect to the Transactions, we would have had approximately $575 million available for additional borrowing under the Revolving Credit Facility (without giving effect to letters of credit), all of which would be secured on a first-priority basis. In addition to the Notes and our indebtedness under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and the Second-Priority Notes, the covenants under any other existing or future debt instruments could allow us to incur a significant amount of additional indebtedness. As of March 31, 2021, we have approximately $102 million of uncommitted additional borrowing available under the Receivables Facility. The more leveraged we become, the more we, and in turn our security holders, will be exposed to certain risks described above under "—Our substantial indebtedness could materially and adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments on the Notes."

***We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and to fund our working capital and capital expenditures, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.***

Our ability to pay principal and interest on the Notes and to satisfy our other debt obligations will depend upon, among other things:

- our future financial and operating performance (including the realization of any cost savings described herein), which will be affected by prevailing economic, industry and competitive conditions and financial, business, legislative, regulatory and other factors, many of which are beyond our control;

- our future ability to refinance or restructure our existing debt obligations, which depends on, among other things, the condition of the capital markets, our financial condition, and the terms of existing or future debt agreements; and

- our future ability to borrow under the Revolving Credit Facility, the availability of which depends on, among other things, our complying with the covenants in the credit agreement governing such facilities.

We can provide no assurance that our business will generate cash flow from operations, or that we will be able to draw under the Revolving Credit Facility or otherwise, in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the Notes.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements, including the instruments governing the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and the Second-Priority Notes, may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Investment funds directly or indirectly managed by Apollo

Global Management, Inc., its subsidiaries, and its affiliates, who collectively are our controlling shareholder, have no continuing obligation to provide us with debt or equity financing. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could result in a material adverse effect on our business, financial condition and results of operations and could negatively impact our ability to satisfy our obligations under the Notes.

If we cannot make scheduled payments on our indebtedness, we will be in default and holders of the Notes, the ADT Notes, the First-Priority Notes and the Second-Priority Notes and lenders under the First Lien Credit Agreement could declare all outstanding principal and interest to be due and payable, the lenders under the Revolving Credit Facility could terminate their commitments to loan money, our secured lenders (including the lenders under our First Lien Credit Agreement and the holders of the Notes, the ADT Notes, the First-Priority Notes and the Second-Priority Notes) could foreclose against the assets securing the indebtedness owing to them, and we could be forced into bankruptcy or liquidation. All of these events could cause you to lose all or part of your investment in the Notes.

If our indebtedness is accelerated, we may need to repay or refinance all or a portion of our indebtedness, including the Notes, before maturity. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all.

***Changes in our credit rating could negatively impact the market price or liquidity of the Notes.***

Credit rating agencies continually revise their ratings for the companies that they follow, including us. Credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. Additionally, we cannot be sure that credit rating agencies will maintain their ratings on the Notes. A negative change in our ratings could have a negative impact on the future trading prices of the Notes and on our ability to secure future debt financing on commercially reasonable terms or at all.

***Repayment of our debt, including the Notes, is dependent on cash flow generated by our subsidiaries.***

Repayment of our indebtedness, including the Notes, is dependent on the generation of cash flow by our subsidiaries and, if they are not guarantors of the Notes, their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the Notes, our subsidiaries do not have any obligation to pay amounts due on the Notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Notes. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. While the First Lien Credit Agreement, and the indentures governing the ADT Notes, the First-Priority Notes and the Second-Priority Notes limit, and the indenture governing the Notes will limit, the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes.

***The Notes will be structurally subordinated to all liabilities of current and future non-guarantor subsidiaries.***

The Notes will be structurally subordinated to indebtedness and other liabilities of the current and future subsidiaries of Prime Borrower that are not or will not be guaranteeing the Notes, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these

subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries of Prime Borrower, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us. During the three months ended March 31, 2021, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries generated less than 1% of our total revenue and less than 1% of our Adjusted EBITDA. As of March 31, 2021, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries held approximately 1% of our consolidated assets, with less than 1% of our consolidated assets attributable to special purpose subsidiaries, and had $98 million of outstanding indebtedness, excluding intercompany obligations and finance leases, consisting of non-recourse indebtedness of our special purpose subsidiaries .

In addition, the indenture governing the Notes will permit non-guarantor subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

The Notes will not be guaranteed by any of Prime Borrower's special purpose subsidiaries, non-U.S. subsidiaries or any subsidiaries that are not material or wholly owned. These non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefore, whether by dividends, loans, distributions or other payments. Any right that we or the guarantors have to receive any assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of Notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

***The lenders under the First Lien Credit Agreement will have the discretion to release any guarantors under the First Lien Credit Agreement in a variety of circumstances, which will cause those guarantors to be released from their guarantees of the Notes.***

While any obligations under the First Lien Credit Agreement remain outstanding, any guarantee of the Notes by a subsidiary of Prime Borrower may be released without action by, or consent of, any holder of the Notes or the trustee under the indenture that will govern the Notes, if the related guarantor is no longer a guarantor of obligations under the First Lien Credit Agreement or any other indebtedness. See "Description of Notes—Guarantees." The lenders under the First Lien Credit Agreement will have the discretion to release the guarantees under the First Lien Credit Agreement in a variety of circumstances. You will not have a claim as a creditor against any entity that is no longer a guarantor of the Notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

***Our debt agreements contain restrictions that limit our flexibility in operating our business.***

The First Lien Credit Agreement and the indenture governing the Second-Priority Notes contain, and any other existing or future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries' ability to, among other things:

- incur additional debt, guarantee indebtedness, or issue certain preferred equity interests;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- prepay, redeem or repurchase certain debt;
- make loans or certain investments;

- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- designate our subsidiaries as unrestricted subsidiaries.

In addition, the Revolving Credit Facility requires us to comply with certain financial covenants. See "Description of Other Indebtedness—First Lien Credit Agreement–Revolving Credit Facility."

As a result of these covenants, we will continue to be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

A failure to comply with the covenants under the agreements governing our indebtedness or any of our other future indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In the event of any such default, the lenders thereunder:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable;
- could require us to apply all of our available cash to repay these borrowings; or
- could effectively prevent us from making debt service payments on the Notes;

any of which could result in an event of default under the Notes.

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the First Lien Credit Agreement could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under the First Lien Credit Agreement.

If any of our outstanding indebtedness under the First Lien Credit Agreement or our other indebtedness, including the Notes, were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. See "Description of Other Indebtedness" and "Description of Notes."

***Because each guarantor's liability under its guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.***

The guarantees by the guarantors are limited to the maximum amount that such guarantors are permitted to guarantee under applicable law. As a result, any such guarantor's liability under its guarantee could be reduced to zero, depending on the amount of other obligations of such guarantor. Further, under

the circumstances discussed more fully below, a court under federal or state fraudulent conveyance and transfer statutes could avoid the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. See "—Federal and state statutes allow courts, under specific circumstances, to avoid the Notes and guarantees and the related security interests, and require holders of Notes to return payments received."

In addition, the guarantors will be automatically released from their guarantees upon the occurrence of certain events, including the following:

- the designation of a subsidiary guarantor as an unrestricted subsidiary;
- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the Notes by a subsidiary guarantor; or
- the sale or other disposition, including the sale of substantially all the assets, of a subsidiary guarantor.

If the guarantee of any guarantor is released, no holder of the Notes will have a claim as a creditor against that entity, and the indebtedness and other liabilities, including trade payables and preferred equity interests, if any, whether secured or unsecured, of that entity will be structurally senior to the claim of any holders of the Notes. See "Description of Notes—Guarantees."

***There are limited covenants and protections in the indentures.***

While the indenture and the Notes contain terms intended to provide protection to holders upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the Notes. For example, there are no financial covenants in the indentures. In addition, consistent with the ADT Notes and the First-Priority Notes, should the security interests in a substantial portion of the guarantees or collateral for the Notes become unenforceable, holders will not have the ability to cause us to remedy such defect as the indentures and the Notes will not contain provisions which would render such unenforceability an event of default. As in the ADT Notes and the First-Priority Notes, we will also be entitled to release substantially all of the guarantees and collateral with a majority vote of holders of the Notes under the applicable indenture. In addition, as described under "Description of Notes—Change of Control," upon the occurrence of a change of control triggering event, the Issuer is required to offer to all holders the right to redeem their Notes at 101% of their principal amount. However, the definition of the term "Change of Control Triggering Event" is limited and does not cover a variety of transactions (such as acquisitions by us, recapitalizations, reorganizations, ventures, mergers, "going private" or similar transactions by us or our affiliates) that could negatively affect the value of your Notes. A change of control transaction under the indenture may only occur if there is either (i) a sale of all or substantially all of our assets or (ii) a change in the majority of the voting interest in our business coupled with the acquisition by a third-party of an entitlement to receive more than 50% of our equity distributions or partner allocations. For a change of control triggering event to occur there must be not only a change of control transaction as defined in the indenture, but also a ratings downgrade resulting from such transaction. If we were to enter into a significant corporate transaction that negatively affects the value of the Notes, but would not constitute a change of control triggering event, you would not have any rights to require the Issuer to repurchase the Notes prior to their maturity, which also would adversely affect your investment. The First Lien Credit Agreement and the Second-Priority Notes require, and other future indebtedness may require, the repurchase or repayment of such indebtedness upon a change of control regardless of whether such indebtedness is downgraded at the time of such change of control. Therefore, holders of such other indebtedness may have a right to be repaid or have their notes repurchased prior to the holders of the Notes.

***We may not be able to repurchase the Notes upon a change of control.***

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all of the outstanding Notes at 101% of the principal amount thereof plus, without duplication, accrued and unpaid interest to the date of repurchase. Additionally, under the First Lien Credit Agreement, a change of control constitutes an event of default that permits the lenders to accelerate the maturity of borrowings and terminate their commitments to lend under the Revolving Credit Facility. The source of funds for any repurchase of the Notes, the ADT Notes, the First-Priority Notes and the Second-Priority Notes and repayment of borrowings under the First Lien Credit Agreement would be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. It is possible that we will not have sufficient funds at the time of a change of control to make the required repurchase of Notes or that restrictions in our other debt documents will not allow such repurchases. We may require additional financing from third parties to fund any such repurchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Notes may be limited by law. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a change of control under the indenture governing the Notes. See "Description of Notes—Change of Control."

Courts interpreting change of control provisions under New York law (which will be the governing law of the indenture governing the Notes) have not provided clear and consistent meanings of such change of control provisions, which leads to subjective judicial interpretation. In addition, a court case in Delaware has questioned whether a change of control provision contained in an indenture could be unenforceable on public policy grounds.

***We may enter into transactions that would not constitute a change of control that could affect our ability to satisfy our obligations under the Notes.***

Legal uncertainty regarding what constitutes a change of control and the provisions of the indenture governing the Notes may allow us to enter into transactions, such as acquisitions, refinancing or recapitalizations, that would not constitute a change of control but may increase our outstanding indebtedness or otherwise affect our ability to satisfy our obligations under the Notes. The definition of change of control for purposes of the Notes includes a phrase relating to the transfer of "all or substantially all" of our assets taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, your ability to require us to repurchase Notes as a result of a transfer of less than all of our assets to another person may be uncertain.

***Federal and state statutes allow courts, under specific circumstances, to avoid the Notes and guarantees and the related security interests, and require holders of Notes to return payments received.***

If the Issuer or any guarantor becomes a debtor in a case under the Bankruptcy Code or encounters other financial difficulty, under federal or state fraudulent conveyance and transfer law a court may avoid or otherwise decline to enforce the Notes or the guarantees and the related security interests. A court might do so if it found that when the Issuer issued the Notes or the guarantor entered into its guarantee, and, in each case, granted the related security interests, or in some states when payments became due under the Notes or the guarantees, the Issuer or the guarantor received less than reasonably equivalent value or fair consideration and:

- was insolvent or rendered insolvent by reason of such incurrence;
- was left with inadequate capital to conduct its business;

- believed or reasonably should have believed that it would incur debts beyond its ability to pay; or

- was a defendant in an action for money damages or had a judgment for money damages docketed against the Issuer or the guarantor if, in either case, the judgment is unsatisfied after final judgment.

The court might also avoid an issuance of Notes or a guarantee or the related security interest, without regard to the above factors, if the court found that the Issuer issued the Notes or the applicable guarantor entered into its guarantee, and, in each case, provided the related security interest with the actual intent to hinder, delay or defraud their creditors.

A court would likely find that the Issuer or a guarantor did not receive reasonably equivalent value or fair consideration for the Notes or its guarantee or the related security interest if the Issuer or a guarantor did not substantially benefit directly or indirectly from the issuance of the Notes. Thus, if the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for the Issuer's benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than reasonably equivalent value or fair consideration. If a court were to avoid the issuance of the Notes or any guarantee or the related security interest, you would no longer have any claim against the Issuer or the applicable guarantor, or the right to enforce or otherwise benefit from the applicable security interest. Sufficient funds to repay the Notes may not be available from other sources, including the remaining obligors, if any. In addition, the court might direct you to repay any amounts that you already received from the Issuer or a guarantor. In the event of a finding that a fraudulent conveyance or transfer occurred, you may not receive any repayment on the Notes. Further, the avoidance of the Notes could result in an event of default with respect to the Issuer's and our subsidiaries' other debt, which could result in acceleration of that debt.

The measures of insolvency for purposes of these fraudulent conveyance and transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent conveyance or transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all of its assets;

- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We cannot assure you what standard a court would apply in determining whether the Issuer or the guarantors were solvent at the relevant time or that a court would agree with our conclusions in this regard, or, regardless of the standard that a court uses, that it would not determine that the Issuer or a guarantor were indeed insolvent on that date; that any payments to the holders of the Notes (including under the guarantees) did not constitute preferences, fraudulent conveyances or transfers on other grounds; or that the issuance of the Notes and the guarantees would not be subordinated to our or any guarantor's other debt.

Although each guarantee entered into by a guarantor will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent conveyance or transfer, this provision may not be effective as a legal matter to protect those guarantees from being avoided under fraudulent conveyance or transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless. See "—Because each guarantor's liability under its guarantee may be reduced to

zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors" above.

In addition, any payment by us pursuant to the Notes or by a guarantor under a guarantee made at a time we or such guarantor were found to be insolvent could be avoided and required to be returned to us or such guarantor or to a fund for the benefit of our or such guarantor's creditors if such payment is made to an "insider" within a one-year period prior to a bankruptcy filing or within 90 days for any other party, and such payment would give the recipient more than it would have received in a distribution under the Bankruptcy Code in a hypothetical Chapter 7 case.

Finally, as a court of equity, a bankruptcy court may subordinate the claims in respect of the Notes or guarantees to other claims against us or the guarantors, respectively, under the principle of "equitable subordination" if the court determines that (a) the holder of Notes engaged in some type of inequitable conduct, (b) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of Notes and (c) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under the First Lien Credit Agreement and the Receivables Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, in July 2017, the U.K. Financial Conduct Authority (the "FCA") announced that it intends to stop collecting LIBOR rates from banks after 2021. The announcement indicates that LIBOR will not continue to exist on the current basis. More recently, on March 5, 2021 the FCA announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative. Specifically, this will occur immediately after December 31, 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and immediately after June 30, 2023, in the case of the remaining US dollar settings.

However, U.S. banking regulators have made clear that U.S.-dollar LIBOR originations should end by no later than December 30, 2021, and that new LIBOR originations prior to that date must provide for an alternative reference rate or a hardwired fallback. In accordance with recommendations from the Alternative Reference Rates Committee ("ARRC"), U.S. -dollar LIBOR is expected to be replaced with the Secured Overnight Financing Rate ("SOFR"), a new index calculated by reference to short-term repurchase agreements for U.S. Treasury securities. Further, the International Swaps and Derivatives Association, Inc. recently announced fallback language for LIBOR-referencing derivatives contracts that also provides for SOFR as the primary replacement rate in the event of a LIBOR cessation.

SOFR is calculated based on overnight transactions under repurchase agreements, backed by Treasury securities. SOFR is observed on a daily basis and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate for specified tenors and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR is therefore likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. As a result, parties may seek to adjust the spreads relative to such reference rate in underlying contractual arrangements.

Although there have been issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it is unknown whether SOFR or any of the other alternative reference rates will attain market acceptance as replacements for LIBOR. There is currently no definitive successor reference rate to LIBOR and various industry organizations are still working to develop workable transition mechanisms.

We are unable to predict the effect of any changes to LIBOR, the establishment and success of any alternative reference rates, or any other reforms to LIBOR or any replacement of LIBOR that may be enacted in the United Kingdom or elsewhere. Such changes, reforms or replacements relating to LIBOR could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives or other financial instruments or extensions of credit held by us. As such, LIBOR-related changes could affect our overall results of operations and financial condition.

We have entered into, and in the future we may continue to enter into, interest rate swaps that involve the exchange of floating for fixed-rate interest payments to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable-rate indebtedness, and any such swaps may not fully mitigate our interest rate risk, may prove disadvantageous, or may create additional risks. Given the decrease in interest rates by the Federal Reserve Bank in the United States to bolster the financial markets in response to the uncertainty created by the COVID-19 pandemic, we have examined our interest rate sensitivity. Certain of our variable rate debt instruments, including our first lien term loan, are subject to a 0.75% floor on interest rate payments. While we have hedged our interest rate exposure to our variable rate debt, our hedging instruments do not include a floor and, accordingly, in this current interest rate environment, any 0.125% decrease in LIBOR rates below 0.75% would result in an increase of approximately $3 million in annualized interest expense on our variable-rate debt, including the impact of our interest rate swaps. As a result of the changes in the interest rate environment in response to macroeconomic decline due to the ongoing COVID-19 pandemic, our interest rate swap contracts designated as cash flow hedges with an aggregate notional amount of $3 billion were no longer highly effective beginning in March 2020. Accordingly, we de-designated the cash flow hedges and the changes in fair value for the period in which these cash flow hedges were no longer highly effective were recognized in interest expense. This may cause ongoing volatility in our reported GAAP results.

***There are restrictions on your ability to transfer or resell the Notes without registration or the filing of a prospectus under applicable securities laws, and the Notes are not subject to any future registration rights or obligations.***

The Notes are being issued pursuant to exemptions from registration under the Securities Act and applicable state and securities laws. Therefore, you may transfer or resell the Notes in the United States only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. We will not be obligated to offer to exchange the Notes for notes registered under the Securities Act or to register the reoffer and resale of Notes under applicable securities laws. As a result, the transferability of the Notes may be negatively affected. By receiving the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under “Notice to Investors.” In addition, the indenture governing the Notes will not be qualified under the TIA and the Issuer will not be required to comply with the provisions of the TIA. Therefore, holders of the Notes will not be entitled to the benefit of the provisions and protection of the TIA or similar provisions in the indenture governing the Notes.

***Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop, or if developed be maintained, for the Notes.***

The Notes are each a new issue of securities for which there is no established public trading market. We do not intend to have the Notes listed on a national securities exchange or included in any automated quotation system. Affiliates of the initial purchasers have advised us that they intend to make a market in the Notes, if issued, as permitted by applicable laws and regulations, but they are not obligated to make a market in any of the Notes, and they may discontinue their market making activities at any time without notice. Therefore, an active market for any of the Notes may not develop or, if developed, it may not continue. The liquidity of any market for the Notes will depend upon the number of holders of the Notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the Notes and other factors. A liquid trading market may not

develop for the Notes. If an active market does not develop or is not maintained, the price and liquidity of the Notes may be materially and adversely affected. The market, if any, for any of the Notes may not be free from disruptions that may cause substantial volatility in the price of the Notes, and any such disruptions may materially and adversely affect the prices at which you may sell your Notes. In addition, the Notes may trade at a discount from their value on the date you acquired the Notes, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

***We may be unable to repay or repurchase the Notes at maturity.***

At maturity, the entire outstanding principal amount of the Notes, together with accrued and unpaid interest, if any, will become due and payable. We may not have the funds to fulfill these obligations or the ability to renegotiate these obligations. If, upon the maturity date, other arrangements prohibit us from repaying the Notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if we were not able to obtain such waivers or refinance these borrowings, we would be unable to repay the Notes.

***The market price for the Notes may be volatile and may require you to hold the Notes for an indefinite period of time.***

The market for investment grade debt, such as the Notes, may become subject to disruptions that may cause substantial volatility in the prices of securities similar to the Notes. Any market that may develop for the Notes may be subject to similar disruptions. Any such disruptions may negatively impact the value of your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

***The Notes will initially be held in book-entry form, and therefore holders must rely on the procedures of the relevant clearing systems to exercise their rights and remedies.***

Unless and until certificated notes are issued in exchange for book-entry interests in the Notes, owners of the book-entry interests will not be considered owners or holders of Notes. Instead, DTC, or its nominee, will be the sole holder of the Notes. Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if a holder owns a book-entry interest, such holder will be permitted to act only to the extent such holder has received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure holders that the procedures implemented for the granting of such proxies will be sufficient to enable holders to vote on any requested actions on a timely basis.

***Even though the holders of the Notes will benefit from a first-priority lien on the collateral that secures our First Lien Credit Agreement, the representative of the lenders under the First Lien Credit Agreement will initially control actions with respect to the collateral.***

The rights of the holders of the Notes with respect to the collateral that will secure the Notes on a first-priority basis will be subject to the First Lien/First Lien Intercreditor Agreement among the representatives of the holders of the Notes, the holders of the ADT Notes, the holders of the First-Priority Notes and the lenders under our First Lien Credit Agreement. Under the First Lien/First Lien Intercreditor Agreement, any actions that may be taken with respect to such collateral, including the

ability to cause the commencement of enforcement proceedings against such collateral and to control such proceedings will be at the direction of the authorized representative of the lenders under our First Lien Credit Agreement until (1) our obligations under our First Lien Credit Agreement are discharged (which discharge does not include certain refinancings of our First Lien Credit Agreement) or (2) 180 days after the occurrence of an event of default under the indentures governing the ADT Notes or the First-Priority Notes, as applicable, if the authorized representative of the holders of the ADT Notes or the First-Priority Notes, as applicable, represents the largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral and has complied with the applicable notice provisions and if the ADT Notes or the First-Priority Notes, as applicable, are at the time due and payable in full.

In addition, the documents governing our indebtedness will permit us, subject to certain limits, to issue additional series of notes or other debt that also have a first-priority lien on the same collateral. At any time that the representative of the lenders under our First Lien Credit Agreement does not have the right to take actions with respect to the collateral pursuant to the First Lien/First Lien Intercreditor Agreement, that right passes to the authorized representative of the holders of the next largest outstanding principal amount of indebtedness secured by a first-priority lien on the collateral, which, on a pro forma basis after giving effect to the Transactions, would be Wells Fargo Bank, National Association, as trustee for the 5.750% First-Priority Senior Secured Notes due 2026.

Similarly, if we issue additional first lien notes or other debt in the future in a greater principal amount than each of the Notes, the ADT Notes and the First-Priority Notes, then the authorized representative for those additional Notes or other debt would exercise rights under the First Lien/First Lien Intercreditor Agreement before the authorized representative for the Notes.

However, even if the Notes represent the largest series of first lien debt and the authorized representative of the Notes gains the right to direct the collateral agent in the circumstances described above, the authorized representative must stop doing so (and those powers with respect to the collateral would revert to the authorized representative of the lenders under our First Lien Credit Agreement) if the authorized representative of the lenders under the First Lien Credit Agreement has commenced and is diligently pursuing enforcement action with respect to the collateral or the grantor of the security interest in that collateral (whether an Issuer or the applicable subsidiary guarantor) is then a debtor under or with respect to (or otherwise subject to) an insolvency or liquidation proceeding.

***It may be difficult to realize the value of the collateral securing the Notes.***

The collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the trustee for the Notes and the collateral agent thereunder (the "Notes Collateral Agent") any other creditors that have the benefit of senior-priority liens on the collateral securing the Notes from time to time, whether on or after the date the Notes are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could materially and adversely affect the value of the collateral securing the Notes as well as the ability of the Notes Collateral Agent to realize or foreclose on such collateral.

The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. No appraisals of any of the collateral have been prepared by us or on behalf of us in connection with this offering. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value. We cannot assure you that the fair market value of the collateral as of the date of this offering memorandum equals or exceeds the principal amount of the debt secured thereby. The value of the assets pledged as collateral for the Notes could be impaired in the future as a result of changing economic conditions, our failure to implement our business strategy, competition, unforeseen liabilities and other future events. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due on the Notes, the ADT Notes, the First-Priority Notes and the First Lien Credit Agreement (and any additional future

pari passu obligations). Any claim for the difference between the amount, if any, realized by holders of the Notes from the sale of the collateral securing the Notes and the obligations under the Notes and the ADT Notes, the First-Priority Notes and the First Lien Credit Agreement (and any additional future pari passu obligations) will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including trade payables. Additionally, in the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the Notes and all other senior secured obligations, interest may cease to accrue on the Notes from and after the date the bankruptcy petition is filed and you will not be entitled to adequate protection of any such under-secured amount.

The security interest of the Notes Collateral Agent will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the Notes Collateral Agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the Notes Collateral Agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Notes Collateral Agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In addition, the collateral securing the Notes will be subject to liens permitted under the terms of the indenture governing the Notes, whether arising on or after the date the Notes are issued. The existence of any permitted liens could materially and adversely affect the value of the collateral securing the Notes, as well as the ability of the Notes Collateral Agent to realize or foreclose on such collateral. Furthermore, not all of the Issuer and guarantors' assets secure the Notes. See "Description of Notes—Security."

For example, the collateral will not include, among other things:

- certain real property;
- motor vehicles and certain commercial tort claims;
- those assets over which the pledging or granting of security interests in such assets would be prohibited by applicable law, rule, regulation or certain contractual obligations (including leases, licenses or other agreements, government licenses or state or local license, franchises, charters or authorizations (in each case, except to the extent such prohibition is unenforceable after giving effect to applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code);
- assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as determined in good faith by Prime Borrower;
- "intent-to-use" trademark applications until an Amendment to Allege Use or Statement of Use has been filed;
- certain securitization assets; or
- certain other limited assets.

Some of these assets may be material to us and such exclusion could have a material adverse effect on the value of the collateral.

***Rights in the collateral may be materially and adversely affected by the failure to perfect security interests in collateral now or in the future.***

Applicable law provides that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the Notes may not be perfected with respect to the claims of the Notes if the Notes Collateral Agent is not able to take the actions necessary to perfect any of these liens. We and the guarantors have limited obligations to perfect the Noteholders' security interest in specified collateral. For example, with respect to collateral consisting of copyrights held by the Issuer or the guarantors on the issue date, we expect that we will only be required to perfect the Notes Collateral Agent's security interest in certain registered U.S. copyrights. In addition, applicable law provides that certain property and rights acquired after the grant of a general security interest, such as real property, certain intellectual property and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The Notes Collateral Agent will not monitor and has no obligation to monitor, and there can be no assurance that we will inform the Notes Collateral Agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the Notes Collateral Agent, as applicable, against third parties. Even if the Notes Collateral Agent does take all actions necessary to create properly perfected security interests, any such security interests that are perfected after the date of the indenture would remain at risk of being avoided as a preferential transfer or otherwise in any bankruptcy even after the security interests perfected on the closing date were no longer subject to such risk.

In addition, even if the Notes Collateral Agent does properly perfect liens on collateral acquired in the future, such liens may (as described further herein) potentially be avoidable as a preference in any bankruptcy case under certain circumstances. See "—Delivery of security interests in collateral or any guarantees after the issue date increases the risk that the security interests or such guarantees could be avoidable in bankruptcy."

***There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and guarantees will be released automatically, without your consent or the consent of the trustee.***

Under various circumstances, collateral securing the Notes will be released automatically, including:

- a sale, transfer or other disposition of such collateral (other than to the Issuer or a guarantor) in a transaction not prohibited under the indenture governing the Notes;
- in respect of the property and assets of a restricted subsidiary that is a guarantor, upon the designation of such guarantor as an unrestricted subsidiary in accordance with the indenture governing the Notes;
- with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee;
- in respect of the property and assets of a guarantor, upon the release or discharge of the pledge granted by such guarantor to secure the obligations under the First Lien Credit Agreement or any other indebtedness the guarantee in respect of which resulted in the obligation to become a guarantor with respect to the Notes; and
- pursuant to the First Lien/First Lien Intercreditor Agreement in the event the applicable collateral agent is exercising remedies with respect to the collateral.

The guarantee of a guarantor will be automatically released to the extent it is released in connection with a sale of such guarantor in a transaction not prohibited by the indenture governing the Notes. The indenture also permits us to designate one or more of the restricted subsidiaries of Prime Borrower that is a guarantor of the Notes as an unrestricted subsidiary. If we designate a guarantor as an unrestricted subsidiary for purposes of the indenture governing the Notes, all of the liens on any collateral owned by such entity or any of its subsidiaries and any guarantees of the Notes by such entity will be released and the aggregate value of the collateral securing the Notes will be reduced. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a claim on the assets of such unrestricted subsidiary and its subsidiaries that is senior to the claim of the holders of the Notes.

***We will, in most cases, have control over the collateral, and the sale of particular assets by us could reduce the pool of assets securing the Notes and the guarantees.***

The collateral documents for the Notes will allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the Notes and the related guarantees. In addition, we will not be required to comply with all or any portion of the TIA, including, without limitation, Section 314(d) thereof. We may, therefore, among other things, without any release or consent by the trustee, conduct ordinary course activities with respect to collateral permitted by the indenture governing the Notes, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness), all of which could reduce the pool of assets securing the Notes. See "Description of Notes—Security."

For example, certain of our receivables and other assets may from time to time be sold, contributed or transferred to a special purposes entity that is not a guarantor, pursuant to the Receivables Facility, and thereupon, such assets will not constitute collateral securing the Notes. See "Description of Other Indebtedness – Receivables Facility."

***The Notes may be issued with original issue discount for U.S. federal income tax purposes.***

If the Notes' stated redemption price at maturity exceeds their "issue price," as determined under U.S. Treasury regulations, by more than a statutory de minimis amount, the Notes will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. If the Notes are issued with OID, in addition to including stated interest as ordinary interest income in accordance with a U.S. Holder's regular method of tax accounting, each U.S. Holder must include OID in gross income as ordinary income regardless of such U.S. Holder's accounting method. A U.S. Holder must include OID in income as it accrues calculated on a constant yield to maturity method before the receipt of cash attributable to the income, and will generally have to include in income increasingly greater amounts of OID over the life of the Notes. The rules governing instruments with OID are complex. Prospective investors should see "Certain U.S. Federal Income Tax Consequences" for additional information and are urged to consult with their own tax advisors regarding the application of such rules to the Notes.

***If the Notes are issued with OID, and a bankruptcy petition were filed by or against us, the allowed claim for the Notes may be less than the principal amount of the Notes stated in the indenture governing the Notes.***

If a bankruptcy petition were filed by or against us under the Bankruptcy Code after the issuance of the Notes, the claim by any holder of the Notes for the principal amount thereof may be allowed in an amount equal to the sum of:

- the original issue price of the Notes; and

- that portion of the stated principal amount of the Notes that exceeds the issue price thereof, if any, that does not constitute "unmatured interest" for the purposes of the Bankruptcy Code.

Any such discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest, which is not allowable as part of a bankruptcy claim under the Bankruptcy Code. Accordingly, holders of the Notes under these circumstances may receive an amount that is less than the principal amount thereof stated in the indenture governing the Notes.

***If we become the subject of a bankruptcy proceeding, bankruptcy laws may limit your ability to realize value from the collateral.***

The right of the Notes Collateral Agent to foreclose upon, repossess, and dispose of the collateral upon the occurrence of an event of default under the indenture governing the Notes is likely to be significantly impaired (or at a minimum delayed) by applicable bankruptcy law if a bankruptcy case were to be commenced by or against us before the Notes Collateral Agent repossessed and disposed of the collateral (and sometimes even after). Upon the commencement of a case under the Bankruptcy Code, a secured creditor such as the Notes Collateral Agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security previously repossessed from such debtor, without prior bankruptcy court approval, which may not be given or could be materially delayed. Moreover, the Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral as of the commencement of the bankruptcy case and may include cash payments or the granting of additional or replacement security or superpriority administrative expense claims if and at such times as the bankruptcy court in its discretion determines that the value of the secured creditor's interest in the collateral is declining during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for any such diminution in the value of its collateral if the value of the collateral exceeds the debt it secures.

In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary power of a bankruptcy court, it is impossible to predict:

- whether or when payments under the Notes could be made following the commencement of a bankruptcy case, or the length of any delay in making such payments;
- whether or when the Notes Collateral Agent could repossess or dispose of the collateral;
- the value of the collateral at the time of the bankruptcy petition or any other relevant time; or
- whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection" or otherwise.

Any disposition of the collateral during a bankruptcy case would also require permission from the bankruptcy court (which may not be given or could be materially delayed). Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on debt which is to be paid first out of the proceeds of the collateral, the holders of the Notes would hold a secured claim only to the extent of the value of the collateral to which the holders of the Notes are entitled and unsecured "deficiency" claims with respect to any shortfall or undercollateralization. The Bankruptcy Code only permits the payment and accrual of post- petition interest, costs and attorneys' fees to a secured creditor during a debtor's bankruptcy case to the extent the value of its collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the collateral.

In addition, under the First Lien/First Lien Intercreditor Agreement, the authorized representative of the holders of the Notes may not object following the filing of a bankruptcy petition to any debtor-in possession financing or to the use of the shared collateral to secure that financing, subject to certain conditions and limited exceptions. After such a filing, the value of this collateral could materially deteriorate, and holders of the Notes would be unable to raise an objection.

***The security interests of the noteholders in after-acquired assets may not be perfected in a timely manner or at all.***

If additional domestic restricted subsidiaries of Prime Borrower are formed or acquired and become guarantors under the indenture governing the Notes, additional financing statements would be required to be filed to perfect the security interest in the assets of such guarantors. Depending on the type of the assets constituting after-acquired collateral, additional action may be required to be taken to perfect the security interest in such assets, such as the delivery of physical collateral, if permitted by the First Lien/First Lien Intercreditor Agreement, or the execution and recordation of mortgages or deeds of trust. Even if such additional actions are taken to perfect the security interest in such after-acquired collateral, to the extent a security interest in any collateral is not perfected on the issue date of the Notes, such security interest might be avoidable in bankruptcy as a preferential transfer or otherwise, which could impact the value of the collateral. See "—Delivery of security interests in collateral or any guarantees after the issue date increases the risk that the security interests or such guarantees could be avoidable in bankruptcy" below.

***Delivery of security interests in collateral or any guarantees after the issue date increases the risk that the security interests or such guarantees could be avoidable in bankruptcy.***

Certain collateral, including mortgages on certain of our real properties and after-acquired property, will be secured after the issue date of the Notes, and certain guarantees will be granted after the issue date of the Notes. To the extent any security interest in the collateral securing the notes is not perfected after the issue date of the Notes, we will use our commercially reasonably efforts to have all such security interests perfected within 120 days following the issue date of the Notes. If the grantor of such security interest or such guarantor were to become subject to a bankruptcy case after the issue date of the Notes, any security interest in other collateral, or any guarantees delivered after the issue date of the Notes, would face a greater risk than security interests or guarantees in place on the issue date (or within 30 days thereof) of being avoided by the pledgor or guarantor (as debtor in possession) or by its trustee in bankruptcy or potentially by other creditors as a preference under the Bankruptcy Code if certain events or circumstances exist or occur.

Specifically, security interests or guarantees issued after the issue date (or after 30 days thereof) of the Notes may be treated under the Bankruptcy Code as if they were delivered to secure or guarantee previously existing or "antecedent" indebtedness. Any future pledge of collateral or future issuance of a guarantee in favor of the holders of the Notes, including pursuant to security documents or guarantees delivered in connection therewith after the date the Notes are issued, may be avoidable as a preference if, among other circumstances, (i) the pledgor or guarantor is insolvent at the time of the pledge or the issuance of the guarantee, (ii) the pledge or the issuance of the guarantee permits the holders of the Notes to receive a greater recovery in a hypothetical Chapter 7 case than if the pledge or guarantee had not been given, and (iii) a bankruptcy case in respect of the pledgor or guarantor is commenced within 90 days following the pledge or the perfection thereof or the issuance of the guarantee (as applicable), or, in certain circumstances, a year. Accordingly, if the Issuer or any guarantor were to file for bankruptcy protection after the issue date of the Notes and (1) any liens not granted on the issue date of the Notes had been perfected, or (2) any guarantees not issued on the issue date of the Notes (as applicable) had been issued, less than 90 days before commencement of such bankruptcy case (or, if applicable, one year), such liens or guarantees are more likely to be avoided as a preference by the bankruptcy court than if delivered and promptly recorded on the issue

date of the Notes (even if the liens perfected or other guarantees issued on the issue date (or within 30 days thereof) of the Notes would no longer be subject to such risk). To the extent that the grant of any such security interest and/or guarantee is avoided as a preference or otherwise, you would lose the benefit of the security interest and/or guarantee (as applicable) and may be required to return prior payments.

***The collateral is subject to casualty risks, which may limit your ability to recover as a secured creditor if there are losses to the collateral, and which may have an adverse impact on our operations and results.***

We maintain insurance or otherwise insure against certain hazards. There are, however, losses that may be not be insured. If there is a total or partial loss of any of the pledged collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the first-priority secured obligations, including the Notes, the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes and related guarantees. In the event of a total or partial loss affecting any of our assets, certain items may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to obtain replacement units or inventory may cause significant delays, which may have an adverse impact on our operations and results. In addition, certain zoning or other laws and regulations may prevent rebuilding substantially the same facilities in the event of a loss, which may have an adverse impact on our operations and results. Such adverse impacts may not be covered, or fully covered, by property or business interruption insurance.

***With respect to our real property to be mortgaged as security for the Notes, we do not expect all title insurance policies will be in place at the time of the issuance of the Notes. Any issues that we are not able to resolve in connection with the issuance of such title policies may impact the value of the collateral.***

We do not expect that we will have title insurance policies on the real properties to be mortgaged as security for the Notes in place at the time of the issuance of the Notes to insure, among other things, (i) loss resulting from the entity represented by us to be the owner thereof not holding fee title in the properties and such interest being encumbered by unpermitted liens and (ii) the validity and first lien priority of the mortgage granted to the Notes Collateral Agent for its benefit and for the benefit of the trustee and the holders of the Notes. We have agreed to obtain title insurance on the mortgaged properties within 120 days following the issue date of the Notes or as soon as practical thereafter using commercially reasonable efforts. In addition, if a title defect results in a loss, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the Notes.

***State law may limit the ability of the Notes Collateral Agent to foreclose on the real property and improvements included in the collateral.***

The Notes will be secured by, among other things, liens on owned real property and improvements of at least $5.0 million in fair market value located in several states. The laws of these states may limit the ability of the trustee and the holders of the Notes to foreclose on the real property collateral and improvements located in such states. State law governs the perfection, enforceability and foreclosure of mortgage liens against real property interests that secure debt obligations such as the Notes. Applicable state laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property. Debtors may have the right to reinstate defaulted debt (even if it has been accelerated) before the foreclosure date by paying the past due amounts and a right of redemption after foreclosure. Governing laws may also impose security first and one form of action rules that can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure.

## USE OF PROCEEDS

The proceeds from the offering of the Notes, together with cash on hand, will be used to (a) redeem $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes and (b) pay related fees and expenses in connection with the Transactions. Certain of the initial purchasers and/or their respective affiliates may be holders of the 2022 ADT Notes and, therefore, such initial purchasers and/or their affiliates may receive a portion of the proceeds of this offering used to redeem such 2022 ADT Notes. In addition, Apollo Global Securities, LLC is an affiliate of our Sponsor (as defined herein) and will receive a portion of the gross spread as an initial purchaser in the sale of the Notes. See "Plan of Distribution."

The following table sets forth the estimated sources and uses of funds in connection with the Transactions, assuming they occurred on March 31, 2021 and based on estimated amounts outstanding on that date. The following table and accompanying footnotes also assume that (a) the offering of the Notes is consummated on the terms set forth herein and (b) all outstanding 2022 ADT Notes are redeemed on August 28, 2021 (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date). The actual sources and uses of funds may vary from the estimated sources and uses of funds in the following table and accompanying footnotes set forth below.

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| | (dollars in thousands) | | |
| Cash from balance sheet[1] | $ 44,000 | Redemption of 2022 ADT Notes[3] | $ 1,000,000 |
| Notes[2] | $1,000,000 | Fees and Expenses[4] | $ 44,000 |
| Total sources of funds | $1,044,000 | Total uses of funds | $ 1,044,000 |

(1) Represents cash available on the Company's balance sheet as of March 31, 2021, as well as cash generated subsequent to March 31, 2021.

(2) Represents the $1,000 million face value of the Notes (excluding original issue discount (if any)) prior to the initial purchasers' discount to the offering price. We intend to use the proceeds from the offering of the Notes, together with cash on hand, to (a) redeem in full the $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes and (b) pay related fees and expenses in connection with the Transactions. See "Description of Notes."

(3) As of March 31, 2021, $1,000 million aggregate principal amount of the 2022 ADT Notes were outstanding. Assumes that the Issuer will redeem $1,000 million aggregate principal amount of the outstanding 2022 ADT Notes on August 28, 2021 (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date), and pay all accrued and unpaid interest and any applicable redemption premium on such 2022 ADT Notes to, but excluding, such date, in accordance with the indenture governing the 2022 ADT Notes, which we expect will amount to approximately $31 million. The 2022 ADT Notes have a maturity date of July 15, 2022 and bear interest at a rate of 3.500% per annum. Prior to July 15, 2022, the Issuer may redeem the 2022 ADT Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2022 ADT Notes redeemed, plus a make-whole premium and accrued and unpaid interest to, but excluding, the redemption date.

(4) Reflects the estimated fees and expenses associated with the Transactions, including the offering of the Notes, the Redemption, including breakage costs, placement and other financing fees, advisory fees and other transaction costs and professional fees, including any initial purchasers' commissions in connection with the offering of the Notes. We intend to pay all fees and expenses associated with the Transactions with cash on hand.

## CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2021 for ADT Inc.:

(i) on an actual basis; and

(ii) on an as-adjusted basis to give effect to this offering and the use of proceeds therefrom.

You should read this table in conjunction with the section titled "Use of Proceeds" included in this offering memorandum, and with the financial statements and the related notes and reconciliations incorporated by reference in this offering memorandum.

The following table assumes that (a) the offering of the Notes is consummated on the terms set forth herein and (b) $1,000 million aggregate principal amount of outstanding 2022 ADT Notes are redeemed in the Redemption on August 28, 2021 (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date).

| | As of March 31, 2021 | |
|---|---|---|
| (in thousands) | **Actual** | **As Adjusted** |
| Cash and cash equivalents[1] | $ 122,554 | $ 78,916 |
| **Debt:** | | |
| First Lien Term Loan Facility | 2,778,900 | 2,778,900 |
| Revolving Credit Facility[2] | — | — |
| ADT Notes due 2022[3] | 1,000,000 | — |
| ADT Notes due 2023 | 700,000 | 700,000 |
| ADT Notes due 2032 | 728,016 | 728,016 |
| ADT Notes due 2042 | 21,896 | 21,896 |
| Notes due 2024 | 750,000 | 750,000 |
| Notes due 2026 | 1,350,000 | 1,350,000 |
| Notes due 2027 | 1,000,000 | 1,000,000 |
| Notes offered hereby | — | 1,000,000 |
| Finance leases | 62,043 | 62,043 |
| Total first lien debt | $ 8,390,855 | $ 8,390,855 |
| 6.25% Second-Priority Senior Secured Notes | 1,300,000 | 1,300,000 |
| **Total Debt, excluding non-recourse** | $ 9,690,855 | $ 9,690,855 |
| Receivables Facility[4] | 98,077 | 98,077 |
| **Total Debt**[5] | 9,788,932 | 9,788,932 |
| **Total stockholders' equity**[6] | 2,977,910 | 2,936,765 |
| **Total capitalization** | $12,766,842 | $12,725,697 |
| **Market capitalization**[7] | $ 6,921,271 | $ 8,643,388 |
| **Total adjusted capitalization**[8] | $16,710,203 | $18,432,320 |

(1) The As Adjusted balance gives effect to the approximately $44 million of cash that will be used to pay the costs, fees and expenses of the transactions contemplated by this offering memorandum (see "Summary—Sources and Uses of Funds"). The costs related to the redemption of the ADT Notes due 2022, including the related redemption premium, will be paid using cash on the balance sheet as of March 31, 2021, as well as cash generated subsequent to March 31, 2021.

(2) On July 2, 2021, we amended our First Lien Credit Agreement to extend the maturity date of our existing first lien revolving credit facility (as extended, the "Extended First Lien Revolving Credit Facility") to June 23, 2026,

subject to the repayment, extension, or refinancing with longer maturity debt of certain of Prime Borrower's other indebtedness, and obtain an additional $175 million of commitments under the Extended First Lien Revolving Credit Facility.

(3) As of March 31, 2021, $1,000 million aggregate principal amount of the 2022 ADT Notes were outstanding. Assumes that the Issuer will redeem $1,000 million aggregate principal amount of outstanding 2022 ADT Notes on August 28, 2021, (with payment of the redemption price to take place on August 30, 2021, which is the first business day after the redemption date) and pay all accrued and unpaid interest and any applicable redemption premium on such 2022 ADT Notes to, but excluding, such date, in accordance with the indenture governing the 2022 ADT Notes, which we expect will amount to approximately $31 million. The 2022 ADT Notes have a maturity date of July 15, 2022 and bear interest at a rate of 3.500% per annum. Prior to July 15, 2022, the Issuer may redeem the 2022 ADT Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2022 ADT Notes redeemed, plus a make-whole premium and accrued and unpaid interest to, but excluding, the redemption date.

(4) Represents non-recourse borrowings incurred by our wholly-owned consolidated bankruptcy-remote special purpose entity under the Receivables Facility. Non-recourse borrowings are not restricted under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes or the Second-Priority Notes. See "Description of Other Indebtedness- Receivables Facility."

(5) Excludes amounts associated with debt discount, deferred financing costs, and fair value adjustments. As of March 31, 2021, these amounts totaled $263 million. We anticipate that this amount will decrease by (a) $14 million associated with the full write-off of an unfavorable fair value adjustment on the 2022 ADT Notes and increase by (b) $12 million associated with debt issuance costs associated with the Notes.

(6) As of March 31, 2021, stockholders' equity was approximately $2,978 million. We expect that this amount will decrease by $27 million associated with the payment of the redemption premium on the 2022 ADT Notes, and by $14 million associated with the full write-off of an unfavorable fair value adjustment on the 2022 ADT Notes.

(7) Represents outstanding shares of common stock of 820,055,823 (excluding unvested shares and including 54,744,525 shares of Class B common stock, par value $0.01 outstanding held by Google LLC) multiplied by the closing price of our shares of common stock of (a) $8.44 per share as reported on March 31, 2021 and (b) $10.54 per share as reported on July 13, 2021.

(8) Represents the aggregate of (a) total debt plus (b) market capitalization.

## DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of the material terms of certain financing arrangements does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

### First Lien Credit Agreement

#### *General*

Prime Security Services Borrower, LLC, a Delaware limited liability company ("Prime Borrower"), a wholly owned subsidiary of the Company, is the borrower under that certain Eleventh Amended and Restated First Lien Credit Agreement, dated as of July 1, 2015, as amended and restated on May 2, 2016, June 23, 2016, December 28, 2016, February 13, 2017, June 29, 2017, March 16, 2018, December 3, 2018, March 15, 2019, September 23, 2019, January 27, 2021 and July 2, 2021 (the "First Lien Credit Agreement"), consisting of:

- a first lien term loan, in an aggregate principal amount of $2,779 million, maturing on September 23, 2026 (with a springing maturity inside the maturity date of certain long term Indebtedness to the extent such Indebtedness is not refinanced) (the "First Lien Term Loan Facility"); and

- a first lien revolving credit facility, in an aggregate principal amount of up to $575 million, maturing on June 23, 2026 (with a springing maturity inside the maturity date of certain long term Indebtedness to the extent such indebtedness is not refinanced) (the "Revolving Credit Facility").

As of March 31, 2021, Prime Borrower had borrowings of $2,779 million outstanding under the First Lien Term Loan Facility and no borrowings outstanding under the Revolving Credit Facility.

In addition: (i) under the First Lien Credit Agreement, Prime Borrower may request one or more incremental term loan facilities or incremental revolving credit facilities and/or increase commitments under the First Lien Term Loan Facility or the Revolving Credit Facility in an aggregate amount of up to the sum of a specified dollar amount plus any additional amounts so long as on a pro forma basis (a) in the case of loans under such incremental facilities secured by liens that rank pari passu with the liens securing the First Lien Credit Agreement, Prime Borrower's consolidated net first lien senior secured leverage ratio would be no greater than 3.20 to 1.00 and (b) in the case of loans under such incremental facilities that rank junior to the liens securing the First Lien Credit Agreement, Prime Borrower's consolidated total net secured leverage ratio would be no greater than 3.60 to 1.00. The incurrence of incremental facilities under the credit agreements governing the First Lien Credit Agreement is subject, in each case, to certain conditions, the receipt of commitments from existing or additional lenders and the limitations on incurring additional indebtedness applicable to Prime Borrower and its subsidiaries, including under the indentures governing the Notes, the ADT Notes, the First-Priority Notes and the Second-Priority Notes and each other agreement governing Prime Borrower's indebtedness.

All borrowings under the Revolving Credit Facility are subject to the satisfaction of customary conditions, including the absence of a default and the material accuracy of representations and warranties, and are available to fund any ordinary course working capital requirements or for general corporate purposes.

#### *Interest Rates and Fees*

Borrowings under the First Lien Credit Agreement bear interest at a rate per annum equal to, at our option, either (a) adjusted LIBOR determined by reference to the cost of funds for dollar deposits for the interest period relevant to such borrowing, subject to a 0.75% floor in the case of the First Lien Term Loan Facility, or (b) a base rate determined by reference to the highest of (i) the federal funds effective

rate plus 0.50%, (ii) the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted or any similar release by the Federal Reserve Board and (iii) one-month adjusted LIBOR plus 1.00%, in each case plus an applicable margin of 2.75% for Adjusted LIBOR loans and 1.75% for Base Rate loans (in the case of the Revolving Credit Facility, subject to one 25 basis point stepdown based on a net first lien leverage ratio).

In addition to paying interest on outstanding principal under the First Lien Credit Agreement, Prime Borrower is required to pay a commitment fee between 0.375% and 0.50% (determined based on a net first lien leverage ratio) with respect to the unused commitments under the Revolving Credit Facility.

***Amortization and Prepayments***

The First Lien Term Loan Facility requires scheduled quarterly payments in annual amounts equal to 1.0% of the principal amount of the term loans that were outstanding on January 27, 2021, with the balance payable at maturity.

In addition, the First Lien Term Loan Facility requires us to prepay outstanding term loan borrowings, subject to certain exceptions, with:

- 50% (which percentage will be reduced if the consolidated net first lien senior secured leverage ratio is less than or equal to certain thresholds) of Prime Borrower's excess cash flow, as defined under the First Lien Credit Agreement;

- 100% of the net cash proceeds of all non-ordinary course asset sales, other dispositions of property or certain casualty events, in each case subject to certain exceptions and provided that Prime Borrower may (a) reinvest within twelve months or (b) commit to reinvest those proceeds and so reinvest such proceeds within 18 months in assets to be used in its business, or certain other permitted investments; and

- 100% of the net cash proceeds of any issuance of debt, other than proceeds from debt permitted under the First Lien Credit Agreement.

***Collateral and Guarantors***

All obligations under the First Lien Credit Agreement are unconditionally guaranteed by Prime Security Services Holdings, LLC ("Holdings") on a limited-recourse basis and by each of Prime Borrower's existing and future direct and indirect material, wholly owned domestic subsidiaries, subject to certain exceptions. The obligations are secured by a pledge of Prime Borrower's capital stock and substantially all of Prime Borrower's assets and those of each subsidiary guarantor, including capital stock of the subsidiary guarantors and 65% of the capital stock of the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to certain exceptions. Such security interests consist of a first-priority lien with respect to the collateral.

***Restrictive Covenants and Other Matters***

The Revolving Credit Facility requires that Prime Borrower, subject to a testing threshold, comply as of the last day of each fiscal quarter with a specified maximum consolidated net first lien senior secured leverage ratio. The testing threshold will be satisfied at any time at which the sum of outstanding loans under the Revolving Credit Facility, subject to certain exceptions, exceeds 30% of the outstanding commitments under the Revolving Credit Facility at such fiscal quarter end.

The First Lien Credit Agreement contains certain customary affirmative covenants and events of default. The negative covenants in the First Lien Credit Agreement include, among other things, limitations (none of which are absolute) on our ability to incur additional debt or issue certain preferred equity interests; create liens on certain assets; make certain loans or investments (including acquisitions); pay dividends on or make distributions in respect of our capital stock or make other restricted payments; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; sell assets; enter into certain transactions with our affiliates; enter into sale-leaseback transactions; restrict dividends from our subsidiaries or restrict liens; change our fiscal year; and modify the terms of certain debt or organizational agreements in a manner materially adverse to lenders under the First Lien Credit Agreement.

**First-Priority Notes**

On April 4, 2019, Prime Borrower and Prime Finance, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Prime Finance" and, together with Prime Borrower, the "Prime Issuers"), issued $750 million in principal amount of 5.250% First-Priority Senior Secured Notes due 2024 (the "2024 Notes) and $750 million in principal amount of 5.750% First-Priority Senior Secured Notes due 2026 (the "2026 Notes"). In addition, on September 23, 2019, the Prime Issuers issued an additional $600 million in principal amount of the 2026 Notes (the "Tack-on 2026 Notes"). The Prime Issuers also issued $1,000 million in principal amount of 3.375% First-Priority Senior Secured Notes due 2027 (the "2027 Notes" and together with the 2024 Notes and the 2026 Notes and the Tack-on 2026 Notes, the "First-Priority Notes").

Each series of First-Priority Notes is governed by an indenture between the Prime Issuers and Wells Fargo Bank, National Association, as trustee, and we refer to these indentures (as they may have been supplemented from time to time prior to the date hereof) collectively as the "First-Priority Notes Indentures." Under the First-Priority Notes Indentures, the Prime Issuers may redeem First-Priority Notes, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of the notes to be redeemed, plus an applicable make-whole premium, plus accrued and unpaid interest to, but excluding, the redemption date.

The First-Priority Notes Indentures contain covenants that, among other things and subject to a number of qualifications and exceptions, limit the Prime Issuers ability, and the ability of its restricted subsidiaries, to (i) create liens on certain assets; (ii) enter into sale and lease-back transactions; and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets. In the event of a change in control triggering event (as defined in the applicable First-Priority Notes Indentures), the Prime Issuers are required to make an offer to repurchase such notes. The First-Priority Notes Indentures also provide for customary events of default which, if triggered, would permit the acceleration of the debt thereunder.

In addition, the First-Priority Notes benefit from (i) guarantees by each of the Prime Issuer's domestic restricted subsidiaries that guarantees the First Lien Credit Agreement, (ii) first-priority security interests, subject to permitted liens, in substantially all of the Prime Issuer's existing and future assets and those of each guarantor, which assets also secure the First Lien Credit Agreement and the ADT Notes on a first-priority basis and the Second-Priority Notes on a second-priority basis, and (iii) a substantially similar reporting covenant as the Second-Priority Notes and the ADT Notes.

**ADT Notes**

The Issuer is the issuer of each of the following series of notes, which we refer to collectively as the "ADT Notes":

- $1,000 million aggregate principal amount of 3.500% Notes due 2022, which mature on July 15, 2022;

- $700 million aggregate principal amount of 4.125% Senior Notes due 2023, which mature on June 15, 2023;

- $728 million aggregate principal amount of 4.875% First-Priority Senior Secured Notes due 2032, which mature on July 15, 2032; and

- $22 million aggregate principal amount of 4.875% Notes due 2042, which mature on July 15, 2042.

Each series of ADT Notes is governed by an indenture between the Issuer and Wells Fargo Bank, National Association, as trustee, and we refer to these indentures (as they may have been supplemented from time to time prior to the date hereof) collectively as the "ADT Notes Indentures." Under the ADT Notes Indentures, the Issuer may redeem ADT Notes, in whole or in part, at any time at a redemption price equal to the principal amount of the notes to be redeemed, plus an applicable make-whole premium for each series of the ADT Notes, plus accrued and unpaid interest to, but excluding, the redemption date.

The ADT Notes Indentures contain covenants that, among other things and subject to a number of qualifications and exceptions, limit the Issuer's ability, and the ability of its restricted subsidiaries, to (i) create liens on certain assets; (ii) enter into sale and lease-back transactions; and (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets. In the event of a change in control triggering event (as defined in the applicable ADT Notes Indenture), the Issuer is required to make an offer to repurchase such notes. The ADT Notes Indentures also provide for customary events of default which, if triggered, would permit the acceleration of the debt thereunder.

In addition, the ADT Notes benefit from (i) guarantees by Prime Borrower and each of its domestic restricted subsidiaries that guarantees the First Lien Credit Agreement (other than the Issuer, as the issuer of the ADT Notes), (ii) first-priority security interests, subject to permitted liens, in substantially all of the Issuer's existing and future assets and those of each guarantor, which assets also secure the First Lien Credit Agreement and the First-Priority Notes on a on a first-priority basis and the Second-Priority Notes on a second-priority basis, and (iii) a substantially similar reporting covenant as the First-Priority Notes and the Second-Priority Notes.

**Second-Priority Notes**

On January 28, 2020, the Prime Issuers issued $1,300 million in aggregate principal amount of 6.250% Second- Priority Senior Secured Notes due 2028 (the "Second-Priority Notes"). The Second-Priority Notes mature on January 15, 2028 and bear interest at a rate of 6.250% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2020.

The Prime Issuers may redeem the Second-Priority Notes at their option, in whole or in part, at any time on or after January 15, 2023, at certain redemption prices. In addition, prior to January 15, 2023, the Prime Issuers may redeem the Second-Priority Notes at their option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Second-Priority Notes redeemed, plus a "make-whole" premium and accrued and unpaid interest. Notwithstanding the foregoing, at any time and from time to time on or prior to January 15, 2023, the Prime Issuers may redeem in the aggregate up to 40% of the original aggregate principal amount of the Second-Priority Notes (calculated after giving effect to any issuance of additional Notes) in an aggregate amount equal to the net cash proceeds of one or more equity offerings at a redemption price equal to 106.250% of the principal amount being redeemed, plus accrued and unpaid interest.

The Second-Priority Notes are fully and unconditionally guaranteed by each of the Prime Issuer's domestic restricted subsidiaries that guarantees the First Lien Credit Agreement. The Second-Priority Notes are also secured by substantially all of the Prime Issuer's assets and those of each subsidiary guarantor, in each case by the same assets that secure the First Lien Credit Agreement including the

capital stock of the subsidiary guarantors and 65% of the capital stock of the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to certain exceptions. Such security interests consist of a second-priority lien with respect to the collateral.

The Second-Priority Notes contain certain customary negative covenants and events of default. The negative covenants limit Prime Borrower's and its restricted subsidiaries' ability to, among other things, incur additional indebtedness or issue certain preferred shares, create liens on certain assets, pay dividends or prepay junior debt or make other restricted payments, make certain loans, acquisitions or investments, engage in transactions with affiliates, conduct asset sales, restrict dividends from subsidiaries or restrict liens, or merge, consolidate, sell or otherwise dispose of all or substantially all of Prime Borrower's assets.

**Receivables Facility**

During March 2020, ADT LLC, a Delaware limited liability company ("ADT LLC"), entered into an uncommitted receivables securitization financing agreement, dated as of March 5, 2020, among ADT LLC, individually and as servicer, ADT Finance LLC, a Delaware limited liability company, as seller, the various purchasers and purchaser agents from time to time party thereto and Mizuho Bank, LTD. as administrative agent, arranger, collateral agent and structuring agent, (the "Receivables Facility"). Under the terms of the Receivables Facility, ADT LLC may receive up to $200 million of financing secured by retail installment contract receivables from transactions involving security systems that were sold under a customer-owned model. During April 2020, ADT LLC amended the Receivables Facility to also permit financing secured by retail installment contract receivables from transactions occurring under a Company-owned model. In March 2021, ADT LLC amended the Receivables Facility to, among other things, extend the revolving period until March 4, 2022, and reduced the LIBOR floor from 1.00% to 0.85%. If the revolving period is not extended, ADT LLC is required to repay the Receivables Facility in a manner consistent with the contractual collections of the underlying retail installment contract receivables. ADT LLC may make voluntary prepayments on the Receivables Facility at any time prior to maturity at par.

ADT LLC obtains financing by selling or contributing certain retail installment contract receivables to the Company's wholly-owned consolidated bankruptcy-remote special purpose entity (the "SPE"), which, pursuant to the Receivables Facility, borrows funds secured by the transferred retail installment contract receivables. The SPE is a separate legal entity with its own creditors who will be entitled, prior to and upon the liquidation of the SPE, to be satisfied out of the SPE's assets prior to any assets in the SPE becoming available to ADT LLC (other than the SPE). Accordingly, the assets of the SPE are not available to pay creditors of ADT LLC (other than the SPE), although collections from the transferred retail installment contract receivables in excess of amounts required to repay the SPE's creditors may be remitted to ADT LLC during and after the term of the Receivables Facility. The SPE's creditors have legal recourse to the transferred retail installment contract receivables owned by the SPE, but do not have any recourse to ADT LLC (other than the SPE) for the payment of principal and interest on the SPE's financing.

ADT LLC services the transferred retail installment contract receivables and is responsible for ensuring that amounts collected from the transferred retail installment contract receivables are remitted to a segregated bank account in the name of the SPE. ADT LLC is required to deposit payments received from the transferred retail installment contract receivables into a segregated account maintained by a third party. On a monthly basis, the segregated account is utilized to make required principal, interest, and other payments due under the Receivables Facility.

During the three months ended March 31, 2021, the Company received proceeds of $30 million under the Receivables Facility and repaid $7 million. As of March 31, 2021, the Company had an outstanding balance of $98 million and an uncommitted available borrowing capacity of $102 million under the Receivables Facility. The Receivables Facility did not have a material impact to the condensed consolidated statements of operations.

## DESCRIPTION OF NOTES

The Notes will be issued under an indenture (the "Indenture"), among The ADT Security Corporation , a Delaware corporation (the "Issuer"), the Guarantors (as defined below) and Wells Fargo Bank, National Association, not in its individual capacity, but solely as trustee (the "Trustee").

We urge you to read the Notes, the Indenture, the Security Documents and the Intercreditor Agreements because they, not the summaries below, define your rights. You may obtain a copy of these documents as described under "Where You Can Find More Information."

Capitalized terms used but not defined in this section shall have the respective meanings set forth in the Indenture.

### General

The Notes will be senior obligations of the Issuer and will have the benefit of the first-priority security interests in the Collateral described below under "—Security." The Issuer will issue a total of $1,000,000,000 initial aggregate principal amount of % First-Priority Senior Secured Notes due 2029 (the "Notes"). Unless the context otherwise requires, for all purposes of the Indenture and this "Description of Notes," references to the Notes include any additional notes actually issued, see "—Additional Notes".

The Notes will bear interest at a rate of % per year. The date from which interest will accrue on the Notes will be from the date of original issuance or from the most recent interest payment date on which interest has been paid or provided for, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2022 to the holders of record at the close of business on the January 15 and July 15 prior to each interest payment date. The basis upon which interest shall be calculated will be that of a 360-day year consisting of twelve 30-day months.

The Notes will be issuable in whole in the registered form of one or more global securities, and the depository for such global securities shall be The Depository Trust Company, New York, New York. The Notes will be issuable in minimum denominations of $2,000 or any integral multiple of $1,000 in excess thereof.

Except as provided below, the Notes shall not be subject to redemption, repurchase or repayment at the option of any holder thereof, upon the occurrence of any particular circumstances or otherwise. The Notes will not have the benefit of any sinking fund. The Notes are not convertible into shares of common stock or other securities of the Issuer.

Barclays Bank PLC, the administrative agent and collateral agent under the First Lien Credit Agreement, will also be the collateral agent, either in its own capacity or by means of a subagent or a designee, for the holders of the Notes. The rights of the holders of the Notes with respect to the Collateral that will secure the Notes on a first-priority basis will be subject to a First Lien/First Lien Intercreditor Agreement, dated as of May 2, 2016, as amended, supplemented or otherwise modified, and a First Lien/Second Lien Intercreditor Agreement, dated as of July 1, 2015, as amended, supplemented or otherwise modified.

We and the Guarantors will not be obligated to offer to exchange the Notes for notes registered under U.S. securities laws or register the reoffer and resale of the Notes under U.S. securities laws. As a result, the transferability of the Notes may be negatively affected. By receiving the Notes, you will be deemed to have made certain acknowledgements, representations and agreements as set forth under "Transfer Restrictions."

The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), and the Issuer will not be required to comply with the provisions of the TIA. Therefore, holders of the

Notes will not be entitled to the benefit of the provisions and protection of the TIA or similar provisions in the Indenture.

**Ranking**

The Indebtedness evidenced by the Notes and the Guarantees will be senior Indebtedness of the Issuer and the Guarantors, respectively, will rank *pari passu* in right of payment with all existing and future senior Indebtedness of the Issuer and the Guarantors, will have the benefit of the security interest in the Collateral as described under "—Security" and will be senior in right of payment to all existing and future subordinated Indebtedness of the Issuer and the Guarantors.

The Notes will have the benefit of a security interest in the Collateral that will be first in priority and *pari passu* with the liens securing the obligations under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and all other existing and future First Priority Lien Obligations, and senior in priority to the Second-Priority Notes and all other existing and future Second Priority Lien Obligations, with respect to all Collateral, subject to certain permitted liens and exceptions described under "—Security." Prime Borrower and all of its Domestic Subsidiaries other than the Issuer that are Wholly Owned Restricted Subsidiaries and that guarantee the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes, the Second-Priority Notes or any other Indebtedness of the Issuer or any Guarantors will become Guarantors with respect to the Notes, and their assets and property will secure the Notes to the extent described below under "—Guarantees" and below under "—Security."

As of March 31, 2021, on a pro forma basis after giving effect to the Transactions, Prime Borrower and its Subsidiaries would have had:

(1) $8,329 million of outstanding Indebtedness constituting First Priority Lien Obligations, consisting of (a) $2,779 million of secured Indebtedness outstanding under the First Lien Credit Agreement, (b) $1,450 million aggregate principal amount of secured Indebtedness outstanding under the ADT Notes, (c) $3,100 million aggregate principal amount of secured Indebtedness outstanding under the First-Priority Notes and (d) $1,000 million aggregate principal amount of secured Indebtedness outstanding under the Notes;

(2) approximately $62 million of Capitalized Lease Obligations;

(3) $1,300 million of outstanding Indebtedness constituting Second Priority Lien Obligations, consisting entirely of $1,300 million of outstanding Indebtedness under the Second-Priority Notes;

(4) no senior unsecured indebtedness; and

(5) $98 million of outstanding Indebtedness of Subsidiaries of Prime Borrower that are not the Issuer or Guarantors, consisting of outstanding Indebtedness under Permitted Securitization Financings (as defined in the First Lien Credit Agreement).

In addition, as of the date hereof, on a pro forma basis after giving effect to the Transactions, Prime Borrower would have had $575 million of unutilized capacity (without giving effect to letters of credit) under the revolving facility of the First Lien Credit Agreement, which would constitute First Priority Lien Obligations, if drawn.

Prime Borrower and its Restricted Subsidiaries are able to incur additional amounts of Indebtedness. Under certain circumstances the amount of such Indebtedness could be substantial and, subject to certain limitations, such Indebtedness may be secured Indebtedness constituting other First Priority Lien Obligations or Second Priority Lien Obligations.

Unless a Subsidiary of Prime Borrower is a Guarantor, claims of creditors of such Subsidiary, including trade creditors, and claims of preferred stockholders (if any) of such Subsidiary, generally will

have priority with respect to the assets and earnings of such Subsidiary over the claims of creditors of the Issuer, including holders of the Notes. The holders of the Notes, therefore, will be effectively subordinated to holders of Indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of any Subsidiary of Prime Borrower that is not a Guarantor. As of the Issue Date, the only Subsidiaries of Prime Borrower that are not Guarantors will be (i) non-Wholly Owned Subsidiaries, (ii) Immaterial Subsidiaries (as such term is defined in the First Lien Credit Agreement as in effect on the date hereof), (iii) Foreign Subsidiaries, (iv) Special Purpose Securitization Subsidiaries (as such term is defined in the First Lien Credit Agreement as in effect on the date hereof) and (v) Subsidiaries of the foregoing, all of which, as of March 31, 2021, had $98 million of outstanding Indebtedness, excluding intercompany obligations, consisting of Non-Recourse Indebtedness of our Special Purpose Securitization Subsidiaries. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—The Notes will be structurally subordinated to all liabilities of our current and future non-guarantor subsidiaries."

**Security**

The Notes and the Guarantees will be secured by first-priority security interests (subject to certain permitted liens) in the Collateral. The Collateral consists of substantially all of the property and assets, in each case, that are held by the Issuer or any Guarantor, to the extent that such assets secure the other First Priority Lien Obligations.

The initial Collateral does not include, subject to certain exceptions:

(i) any real property other than Material Real Property;

(ii) motor vehicles and other assets subject to certificates of title and letter of credit rights (in each case, except to the extent a Lien on such assets or such rights can be perfected by filing a UCC-1 financing statement) and commercial tort claims with a value of less than $10,000,000;

(iii) assets to the extent the pledges and security interests therein are prohibited by applicable law, rule, regulation or contractual obligation permitted under the First Lien Credit Agreement, the Security Documents and certain other documents and binding on assets to the extent in existence on May 2, 2016 or on the date of acquisition thereof and not entered into in contemplation of acquisition of such asset (in each case, except to the extent such prohibition is unenforceable after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code) or which could require governmental (including regulatory) consent, approval, license or authorization to be pledged (unless such consent, approval, license or authorization has been received);

(iv) assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as determined in good faith by Prime Borrower in consultation with the First Lien Credit Agreement Agent;

(v) any Equity Interests or Indebtedness with respect to which the First-Priority Collateral Agent and Prime Borrower reasonably agree that the cost or other consequences of pledging such Equity Interests or Indebtedness under the Security Documents are likely to be excessive in relation to the value to be afforded thereby;

(vi) in the case of any pledge of voting Equity Interests of any Foreign Subsidiary that is a CFC (in each case, that is owned directly by the Issuer or any Guarantor) to secure the Notes Obligations, any voting Equity Interest of such Foreign Subsidiary in excess of 65% of the outstanding Equity Interests of such class;

(vii) in the case of any pledge of voting Equity Interests of any FSHCO (in each case, that is

owned directly by the Issuer or any Guarantor) to secure the Notes Obligations, any voting Equity Interest of such FSHCO in excess of 65% of the outstanding Equity Interests of such class;

(viii) any Equity Interests or Indebtedness to the extent the pledge thereof would be prohibited by any requirement of law;

(ix) any Equity Interests of any Person that is not a Wholly Owned Subsidiary to the extent (A) that a pledge thereof to secure the Notes Obligations is prohibited by (i) any applicable organizational documents, joint venture agreement or shareholder agreement or (ii) any other contractual obligation with an unaffiliated third party not in violation of certain provisions of the First Lien Credit Agreement (other than, in this subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable requirements of law), (B) any organizational documents, joint venture agreement or shareholder agreement (or other contractual obligation referred to in subclause (A)(ii) above) prohibits such a pledge without the consent of any other party; provided, that this clause (B) shall not apply if (1) such other party is the Issuer, Holdings, a Guarantor or a Wholly Owned Subsidiary or (2) consent has been obtained to consummate such pledge (it being understood that the foregoing shall not be deemed to obligate the Issuer, Prime Borrower or any Subsidiary to obtain any such consent) and shall apply for so long as such organizational documents, joint venture agreement or shareholder agreement or replacement or renewal thereof is in effect, or (C) a pledge thereof to secure the Notes Obligations would give any other party (other than the Issuer, Holdings, a Guarantor or a Wholly Owned Subsidiary) to any organizational documents, joint venture agreement or shareholder agreement governing such Equity Interests (or other contractual obligation referred to in subclause (A)(ii) above) the right to terminate its obligations thereunder (other than, in the case of other contractual obligations referred to in subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable requirement of law);

(x) any Equity Interests of any Immaterial Subsidiary (as such term is defined in the First Lien Credit Agreement as in effect on the date hereof), any Unrestricted Subsidiary or any Special Purpose Securitization Subsidiary (as each such term is defined in the First Lien Credit Agreement as in effect on the date hereof);

(xi) any Equity Interests of any Subsidiary of, or other Equity Interests owned by, a Foreign Subsidiary;

(xii) any Equity Interests of any Subsidiary to the extent that the pledge of such Equity Interests could reasonably be expected to result in material adverse tax consequences to Prime Borrower or any Subsidiary as determined in good faith by Prime Borrower in consultation with the First Lien Credit Agreement Agent;

(xiii) any Equity Interests that are set forth on certain schedules to the First Lien Credit Agreement or that have been identified on or prior to May 2, 2016 in writing to the First-Priority Collateral Agent by Prime Borrower;

(xiv) any margin stock;

(xv) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or create a right of termination in favor of any other party thereto (other than Holdings or the Issuer or any Guarantor) after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code;

(xvi) those assets as to which the First-Priority Collateral Agent and Prime Borrower reasonably agree that the cost or other consequence of obtaining such a security interest or perfection thereof are excessive in relation to the value afforded thereby;

(xvii) any governmental licenses or state or local licenses, franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code;

(xviii) any "intent-to-use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, unless and until an Amendment to Allege Use or a Statement of Use under Section 1(c) or 1(d) of the Lanham Act has been filed, (xix) other customary exclusions under applicable local law or in applicable local jurisdictions set forth in the applicable Security Documents;

(xix) Securitization Assets (as defined in the First Lien Credit Agreement) sold to any Special Purpose Securitization Subsidiary or otherwise pledged, factored, transferred or sold in connection with any Permitted Securitization Financing, and any other assets subject to Liens securing Permitted Securitization Financings;

(xx) any segregated accounts or funds, or any portion thereof, received by Prime Borrower or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon Prime Borrower or one or more of its Subsidiaries to collect and remit those funds to such third parties;

(xxi) any equipment or other asset that is subject to certain liens permitted under the First Lien Credit Agreement or is otherwise subject to a purchase money debt or a Capitalized Lease Obligation, in each case, as permitted by certain provisions of the First Lien Credit Agreement, if the contract or other agreement providing for such debt or Capitalized Lease Obligation prohibits or requires the consent of any Person (other than Holdings or the Issuer or a Guarantor) as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted hereunder after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code or other applicable law; and

(xxii) certain other exceptions described in the Security Documents, including the limitation on stock collateral described below (all such excluded assets referred to as "Excluded Assets").

The foregoing excluded property and assets do not secure any of the First Priority Lien Obligations or the Second Priority Lien Obligations and will not secure the Notes. The security interests securing the Notes will be *pari passu* in priority with any and all security interests at any time granted to secure the First Priority Lien Obligations and will also be subject to certain permitted liens. The First Priority Lien Obligations include the obligations under the First Lien Credit Agreement, as well as certain hedging obligations and certain other obligations in respect of cash management services, the ADT Notes and the First-Priority Notes.

Notwithstanding anything herein to the contrary, (A) the First-Priority Collateral Agent may grant extensions of time or waiver of the requirement for the creation or perfection of security interests in or the obtaining of insurance (including title insurance) or surveys with respect to particular assets (including extensions beyond the Issue Date for the perfection of security interests in the assets of the Issuer or the Guarantors on such date) where it reasonably determines, in consultation with Prime Borrower, that perfection or obtaining of such items cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by the Indenture or the Security Documents, (B) no control agreement or control, lockbox or similar arrangement shall be required with respect to any deposit accounts, securities accounts or commodities accounts, (C) no landlord, mortgagee or bailee waivers

shall be required, (D) no foreign-law governed security documents or perfection under foreign law shall be required and (E) no notice shall be required to be sent to account debtors or other contractual third parties prior to an Event of Default.

The Issuer and the Guarantors are able to incur additional Indebtedness in the future that could share in the Collateral, including additional First Priority Lien Obligations that would be secured on a *pari passu* basis with the Notes and the Guarantees and obligations that would be secured on a junior priority basis to the Notes and the Guarantees. Under the Indenture, there are no limitations on the incurrence of such Indebtedness or other Indebtedness.

**Limitations on Stock Collateral**

The Capital Stock and securities of the Issuer or a Subsidiary that are owned by the Issuer or any Guarantor will constitute Collateral only to the extent that such Capital Stock and securities can secure the Notes or the applicable Guarantee, as applicable, without Rule 3-10 or 3-16 of Regulation S-X under the Securities Act requiring separate financial statements of such Person to be filed with the SEC (or any other governmental agency). In the event that Rule 3-10 or 3-16 of Regulation S-X under the Securities Act requires or is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC (or any other governmental agency) of separate financial statements of any Person due to the fact that such Person's Capital Stock or securities secure the Notes or any Guarantee, then the Capital Stock and/or securities of such Person shall automatically be deemed not to be part of the Collateral (but only to the extent necessary to not be subject to such requirement and only for so long as required to not be subject to such requirement). In such event, the Security Documents may be amended or modified, without the consent of the Trustee or any holder of Notes, to the extent necessary to release the security interests on the shares of Capital Stock and securities that are so deemed to no longer constitute part of the Collateral. Since the Notes do not have registration rights, this limitation will not limit the Collateral on the Issue Date.

In the event that Rule 3-10 or 3-16 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to permit (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Person's Capital Stock or securities to secure the Notes in excess of the amount then pledged without the filing with the SEC (or any other governmental agency) of separate financial statements of such Person, then the Capital Stock and/or securities of such Person shall automatically be deemed to be a part of the Collateral (but only to the extent that it will not result in such Person being subject to any such financial statement requirement). In such event, the Security Documents may be amended or modified, without the consent of the Trustee or any holder of Notes, to the extent necessary to subject to the Liens under the Security Documents such additional Capital Stock and securities, on the terms contemplated herein.

You may not have a perfected security interest in all of the Collateral as of the Issue Date. For example, some or all of the amendments to the Mortgages needed to cause the Notes and the Guarantees to be secured thereby may not be in place upon the issuance of the Notes. However, to the extent that any such instrument or deliverable is required for such perfection, the Issuer will be required to use its commercially reasonable efforts to deliver such instruments and related deliverables within 120 days following the Issue Date or such longer period of time as agreed to by the First Lien Credit Agreement Agent with respect to perfecting security interests in such Collateral thereunder. See "Risk Factors—Delivery of security interests in collateral or any guarantees after the issue date increases the risk that the security interests or such guarantees could be avoidable in bankruptcy."

**Maintenance of Collateral**

The Indenture and the Security Documents provide that the Issuer will, and will cause each of the Guarantors to (i) at all times maintain, preserve and protect all property material to the conduct of its business and keep such property in good repair, working order and condition (other than wear and tear); (ii) keep its insurable property adequately insured at all times by financially sound and reputable insurers;

and (iii) maintain such other insurance, to such extent and against such risks as is customary with companies in the same or similar businesses operating in the same or similar locations.

**After-Acquired Collateral**

Subject to certain limitations and exceptions, if the Issuer or any Guarantor creates any additional security interest upon any property or asset (other than Excluded Assets) to secure any First Priority Lien Obligations (which include obligations in respect of the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes), it must concurrently grant a first-priority security interest (subject to certain permitted liens) in favor of the First-Priority Collateral Agent for its benefit and the benefit of the Trustee and the holders of the Notes and deliver certain joinder agreements and certificates in respect thereof to the extent required by the Security Documents.

**Further Assurances**

The Security Documents and the Indenture provide that the Issuer and the Guarantors shall, at their expense, duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents, instruments, financing and continuation statements and amendments thereto and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral in favor of the First-Priority Collateral Agent for its benefit and for the benefit of the holders of the Notes and the Trustee, and to otherwise effectuate the provisions or purposes of the Indenture and the Security Documents.

**Security Documents**

The First-Priority Collateral Agent in its capacity as collateral agent for the First Lien Credit Agreement entered into a security agreement and mortgages in connection with the First Lien Credit Agreement. The trustee for the ADT Notes and the First-Priority Notes joined such Security Documents prior to the date hereof. On the Issue Date the Trustee for the Notes will join the security agreement by executing another first lien secured party consent contemplated thereby and a joinder to the security agreement and the First Lien/First Lien Intercreditor Agreement and will appoint the First-Priority Collateral Agent as collateral agent for the Notes.

Subject to the terms of the Security Documents, the Issuer and the Guarantors have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

**First Lien/First Lien Intercreditor Agreement**

The First-Priority Collateral Agent, the First Lien Credit Agreement Agent, the trustee of the ADT Notes and the trustee of the First-Priority Notes are parties to that certain First Lien/First Lien Intercreditor Agreement, dated as of May 2, 2016 (as amended, supplemented or otherwise modified, the "First Lien/First Lien Intercreditor Agreement"), with respect to the Collateral, which may be amended or supplemented from time to time without the consent of the First Lien Credit Agreement Agent, the Trustee, the holders of the Notes or any other First-Priority Secured Party to add other parties holding First Priority Lien Obligations not prohibited to be incurred under the Indenture, the First Lien Credit Agreement and the agreements governing any other First Priority Lien Obligations. On the Issue Date, the Trustee will deliver a joinder to the First Lien/First Lien Intercreditor Agreement in respect of the obligations under the Notes.

The First Lien/First Lien Intercreditor Agreement governs the relative rights and remedies with respect to the Collateral of the lenders under the First Lien Credit Agreement, the holders of the Notes, the holders of the ADT Notes, the holders of the First-Priority Notes and the holders of any other First Priority Lien Obligations. Under the First Lien/First Lien Intercreditor Agreement, as described below, the

"Applicable Authorized Representative" has the right to direct the First-Priority Collateral Agent to foreclose on Common Collateral and take other actions with respect to the Common Collateral, and the Authorized Representatives of other Series of First Priority Lien Obligations have no right to so direct the First-Priority Collateral Agent or to take actions with respect to the Common Collateral. The "Applicable Authorized Representative" is currently the First Lien Credit Agreement Agent. The Trustee for the holders of the Notes, as Authorized Representative in respect of the Notes, will initially have no rights to take any action with respect to the Common Collateral under the First Lien/First Lien Intercreditor Agreement. The First-Priority Collateral Agent may enter into any amendment (and, at the request of the First-Priority Collateral Agent, each Authorized Representative shall sign a consent to such amendment) to any Security Document (including, without limitation, to release any Liens securing any Series of First Priority Lien Obligations), so long as such amendment is not prohibited by the terms of the documents governing each Series of First Priority Lien Obligations. The First-Priority Collateral Agent may additionally enter into any amendment (and, at the request of the First-Priority Collateral Agent, each Authorized Representative shall sign a consent to such amendment) to any Security Document solely as such amendment to such Security Document relates to a particular Series of First Priority Lien Obligations (including, without limitation, to release Liens securing such Series of First Priority Lien Obligations); provided that any such amendment is in accordance with the documents pursuant to which such Series of First Priority Lien Obligations was incurred and such amendment does not adversely affect the First-Priority Secured Parties of any other Series.

The First Lien Credit Agreement Agent will remain the Applicable Authorized Representative until the earlier of (1) the Discharge of First Lien Credit Agreement Obligations and (2) the Non-Controlling Authorized Representative Enforcement Date (such earlier date, the "Applicable Authorized Agent Date"). From and after the Applicable Authorized Agent Date, the Applicable Authorized Representative, with respect to any Common Collateral, will be the Authorized Representative (the "Non-Controlling Authorized Representative") of the Series of First Priority Lien Obligations (other than obligations under the First Lien Credit Agreement) that constitutes the largest outstanding principal amount of any then outstanding Series of First Priority Lien Obligations with respect to such Common Collateral (the "Major Non-Controlling Authorized Representative"). As of the Issue Date, the trustee for the 2026 Notes will be the Major Non-Controlling Authorized Representative.

The "Non-Controlling Authorized Representative Enforcement Date," with respect to any Non-Controlling Authorized Representative, is the date that is 180 days (throughout which 180-day period the applicable Non-Controlling Authorized Representative was the Major Non-Controlling Authorized Representative) after the occurrence of both (a) an Event of Default, under and as defined in the Indenture or other applicable indenture or agreement for that Series of First Priority Lien Obligations, and (b) the First-Priority Collateral Agent's and each other Authorized Representative's receipt of written notice from that Non-Controlling Authorized Representative certifying that (i) such Non-Controlling Authorized Representative is the Major Non-Controlling Authorized Representative and that an Event of Default, as defined in the Indenture or other applicable indenture or agreement for that Series of First Priority Lien Obligations, has occurred and is continuing and (ii) the First Priority Lien Obligations of the Series with respect to which such Non-Controlling Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the Indenture or other applicable indenture or agreement for that Series of First Priority Lien Obligations; provided that the Non-Controlling Authorized Representative Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred with respect to any Common Collateral (1) at any time the First Lien Credit Agreement Agent or the First-Priority Collateral Agent has commenced and is diligently pursuing any enforcement action with respect to such Common Collateral or (2) at any time the Issuer or any Guarantor that has granted a security interest in such Common Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

The Applicable Authorized Representative shall have the sole right to instruct the First-Priority Collateral Agent to act or refrain from acting with respect to the Common Collateral. The First-Priority Collateral Agent shall not follow any instructions with respect to such Common Collateral from any Non-Controlling Authorized Representative or other First-Priority Secured Party (other than the Applicable

Authorized Representative), and no Non-Controlling Authorized Representative or other First-Priority Secured Party (other than the Applicable Authorized Representative) will instruct the First-Priority Collateral Agent to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, the Common Collateral.

Notwithstanding the equal priority of the Liens on the Common Collateral, the First-Priority Collateral Agent, acting on the instructions of the Applicable Authorized Representative, may deal with the Common Collateral as if such Applicable Authorized Representative had a senior Lien on such Collateral. No Non-Controlling Authorized Representative or any Non-Controlling Secured Party may contest, protest or object to any foreclosure proceeding or action brought by the First-Priority Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Party or any other exercise by the First-Priority Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Party of any rights and remedies relating to the Common Collateral or cause the First-Priority Collateral Agent to do so. Each other Authorized Representative agreed and the Trustee will agree that it will not accept any Lien on any Common Collateral for the benefit of the holders of Notes or of any other Series of First Priority Lien Obligations, as applicable (other than funds deposited for the discharge or defeasance of the Indenture or the agreement governing such other Series of First Priority Lien Obligations, as applicable), other than pursuant to the Security Documents. Each of the First-Priority Secured Parties also agreed and the Trustee will agree that it will not (and will waive any right to) contest or support any other Person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the First-Priority Secured Parties in all or any part of the Collateral, or the provisions of the First Lien/First Lien Intercreditor Agreement. The First Lien/ First Lien Intercreditor Agreement provides that, if any Common Collateral is transferred to a third party or otherwise disposed of in connection with any enforcement by the First-Priority Collateral Agent in accordance with the provisions thereof, the Liens in favor of the First-Priority Collateral Agent for the benefit of each Series of First-Priority Secured Parties upon such Common Collateral will be automatically released and discharged.

If an Event of Default or any event of default with respect to any other First Priority Lien Obligations has occurred and is continuing and the First-Priority Collateral Agent or any First-Priority Secured Party is taking action to enforce rights in respect of any Common Collateral, or any distribution is made in respect of any Common Collateral in any bankruptcy case of the Issuer or any Guarantor or any First-Priority Secured Party receives any payment pursuant to any intercreditor agreement (other than the First Lien/First Lien Intercreditor Agreement) with respect to any Common Collateral, the proceeds of any sale, collection or other liquidation of any such Common Collateral by any First-Priority Secured Party or received by the First-Priority Collateral Agent or any First-Priority Secured Party pursuant to any such intercreditor agreement with respect to such Common Collateral and proceeds of any such distribution (subject, in the case of any such proceeds, payment or distribution, to the paragraph immediately following) to which the First Priority Lien Obligations are entitled under any other intercreditor agreement shall be applied among the First Priority Lien Obligations to the payment in full of the First Priority Lien Obligations on a ratable basis, after payment of all amounts owing to the First-Priority Collateral Agent.

Notwithstanding the foregoing, with respect to any Common Collateral for which a third party (other than a First-Priority Secured Party and after giving effect to any other applicable intercreditor agreements) has a lien or security interest that is junior in priority to the security interest of any Series of First Priority Lien Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Series of First Priority Lien Obligations (such third party, an "Intervening Creditor"), the value of any Common Collateral or proceeds which are allocated to such Intervening Creditor shall be deducted on a ratable basis solely from the Common Collateral or proceeds to be distributed in respect of the Series of First Priority Lien Obligations with respect to which such impairment exists.

None of the First-Priority Secured Parties may institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the First-Priority Collateral Agent or any other First-Priority Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Common Collateral. In addition, none of the First-Priority Secured Parties may seek to have any Common Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral. If any First-Priority Secured Party obtains possession of any Common Collateral or realizes any proceeds or payment in respect thereof, at any time prior to the discharge of each Series of First Priority Lien Obligations, then it must hold such Common Collateral, proceeds or payment in trust for the other First-Priority Secured Parties and promptly transfer such Common Collateral, proceeds or payment to the First-Priority Collateral Agent to be distributed in accordance with the First Lien/ First Lien Intercreditor Agreement.

If the Issuer or any Guarantor becomes subject to any bankruptcy case, the First Lien/First Lien Intercreditor Agreement provides that, if the Issuer or any Guarantor shall, as debtor(s)-in possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code, each First-Priority Secured Party (other than any Controlling Secured Party or any Authorized Representative of any Controlling Secured Party) agrees that it will raise no objection to any such DIP Financing or to the Liens on the Common Collateral securing the same (the "DIP Financing Liens") or to any use of cash collateral that constitutes Common Collateral, unless any Controlling Secured Party, or an Authorized Representative of any Controlling Secured Party, shall then oppose or object to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Common Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Common Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any First-Priority Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Common Collateral granted to secure the First Priority Lien Obligations of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Common Collateral as set forth in the First Lien/First Lien Intercreditor Agreement), in each case so long as:

(A) the First-Priority Secured Parties of each Series retain the benefit of their Liens on all such Common Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-a-vis all the other First-Priority Secured Parties (other than any Liens of the First-Priority Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the bankruptcy case,

(B) the First-Priority Secured Parties of each Series are granted Liens on any additional collateral pledged to any First-Priority Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-a-vis the other First-Priority Secured Parties as set forth in the First Lien/First Lien Intercreditor Agreement,

(C) if any amount of such DIP Financing or cash collateral is applied to repay any of the First Priority Lien Obligations, such amount is applied pursuant to the First Lien/First Lien Intercreditor Agreement, and

(D) if any First-Priority Secured Parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection is applied pursuant to the First Lien/First Lien Intercreditor Agreement;

provided, that the First-Priority Secured Parties of each Series shall have a right to object to the grant of a Lien to secure the DIP Financing over any Collateral subject to Liens in favor of the First-Priority Secured

Parties of such Series or its Authorized Representative that shall not constitute Common Collateral; and provided, further, that the First-Priority Secured Parties receiving adequate protection shall not object to any other First-Priority Secured Party receiving adequate protection comparable to any adequate protection granted to such First-Priority Secured Parties in connection with a DIP Financing or use of cash collateral.

The First-Priority Secured Parties acknowledge that the First Priority Lien Obligations of any Series may, subject to the limitations set forth in the documents governing each Series of First Priority Lien Obligations, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the priorities set forth in the First Lien/First Lien Intercreditor Agreement defining the relative rights of the First-Priority Secured Parties of any Series.

**First Lien/Second Lien Intercreditor Agreement**

The First-Priority Collateral Agent and the Applicable Second Lien Agent are party to the First Lien/Second Lien Intercreditor Agreement, dated as of July 1, 2015 (as amended, supplemented or otherwise modified, the "First Lien/Second Lien Intercreditor Agreement"), with respect to the Collateral, which may be amended or supplemented from time to time without the consent of the Trustee, the holders of the Notes, any other First-Priority Secured Party or any Second Priority Secured Party to add other parties holding First Priority Lien Obligations or Second Priority Lien Obligations not prohibited to be incurred under the Indenture, the First Lien Credit Agreement, the agreements governing any other First Priority Lien Obligations and the agreements governing any Second Priority Lien Obligations. On the Issue Date, the Trustee will execute and deliver a joinder to the First Lien/Second Lien Intercreditor Agreement in the capacity of an other First Lien Obligations Agent in respect of the obligations under the Notes.

Pursuant to the terms of the First Lien/Second Lien Intercreditor Agreement, at any time prior to the Discharge of First Priority Lien Obligations, the Applicable First Lien Agent and other representatives of the First Priority Lien Obligations will have the exclusive right to enforce rights and exercise remedies with respect to the Collateral subject to other provisions of the First Lien/Second Lien Intercreditor Agreement.

So long as the Discharge of First Priority Lien Obligations has not occurred, the Applicable Second Lien Agent will not be permitted to exercise any rights or remedies (including setoff or recoupment) with respect to the Collateral even if an Event of Default under the indenture governing the Second-Priority Notes has occurred and the Second-Priority Notes have been accelerated, except the Applicable Second Lien Agent may take certain specified permitted remedies, including to:

(a) take certain protective measures described in the First Lien/Second Lien Intercreditor Agreement,

(b) exercise rights or remedies with respect to the Collateral after a period of 180 days has elapsed since the delivery of the notice of the acceleration of the applicable Second Priority Lien Obligations to the Applicable First Lien Agent, if no holder of First Priority Lien Obligations is diligently pursuing the enforcement or exercise of rights or remedies with respect to a material portion of Collateral or requested a relief of any stay to enable commencement of such exercise, any such acceleration has not been rescinded and neither the Issuer nor any Guarantor is then a debtor in any insolvency proceeding,

(c) file any necessary or appropriate responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding, or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims or Liens of the Second Lien Secured Parties, including any claims secured by the Collateral, in each case in accordance with the terms of the First Lien/Second Lien Intercreditor Agreement,

(d) file any pleadings, objections motions, or agreements that assert rights or interests available to unsecured creditors of the Issuer or any Guarantor arising under either any insolvency or liquidation proceeding or applicable non-bankruptcy law, in each case not inconsistent with or prohibited by the terms of the First Lien/Second Lien Intercreditor Agreement or applicable law (including the bankruptcy laws of an applicable jurisdiction), or

(e) vote on any plan of reorganization or similar dispositive restructuring plan, file any proof of claim, make other filings and make any arguments, obligations, and motions (including in support of or opposition to, as applicable, the confirmation or approval of any plan of reorganization) that are, in each case, in accordance with the terms of the First Lien/Second Lien Intercreditor Agreement.

Subject to certain limited rights, the Applicable Second Lien Agent agreed that it will not take any action that would hinder or interfere with any exercise of remedies undertaken by any holder of First Priority Lien Obligations with respect to the Collateral and waived any and all rights it or any such Second Lien Secured Party may have as a junior lien creditor or otherwise to object to the manner in which any holder of First Priority Lien Obligations seeks to enforce or collect the First Priority Lien Obligations or the Liens granted to secure any First Priority Lien Obligations, regardless of whether any action or failure to act by such holder is adverse to the interests of the holders of the Second Priority Lien Obligations.

Pursuant to the terms of the First Lien/Second Lien Intercreditor Agreement, if, at any time the Issuer or a Guarantor or any holder of First Priority Lien Obligations delivers notice to the Applicable Second Lien Agent that any specified Collateral held by such Person (or any direct or indirect Subsidiary thereof) is disposed of (other than to the Issuer or a Guarantor) (i) by the owner of such Collateral in a transaction not prohibited under the documents governing First Priority Lien Obligations and Second Priority Lien Obligations or (ii) during the existence of any Event of Default under (and as defined in) the First Lien Credit Agreement or any applicable documents governing other First Priority Lien Obligations in connection with any enforcement action, exercise of rights or remedies or to the extent that the Applicable First Lien Agent has consented to such disposition, then the Liens securing the Second Priority Lien Obligations upon such Collateral will automatically be released and discharged as and upon, but only to the extent, such Liens on such Collateral securing the First Priority Lien Obligations are released and discharged.

In addition, the First Lien/Second Lien Intercreditor Agreement provides that, prior to the Discharge of First Priority Lien Obligations, except as provided in the First Lien/Second Lien Intercreditor Agreement (1) the holders of First Priority Lien Obligations and the First-Priority Collateral Agent shall have the exclusive right to make determinations regarding the release of Collateral without the consent of any Second Lien Secured Parties, (2) the First Lien/Second Lien Intercreditor Agreement may be supplemented, without the consent of the Applicable Second Lien Agent or the holders of any Second Priority Lien Obligations, to add additional secured creditors holding other First Priority Lien Obligations and other Second Priority Lien Obligations so long as such other First Priority Lien Obligations or other Second Priority Lien Obligations, as applicable, are not prohibited by the provisions of the First Lien Credit Agreement, the Indenture, the documents governing any other First Priority Lien Obligations or the documents governing any Second Priority Lien Obligations and (3) in the event the holders of the First Priority Lien Obligations change, waive, modify or vary the Security Documents, such modification will automatically apply to the comparable provisions of the security documents governing the Second Priority Lien Obligations without the consent of any holders of the Second Priority Lien Obligations, provided that any such change, waiver or modification does not materially adversely affect the rights of the holders of the Second Priority Lien Obligations to a greater extent than the holders of the First Priority Lien Obligations in a like or similar manner.

In addition if the Issuer or any Guarantor is subject to any insolvency or liquidation proceeding, the Applicable Second Lien Agent and the holders of any Second Priority Lien Obligations agreed that:

(1) until the Discharge of First Priority Lien Obligations has occurred, if the First-Priority

Collateral Agent shall desire to permit the use, sale or lease of cash collateral or to permit the Issuer or any Guarantor to obtain DIP Financing, then they will not object to, or support any objection to or otherwise contest, and will be deemed to have consented to, such use, sale or lease of such cash collateral and DIP Financing and will not request adequate protection or any other relief in connection therewith (except to the extent permitted by clause 7 below) and, to the extent the Liens securing the First Priority Lien Obligations are subordinated or *pari passu* with such DIP Financing, will subordinate its Liens in the Collateral to such DIP Financing (and all obligations relating thereto, including any "carve-out" from the Collateral granting administrative priority status or Lien priority to secure the payment of fees and expenses of the United States Trustee or professionals retained by any debtor or creditors' committee agreed to by the First-Priority Collateral Agent or the other holders of First Priority Lien Obligations) and to any adequate protection Liens granted to the First-Priority Collateral Agent, on the same basis as the Liens securing the First Priority Lien Obligations are subordinated to the Liens securing the DIP Financing; provided, that the aggregate principal amount of the DIP Financing does not exceed the sum of (1) the aggregate amount of the First Priority Lien Obligations (after taking into account any "roll-up" thereof) and (2) an amount equal to 100% of the aggregate commitments (whether drawn or undrawn) under such then existing revolving credit facilities, in each case determined as of the commencement of such insolvency or liquidation proceeding.

(2) they will raise no objection to, and will not support any objection to or otherwise contest, any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of any First Priority Lien Obligations made by the First-Priority Collateral Agent or any holder of First Priority Lien Obligations;

(3) they will raise no objection to, will not support any objection to or otherwise contest, any lawful exercise by the First-Priority Collateral Agent or any holder of First Priority Lien Obligations of the right to credit bid the First Priority Lien Obligations under Section 363(k) of the Bankruptcy Code (or any similar provision under any other applicable Bankruptcy Law) or at any sale in foreclosure or in any insolvency or liquidation proceeding of the Collateral or other collateral securing any First Priority Lien Obligations;

(4) they will raise no objection to, will not support any objection to or otherwise contest, any other request for judicial relief made in any court by the First-Priority Collateral Agent or any holder of First Priority Lien Obligations relating to the lawful enforcement of any Lien on any Collateral or other Collateral securing any First Priority Lien Obligations;

(5) they will raise no objection to, will not support any objection to or otherwise contest, any order relating to a sale of any Collateral of the Issuer or Guarantor for which the First-Priority Collateral Agent or any holder of First Priority Lien Obligations has consented that provides, to the extent that the sale is to be free and clear of Liens, that the Liens securing the First Priority Lien Obligations and the Second Priority Lien Obligations will attach to the proceeds of the sale on the same basis of priority as the Liens securing the First Priority Lien Obligations do relate to the Liens securing the Second Priority Lien Obligations in accordance with the First Lien/Second Lien Intercreditor Agreement, provided that the Applicable Second Lien Agent and the holders of Second Priority Lien Obligations may assert any objection to the proposed bidding or related sale procedures to be utilized in connection with a sale or disposition that could be asserted by an unsecured creditor in any insolvency or liquidation proceeding;

(6) until the Discharge of First Priority Lien Obligations has occurred, they will not (i) seek relief from the automatic stay or any other stay in any insolvency or liquidation proceeding in respect of the Collateral or any other collateral securing any First Priority Lien Obligations without the prior written consent of the First-Priority Collateral Agent or the required lenders under each Series of First Priority Lien Obligations or are otherwise

set forth in the First-Lien/Second-Lien Intercreditor Agreement or (ii) oppose the First-Priority Collateral Agent or any holder of First Priority Lien Obligations from seeking relief from the automatic stay or any other stay;

(7) none of them shall contest (or support any other Person contesting) (a) any request by the First-Priority Collateral Agent or the holders of First Priority Lien Obligations for adequate protection in any form or (b) any objection by the First-Priority Collateral Agent or the holders of First Priority Lien Obligations to any motion, relief, action or proceeding based on the First-Priority Collateral Agent's or the holders of First Priority Lien Obligations' claiming a lack of adequate protection. Notwithstanding the foregoing, in any insolvency or liquidation proceeding, (i) if the holders of First Priority Lien Obligations (or any subset thereof) are granted adequate protection in the form of a Lien on additional or replacement collateral and/or a superpriority administrative claim in connection with any DIP Financing or use of cash collateral under Section 363 or Section 364 of the Bankruptcy Code or any similar law, then the Applicable Second Lien Agent and any holder of Second Priority Lien Obligations (A) may seek or request adequate protection in the form of a Lien on such additional or replacement collateral and/or a superpriority administrative claim (as applicable), which Lien or superpriority claim is junior and subordinated to the Liens securing and providing adequate protection for, and claims with respect to, the First Priority Lien Obligations and such DIP Financing (and all obligations relating thereto) on the same basis as the other Liens securing the Second Priority Lien Obligations are so junior and subordinated to the Liens securing, and the claims with respect to, the First Priority Lien Obligations under the First Lien/Second Lien Intercreditor Agreement and (B) will not seek or request, without the consent of the First-Priority Collateral Agent or as otherwise set forth in the First Lien/Second Lien Intercreditor Agreement, adequate protection in any other form, and (ii) in the event that the Applicable Second Lien Agent or any holder of Second Priority Lien Obligations seeks or requests adequate protection and such adequate protection is granted in the form of a Lien on additional or replacement collateral and/or a superpriority administrative claim, then the Applicable Second Lien Agent agreed that the holders of the First Priority Lien Obligations shall also be granted a senior Lien on such additional or replacement collateral as security and adequate protection for the applicable First Priority Lien Obligations and any such DIP Financing and/or a superpriority administrative claim (as applicable), and that any Lien on such additional or replacement collateral securing or providing adequate protection for the Second Priority Lien Obligations and/or a superpriority claim shall be junior and subordinated to the Liens on such collateral securing, and the claims with respect to, the First Priority Lien Obligations and any such DIP Financing (and all obligations relating thereto) and any other Liens granted to the holders of First Priority Lien Obligations as adequate protection on the same basis as the other Liens securing, and the claims with respect to, the Second Priority Lien Obligations are so junior and subordinated to such Liens securing, and claims with respect to, the First Priority Lien Obligations under the First Lien/Second Lien Intercreditor Agreement. Without limiting the generality of the foregoing, to the extent the holders of First Priority Lien Obligations are granted adequate protection in the form of payments in the amount of current post-petition interest, fees, and expenses, and/or other cash payments, then the Applicable Second Lien Agent and the holders of Second Priority Lien Obligations shall not be prohibited from seeking and accepting adequate protection in the form of payments in the amount of current post-petition interest, fees, and expenses, and/or other cash payments (as applicable), subject to the right of the First-Priority Collateral Agent or the holders of First Priority Lien Obligations to object to the reasonableness of the amounts of fees and expenses or other cash payments so sought by the Applicable Second Lien Agent and the holders of Second Priority Lien Obligations; and

(8) until the Discharge of First Priority Lien Obligations has occurred, they (i) will not assert or enforce any claim under Section 506(c) of the Bankruptcy Code (or any similar

provision under any other applicable bankruptcy law) senior to or on a parity with the Liens securing the First Priority Lien Obligations for costs or expenses of preserving or disposing of any Collateral or other collateral, and (ii) will waive any claim it may have arising out of the election by any holder of First Priority Lien Obligations of the application of Section 1111(b)(2) of the Bankruptcy Code (or any similar provision under any other applicable bankruptcy law).

In addition, under the First Lien/Second Lien Intercreditor Agreement, no holder of Second Priority Lien Obligations may support or vote in favor of any plan of reorganization proposed in any insolvency or liquidation proceeding (and shall be deemed to have voted to reject any such plan) unless it (a) pays off, in cash in full, all First Priority Lien Obligations, (b) is accepted by the class of holders of First Priority Lien Obligations voting thereon in accordance with Section 1126 of the Bankruptcy Code (or any similar provision under any other applicable bankruptcy law), or (c) otherwise provides the holders of First Priority Lien Obligations with the value of the Collateral in cash or otherwise, prior to any payment or distribution on account of the Second Priority Lien Obligations (subject to a certain other provision of the First Lien/Second Lien Intercreditor Agreement).

The First Lien/Second Lien Intercreditor Agreement further provides that the parties thereto agree that (i) the grants of Liens pursuant to the Security Documents and the security documents governing the Second Priority Lien Obligations constitute two separate and distinct grants of Liens and (ii) because of their differing rights in the Collateral, the Second Priority Lien Obligations must be separately classified from the First Priority Lien Obligations in any plan of reorganization or similar dispositive restructuring plan proposed or confirmed in any insolvency or liquidation proceeding. The parties thereto further agree that regardless of whether any claim for interest, fees, costs, or expenses that accrue after the commencement of an insolvency or liquidation proceeding is allowed or allowable, the First Lien/Second Lien Intercreditor Agreement expressly is intended to include and does include the "rule of explicitness" in that the First Lien/Second Lien Intercreditor Agreement expressly entitles the First-Priority Collateral Agent and the holders of First Priority Lien Obligations with the right to receive, in respect of the First Priority Lien Obligations, payment from the Collateral of all such post-petition claims through distributions made therefrom pursuant to the provisions of the First Lien/Second Lien Intercreditor Agreement, even if any such post-petition claims are not allowed or allowable against the bankruptcy estate of the Issuer or any Guarantor under the Bankruptcy Code or any other applicable bankruptcy law. If it is held that the claims of the holders of the First Priority Lien Obligations and the holders of the Second Priority Lien Obligations in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the holders of the First Priority Lien Obligations shall be entitled to receive, in addition to the amounts distributed to them from, or in respect of, the Collateral in respect of principal, prepetition interest, and other claims, all amounts owing in respect of post-petition claims, irrespective of whether any claim for such amounts is allowed or allowable in such insolvency or liquidation proceeding, before any distribution from, or in respect of, any Collateral is made in respect of the claims held by the Second Lien Secured Parties, with the holders of the Second Lien Secured Parties acknowledging and agreeing in the First Lien/Second Lien Intercreditor Agreement to turn over to the holders of the First Priority Lien Obligations amounts otherwise received or receivable by them from the Collateral to the extent necessary to effectuate the intent of the foregoing, even if such turnover has the effect of reducing the claim or recovery of the holders of the Second Lien Secured Parties.

**Release of Collateral**

The Issuer and the Guarantors are entitled to the automatic release of property and other assets included in the Collateral from the Liens securing the Notes Obligations under any one or more of the following circumstances or any applicable circumstance as provided in the First Lien/First Lien Intercreditor Agreement or the First Lien/Second Lien Intercreditor Agreement:

(1) in respect of the property and assets of a Guarantor, upon the consummation of any transaction permitted by the Indenture as a result of which such Guarantor ceases to be a Subsidiary of Prime Borrower or otherwise ceases to be a pledgor under the Security Documents;

(2) to enable the Issuer or any Guarantor to consummate the disposition of such property or assets to a Person that is not the Issuer or a Guarantor to the extent not prohibited under the Indenture;

(3) in respect of the property and assets of a Subsidiary Guarantor, upon the designation of the Subsidiary Guarantor to be an Unrestricted Subsidiary or an Excluded Subsidiary;

(4) in respect of the property or assets of the Issuer, upon the release or discharge of the Issuer's Notes Obligations in accordance with the Indenture;

(5) in respect of the property and assets of a Guarantor, upon the release or discharge of the Guarantee of such Guarantor in accordance with the Indenture;

(6) in respect of any property and assets that are or become Excluded Assets pursuant to a transaction not prohibited under the Indenture;

(7) in respect of the property and assets of a Subsidiary Guarantor, upon the release or discharge of the pledge granted by such Subsidiary Guarantor to secure the obligations under the First Lien Credit Agreement or any other Indebtedness the guarantee in respect of which resulted in the obligation to become a Subsidiary Guarantor with respect to the Notes; and

(8) upon any sale or other transfer by the Issuer or any Guarantor of any Collateral that is permitted under the Indenture to any Person that is not the Issuer or a Guarantor (including in connection with a condemnation or casualty event), or upon the effectiveness of any written consent to the release of the security interest granted by the Security Documents in any Collateral pursuant to the Indenture.

The first priority security interests in all Collateral securing the Notes will also be released upon (i) payment in full of the principal of, together with accrued and unpaid interest (including additional interest, if any) on, the Notes and all other obligations under the Indenture and the Security Documents that are due and payable at or prior to the time such principal, together with accrued and unpaid interest (including additional interest, if any) with respect to the Notes, are paid (including pursuant to a satisfaction and discharge of the Indenture as described below under "—Defeasance and Discharge of Obligations") or (ii) a discharge or defeasance of the Notes under the Indenture as described below under "—Defeasance and Discharge of Obligations."

**Guarantees**

Prime Borrower and each of its direct and indirect Wholly Owned Restricted Subsidiaries that are Domestic Subsidiaries (other than the Issuer or an Excluded Subsidiary) and that are borrowers or guarantors under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes or any other First Priority Lien Obligations (such Subsidiaries of Prime Borrower, the "Subsidiary Guarantors") will jointly and severally irrevocably and unconditionally guarantee on a senior basis the performance and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the "*Guaranteed Obligations*"). The Guaranteed Obligations of all Guarantors will be secured by first-priority security interests (subject to certain permitted liens) in the Collateral owned by such Guarantor. The Guarantors will agree to pay, in addition to the amount stated above, any and all expenses (including reasonable counsel fees and expenses) incurred by the Trustee in enforcing any rights under the Guarantees.

Each Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Guarantee, as it relates to such Guarantor,

voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. See "Risk Factors—Risks Related to Our Indebtedness and the Notes— Federal and state statutes allow courts, under specific circumstances, to void the Notes and guarantees and the related security interests, and require holders of Notes to return payments received."

After the Issue Date, the Issuer will cause any Wholly Owned Restricted Subsidiary of Prime Borrower that is a Domestic Subsidiary (other than an Excluded Subsidiary) that incurs or guarantees Indebtedness of Prime Borrower, the Issuer or any of the Subsidiary Guarantors, including Indebtedness under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes or any other First Priority Lien Obligations to execute and deliver to the Trustee (i) a supplemental indenture pursuant to which such Person will guarantee payment of the Notes on the same senior secured basis and (ii) joinders to or new Security Documents and take all actions required by the Security Documents to perfect the Liens created thereunder.

Each Guarantee will be a continuing guarantee and shall:

(1) subject to the next succeeding paragraph, remain in full force and effect until payment in full of all the Guaranteed Obligations of such Guarantor;

(2) subject to the next succeeding paragraph, be binding upon each such Guarantor and its successors; and

(3) inure to the benefit of and be enforceable by the Trustee, the holders and their successors, transferees and assigns.

Each Person's Guarantee will be automatically released upon any of the following:

(1) the sale, disposition, exchange or other transfer (including through merger, consolidation, amalgamation, Delaware LLC Division, dividend, distribution or otherwise) of the Capital Stock (including any sale, disposition, exchange or other transfer following which the applicable Subsidiary Guarantor is no longer a Restricted Subsidiary of Prime Borrower) of the applicable Subsidiary Guarantor if such sale, disposition, exchange or other transfer is made in a manner not in violation of the Indenture;

(2) the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary or such Subsidiary Guarantor becoming an Excluded Subsidiary;

(3) the release or discharge of the guarantee by such Subsidiary Guarantor of the Indebtedness or guarantee of the First Lien Credit Agreement or any other Indebtedness which resulted in the obligation to guarantee the Notes;

(4) the Issuer's exercise of its legal defeasance option or covenant defeasance option as described under "—Defeasance and Discharge of Obligations" or if the Issuer's obligations under the Indenture are discharged in accordance with the terms of the Indenture; and

(5) such Subsidiary Guarantor ceasing to be a Subsidiary of Prime Borrower as a result of any foreclosure of any pledge or security interest in favor of the First Priority Lien Obligations or other exercise of remedies in respect thereof.

**Covenants**

Under the Indenture:

- The Issuer will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Notes;

- The Issuer will maintain an office or agency where Notes may be presented or surrendered for payment; and

- The Issuer will furnish to the Trustee on or before March 31 of each year a certificate executed by the principal executive, financial or accounting officer of the Issuer as to such officer's knowledge of the Issuer's compliance with all covenants and agreements under the Indenture required to be complied with by the Issuer.

The following additional covenants shall apply with respect to the Notes so long as any Notes remain outstanding (but subject to defeasance with respect to the Notes, as provided in the Indenture):

**Reports**

So long as any Notes are outstanding, the Issuer will provide to the Trustee and, upon request, to beneficial owners of such Notes a copy of all of the information and reports referred to below:

(1) within 15 days after the time period specified in the SEC's rules and regulations for non-accelerated filers, annual reports of the Reporting Entity (as defined below) for such fiscal year containing the information that would have been required to be contained in an annual report on Form 10-K (or any successor or comparable form) if the Reporting Entity had been a reporting company under the Exchange Act, except to the extent permitted to be excluded by the SEC;

(2) within 15 days after the time period specified in the SEC's rules and regulations for non-accelerated filers, quarterly reports of the Reporting Entity for such fiscal quarter containing the information that would have been required to be contained in a quarterly report on Form 10-Q (or any successor or comparable form) if the Reporting Entity had been a reporting company under the Exchange Act, except to the extent permitted to be excluded by the SEC; and

(3) within 15 days after the time period specified in the SEC's rules and regulations for filing current reports on Form 8-K, current reports of the Reporting Entity containing substantially all of the information that would be required to be filed in a Current Report on Form 8-K under the Exchange Act on the Issue Date pursuant to Sections 1, 2 and 4, Items 5.01, 5.02(a)–(d) (other than compensation information), 5.03(b) and Item 9.01 (only to the extent relating to any of the foregoing) of Form 8-K if the Reporting Entity had been a reporting company under the Exchange Act; provided, however, that no such current reports will be required to be furnished if the Issuer or any direct or indirect parent of the Issuer determines in its good faith judgment that such event is not material to the holders or the business, assets, operations, financial position or prospects of the Issuer and its Affiliates, taken as a whole.

If at any time the Issuer or any direct or indirect parent of the Issuer has made a good faith determination to file a registration statement with the SEC with respect to a public offering of such Person's Capital Stock, the Issuer will not be required to disclose any information or take any actions that, in the good faith view of the Issuer, would violate the securities laws or the SEC's "gun jumping" rules or otherwise have an adverse effect on such public offering.

Notwithstanding the foregoing, (a) the Issuer (and the applicable Reporting Entity) will not be required to furnish any information, certificates or reports that would otherwise be required by (i) Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K, or (ii) Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-generally accepted accounting principles financial measures contained therein, (b) such reports will not be required to contain financial information required by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X or include any exhibits or certifications required by Form 10-K, Form 10-Q or Form 8-K (or any such successor or comparable forms) or related rules under Regulation S-K and (c) such reports shall be subject to exceptions and exclusions consistent with the presentation of financial and other information in the offering memorandum for the Notes (including the documents incorporated by reference therein) or otherwise consistent with the Indenture and shall not be required to present compensation or beneficial ownership information.

The financial statements, information and other documents required to be provided as described above, may be those of (i) the Issuer, (ii) Prime Borrower or (iii) any direct or indirect parent of Prime Borrower (any such entity described in clause (i), (ii) or (iii), a "Reporting Entity"), so long as, in the case of (iii), either (a) such direct or indirect parent of Prime Borrower will not conduct, transact or otherwise engage, or commit to conduct, transact or otherwise engage, in any business or operations other than its direct or indirect ownership of all of the Equity Interests in, and its management of Prime Borrower or (b) such direct or indirect parent of Prime Borrower is or becomes a guarantor of the Notes; provided, that, if the financial information so furnished relates to such direct or indirect parent of Prime Borrower pursuant to (iii)(a) above, the same is accompanied by a reasonably detailed description of the quantitative differences between the information relating to such parent, on the one hand, and the information relating to Prime Borrower and the Guarantors of the Notes on a standalone but consolidated basis, on the other hand.

In addition to providing such information to the Trustee, the Issuer will make available to the holders, prospective investors and securities analysts the information required to be provided pursuant to clauses (1), (2) or (3) of the first paragraph above, by posting such information to the website of the Issuer (or the website of any direct or indirect parent of the Issuer) or on IntraLinks or any comparable online data system or website.

The Issuer or any direct or indirect parent of the Issuer will also hold quarterly conference calls, beginning with the first full fiscal quarter ending after the operative date of the Indenture, for all holders and securities analysts to discuss such financial information no later than ten Business Days after the distribution of such information required by this covenant, and prior to the date of each such conference call, the Issuer or any direct or indirect parent of the Issuer will announce the time and date of such conference call and either include all information necessary to access the call in such announcement or inform the holders of Notes, prospective investors and securities analysts how they can obtain such information, including, without limitation, the applicable password or other login information (if applicable).

Notwithstanding the foregoing, the Issuer will be deemed to have furnished such reports referred to above to the Trustee and holders if the Issuer or a Reporting Entity has filed such reports with the SEC via the EDGAR filing system (or any successor system) and such reports are publicly available. In addition, the requirements of this covenant shall be deemed satisfied by the posting of reports that would be required to be provided to the holders on the Issuer's website (or the website of any direct or indirect parent of the Issuer).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or Prime Borrower's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

**Limitation on the Ability to Consolidate, Merge and Sell Assets**

Prime Borrower will not merge or consolidate with any other Person, consummate a Delaware LLC Division (whether or not Prime Borrower is the surviving Person or successor, as applicable) or sell or convey all or substantially all of its assets to any person, unless:

(1) Prime Borrower shall be the continuing entity, or the successor entity or the Person which acquires by sale or conveyance substantially all the assets of Prime Borrower, shall expressly assume all of the obligations of Prime Borrower under the Indenture; and

(2) no Event of Default (as defined below) and no event that, after notice or lapse of time or both, would become an Event of Default shall be continuing immediately after such merger, Delaware LLC Division or consolidation, or such sale or conveyance.

The Issuer will not merge or consolidate with any other Person or consummate a Delaware LLC Division (whether or not the Issuer is the surviving Person or successor, as applicable), unless:

(1) (a) the Issuer shall be the continuing entity, or (b) the successor entity (A) shall expressly assume all of the obligations of the Issuer under the Indenture, (B) is an entity treated as a "corporation" for U.S. tax purposes and obtains either (x) an opinion, in form and substance reasonably acceptable to the Trustee, of tax counsel of recognized standing reasonably acceptable to the Trustee, which counsel shall include Paul, Weiss, Rifkind, Wharton & Garrison LLP or (y) a ruling from the U.S. Internal Revenue Service, in either case to the effect that such merger, Delaware LLC Division or consolidation, or such sale or conveyance, will not result in an exchange of the Notes for new debt instruments for U.S. federal income tax purposes and (C) if such entity is not organized under the laws of the United States or any state of the United States, then it shall expressly undertake obligations with respect to the Notes comparable to those initially undertaken by the Issuer as described under "Payment of Additional Amounts"; provided, however, that no Additional Amounts (defined under "Payment of Additional Amounts") shall be paid on account of any taxes imposed or withheld pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version that is substantively comparable) and any current or future regulations promulgated thereunder or official interpretations thereof; and

(2) no Event of Default (as defined below) and no event that, after notice or lapse of time or both, would become an Event of Default shall be continuing immediately after such merger, Delaware LLC Division or consolidation, or such sale or conveyance.

The Issuer shall deliver to the Trustee prior to the consummation of the proposed transaction an Officer's Certificate and an opinion of counsel each stating that the proposed transaction and any such supplemental indenture comply with the Indenture, that all conditions precedent contained in the Indenture relating to such proposed transaction have been complied with, and that such supplemental indenture is the legal, valid and binding obligation of such continuing or successor entity.

**Limitations on Liens**

The Issuer will not permit any Principal Subsidiary (as defined below) to issue, assume or guarantee any Indebtedness that is secured by a lien upon any property that at the time of such issuance, assumption or guarantee constitutes a Principal Property (as defined below), or any shares of stock of or Indebtedness issued by any Principal Subsidiary (other than Prime Borrower), whether now owned or hereafter acquired, without effectively providing that, for so long as such lien shall continue in existence with respect to such secured Indebtedness, the Notes (together with, if the Issuer shall so determine, any other Indebtedness of the Issuer ranking equally with the Notes, it being understood that for purposes hereof, Indebtedness which is secured by a lien and Indebtedness which is not so secured shall not,

solely by reason of such lien, be deemed to be of different ranking) are equally and ratably secured by a lien ranking ratably with or equal to (or at the Issuer's option prior to) such secured Indebtedness; provided, however, that the foregoing covenant shall not apply to:

- liens existing on the date the Notes are first issued;
- liens securing the Notes Obligations in respect of the initial Notes;
- liens on the stock, assets or Indebtedness of a Person (as defined in the Indenture) existing at the time such Person becomes a Principal Subsidiary, unless created in contemplation of such Person becoming a Principal Subsidiary;
- liens on any assets or Indebtedness of a Person existing at the time such Person is merged with or into or consolidated with or acquired by a Principal Subsidiary or at the time of a purchase, lease or other acquisition of the assets of a corporation or firm as an entirety or substantially as an entirety by a Principal Subsidiary;
- liens on any Principal Property existing at the time of acquisition thereof by a Principal Subsidiary, or liens to secure the payment of the purchase price of such Principal Property by a Principal Subsidiary, or to secure any Indebtedness incurred, assumed or guaranteed by a Principal Subsidiary for the purpose of financing all or any part of the purchase price of such Principal Property or improvements or construction thereon, which Indebtedness is incurred, assumed or guaranteed prior to, at the time of or within one year after such acquisition, or in the case of real property, completion of such improvement or construction or commencement of full operation of such property, whichever is later; provided, however, that in the case of any such acquisition, construction or improvement, the lien shall not apply to any Principal Property theretofore owned by a Principal Subsidiary, other than the Principal Property so acquired, constructed or improved, and accessions thereto and improvements and replacements thereof and the proceeds of the foregoing;
- liens securing Indebtedness owing by any Principal Subsidiary to Prime Borrower or a Subsidiary thereof;
- liens in favor of the United States or any State thereof, or any department, agency or instrumentality or political subdivision of the United States or any State thereof, or in favor of any other country or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract, statute, rule or regulation or to secure any Indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price, or, in the case of real property, the cost of construction or improvement, of the Principal Property subject to such liens, including liens incurred in connection with pollution control, industrial revenue or similar financings;
- pledges, liens or deposits under workers' compensation or similar legislation, and liens thereunder that are not currently dischargeable, or in connection with bids, tenders, contracts, other than for the payment of money, or leases to which any Principal Subsidiary is a party, or to secure the public or statutory obligations of any Principal Subsidiary, or in connection with obtaining or maintaining self insurance, or to obtain the benefits of any law, regulation or arrangement pertaining to unemployment insurance, old age pensions, social security or similar matters, or to secure surety, performance, appeal or customs bonds to which any Principal Subsidiary is a party, or in litigation or other proceedings in connection with the matters heretofore referred to in this clause, such as interpleader proceedings, and other similar pledges, liens or deposits made or incurred in the ordinary course of business;
- liens created by or resulting from any litigation or other proceeding that is being contested in good faith by appropriate proceedings, including liens arising out of judgments or awards

against any Principal Subsidiary with respect to which such Principal Subsidiary in good faith is prosecuting an appeal or proceedings for review or for which the time to make an appeal has not yet expired; or final unappealable judgment liens which are satisfied within 15 days of the date of judgment; or liens incurred by any Principal Subsidiary for the purpose of obtaining a stay or discharge in the course of any litigation or other proceeding to which such Principal Subsidiary is a party;

- liens for taxes or assessments or governmental charges or levies not yet due or delinquent; or that can thereafter be paid without penalty, or that are being contested in good faith by appropriate proceedings; landlord's liens on property held under lease; and any other liens or charges incidental to the conduct of the business of any Principal Subsidiary, or the ownership of their respective assets, that were not incurred in connection with the borrowing of money or the obtaining of advances or credit and that, in the opinion of the Board of Directors of Prime Borrower, do not materially impair the use of such assets in the operation of the business of such Principal Subsidiary or the value of such Principal Property for the purposes of such business;

- liens to secure any Principal Subsidiary's obligations under agreements with respect to spot, forward, future and option transactions, entered into in the ordinary course of business;

- liens not permitted by the foregoing clauses, inclusive, if at the time of, and after giving effect to, the creation or assumption of any such lien, the aggregate amount of all outstanding Indebtedness of the Principal Subsidiaries, without duplication, secured by all such liens not so permitted by the foregoing bullets, inclusive, together with the Attributable Debt in respect of Sale and Lease-Back Transactions permitted by the first bullet under "Limitation on Sale and Lease-Back Transactions" below do not exceed the greater of $100,000,000 and 10% of Consolidated Net Worth (as defined below); and

- any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part, of any lien referred to in the foregoing bullets inclusive; provided, however, that the principal amount of Indebtedness secured thereby unless otherwise excepted under the foregoing bullets shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the assets, or any replacements therefor, that secured the lien so extended, renewed or replaced, plus improvements and construction on real property.

**Limitation on Sale and Lease-Back Transactions**

The Issuer will not permit any Principal Subsidiary to enter into any Sale and Lease-Back Transaction unless:

- such Principal Subsidiary, at the time of entering into a Sale and Lease-Back Transaction, would be entitled to incur Indebtedness secured by a lien on the Principal Property to be leased in an amount at least equal to the Attributable Debt in respect of such Sale and Lease-Back Transaction, without equally and ratably securing the Notes pursuant to the subsection "Limitations on Liens" above; or

- the direct or indirect proceeds of the sale of the Principal Property to be leased are at least equal to the fair value of such Principal Property, as determined by Prime Borrower's Board of Directors, and an amount equal to the net proceeds from the sale of the property or assets so leased is applied, within 180 days of the effective date of any such Sale and Lease-Back Transaction, to the purchase or acquisition, or, in the case of real property, commencement of the construction of property or assets or to the retirement (other than at maturity or pursuant to a mandatory sinking fund or mandatory redemption provision) of the Notes, or of

Funded Indebtedness of the Issuer, Prime Borrower or a consolidated Subsidiary ranking on a parity with or senior to the Notes; provided that there shall be credited to the amount of net proceeds required to be applied pursuant to this provision an amount equal to the sum of (i) the principal amount of the Notes delivered within 180 days of the effective date of such Sale and Lease-Back Transaction to the Trustee for retirement and cancellation and (ii) the principal amount of other Funded Indebtedness voluntarily retired by the Issuer, Prime Borrower or a consolidated Subsidiary within such 180-day period, excluding retirements of the Notes and other Funded Indebtedness as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions.

**Events of Default**

With respect to a particular series of Notes, an "Event of Default" will mean any one or more of the following events that has occurred and is continuing:

- default in the payment of any installment of interest upon any of the Notes of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

- default in the payment of all or any part of the principal of or premium, if any, on any of the Notes of such series as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise;

- default in the performance, or breach, of any covenant or agreement of the Issuer in respect of the Notes of such series (other than a default or breach that is specifically dealt with elsewhere), and continuance of such default or breach for a period of 90 days after the date on which there has been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the holders of at least 25% in principal amount of the outstanding Notes of such series issued under the Indenture affected thereby, a written notice specifying such default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" under the Indenture;

- a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator or similar official of the Issuer or for any substantial part of its property or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

- the Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator or similar official of the Issuer or for any substantial part of its property, or make any general assignment for the benefit of creditors; or

- any other Event of Default provided in the supplemental indenture or resolution of the Board of Directors under which the Notes of such series is issued or in the form of security for such series.

If an Event of Default shall have occurred and be continuing in respect of the Notes of such series, in each and every case, unless the principal of all the Notes of such series shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes of such series then outstanding, by notice in writing to the Issuer and, if given by

such holders, to the Trustee may declare the unpaid principal of all the Notes of that series to be due and payable immediately.

The holders of a majority in aggregate principal amount of Notes of any series, by written notice to the Issuer and the Trustee may waive any existing default in the performance of any of the covenants contained in the Indenture or established with respect to such series and its consequences, except a default in the payment of the principal of, premium, if any, or interest on, any of the Notes of that series as and when the same shall become due by the terms of such Notes. Upon any such waiver, the default covered thereby and any Event of Default arising therefrom shall be deemed to be cured for all purposes of the Indenture.

The holders of a majority in aggregate principal amount of the outstanding Notes of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to such series; provided, however, that such direction shall not be in conflict with any rule of law or with the Indenture or be unduly prejudicial to the rights of holders of securities of any other outstanding series of debt securities, it being expressly understood that the Trustee shall not have an affirmative duty to ascertain whether such action is prejudicial. Subject to the terms of the Indenture, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve the Trustee in personal liability.

No holder of Notes of any series shall have any right to institute any suit, action or proceeding in equity or at law under the Indenture or to appoint a receiver or trustee, or to seek any other remedies under the Indenture unless:

- such holder previously shall have given to the Trustee written notice of an Event of Default and the continuance thereof specifying such Event of Default;

- the holders of not less than 25% in aggregate principal amount of the Notes of such series then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as trustee;

- such holder or holders shall have offered to the Trustee such indemnity and security reasonably satisfactory to it as it may require against the costs, expenses and liabilities to be incurred therein or thereby;

- the Trustee, for 60 days after its receipt of such written notice, request and offer of indemnity and security reasonably satisfactory to it, shall have failed to institute any such action, suit or proceeding; and

- during such 60 day period, the holders of a majority in principal amount of the Notes of that series do not give the Trustee a direction inconsistent with such request.

The right of any holder to receive payment of principal of, and premium, if any, and interest on such security or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such holder.

The following additional event shall be established and shall constitute an “Event of Default” under the Indenture with respect to a series of the Notes so long as any of the Notes of such series remain outstanding:

- an event of default shall happen and be continuing with respect to Prime Borrower’s or the Issuer’s Indebtedness for borrowed money (other than Non-Recourse Indebtedness) under any indenture or other instrument evidencing or under which Prime Borrower or the Issuer shall have a principal amount outstanding (such amount with respect to original issue

discount bonds or zero coupon notes, bonds or debentures or similar securities based on the accreted amount determined in accordance with United States generally accepted accounting principles and as of the date of the most recently prepared consolidated balance sheet of Prime Borrower or the Issuer, as applicable) in excess of $100,000,000, and such event of default shall involve the failure to pay the principal of such Indebtedness on the final maturity date thereof after the expiration of any applicable grace period with respect thereto, or such Indebtedness shall have been accelerated so that the same shall have become due and payable prior to the date on which the same would otherwise have become due and payable, and such acceleration shall not be rescinded or annulled within ten Business Days after notice thereof shall have been given by the Trustee to the Issuer or by the holders of at least 25% in aggregate principal amount of outstanding Notes of such series to the Trustee and the Issuer.

However, this additional Event of Default is subject to the following:

- if such event of default under such indenture or instrument shall be remedied or cured by Prime Borrower or the Issuer, as applicable, or waived by the requisite holders of such Indebtedness, then the event of default under the Indenture by reason thereof shall be deemed likewise to have been thereupon remedied, cured or waived without further action upon the part of either the Trustee or any of the holders; and

- subject to certain duties, responsibilities and rights of the Trustee under the Indenture, the Trustee shall not be charged with knowledge of any such event of default unless written notice thereof shall have been given to the Trustee by the Issuer, by the holder or an agent of the holder of any such Indebtedness, by the Trustee then acting under any indenture or other instrument under which such default shall have occurred, or by the holders of not less than 25% in the aggregate principal amount of outstanding Notes of such series.

**Modification of the Indenture and the Security Documents**

The Trustee or the collateral agent, as applicable, and the Issuer may from time to time and at any time amend the Indenture and the Security Documents (subject to the provisions of the Security Documents) or enter into an indenture or indentures supplemental to the Indenture without the consent of any holders of any series of Notes for one or more of the following purposes:

- to cure any ambiguity, defect or inconsistency in the Indenture or Security Documents;

- to add an additional obligor on the debt securities or to add a guarantor of any outstanding debt securities or to evidence the succession of another Person to the Issuer or Prime Borrower, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Issuer or Prime Borrower, as applicable, pursuant to provisions in the Indenture concerning consolidation, merger, Delaware LLC Division, or sale of assets;

- to provide for uncertificated debt securities in addition to or in place of certificated debt securities;

- to add to the covenants of the Issuer for the benefit of the holders of any outstanding debt securities issued under the Indenture or to surrender any of the Issuer's rights or powers under the Indenture;

- to add any additional Events of Default for the benefit of the holders of any outstanding debt securities issued under the Indenture;

- to change or eliminate any of the provisions of the Indenture, provided that any such change or elimination shall not become effective with respect to any outstanding debt securities created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;

- to secure the Notes or any guarantee thereof;

- to make any other change that does not adversely affect the rights of any holder of outstanding debt securities in any material respect;

- to issue additional debt securities, including additional notes (see "—Additional Notes"); provided that such additional debt securities have the same terms as, and are deemed part of the same securities as, the applicable debt securities to the extent required under the Indenture; or

- to evidence and provide for the acceptance of appointment by a successor trustee with respect to the debt securities and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trust by more than one trustee.

In addition, under the Indenture, with the written consent of the holders of not less than a majority in aggregate principal amount of the debt securities of each series at the time outstanding that is affected, the Issuer when authorized by board resolutions, and the Trustee, from time to time and at any time may amend the Indenture and the Security Documents (subject to the provisions of the Security Documents) or enter into an indenture or indentures to supplement the Indenture. However, the following changes may only be made with the consent of each holder of outstanding debt securities affected:

- extend a fixed maturity of or any installment of principal of any debt securities of any series or reduce the principal amount thereof or reduce the amount of principal of any original issue discount security that would be due and payable upon declaration of acceleration of the maturity thereof;

- reduce the rate of or extend the time for payment of interest on any debt security of any series;

- reduce the premium payable upon the redemption of any debt security;

- make any debt security payable in currency other than that stated in the debt security;

- impair the right to institute suit for the enforcement of any payment on or after the fixed maturity thereof or, in the case of redemption, on or after the redemption date; or

- reduce the percentage of debt securities, the holders of which are required to consent to any such supplemental indenture or indentures.

A supplemental indenture that changes or eliminates any covenant, Event of Default or other provision of the Indenture that has been expressly included solely for the benefit of one or more particular series of securities, if any, or which modifies the rights of the holders of securities of such series with respect to such covenant, Event of Default or other provision, shall be deemed not to affect the rights under the Indenture of the holders of securities of any other series.

It will not be necessary for the consent of the holders to approve the particular form of any proposed supplement, amendment or waiver, but it shall be sufficient if such consent approves the substance of it.

**Information Concerning the Trustee**

In case an Event of Default with respect to the securities of a series has occurred (that has not been cured or waived), the Trustee shall exercise with respect to securities of that series such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of his or her own affairs. None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not assured to it under the terms of the Indenture or indemnity and security reasonably satisfactory to it against such risk is not assured.

The Trustee may resign with respect to one or more series of debt securities by giving a written notice to the Issuer and to the holders that series of debt securities. The holders of a majority in principal amount of the outstanding debt securities of a particular series may remove the Trustee by notifying the Issuer and the Trustee. The Issuer may remove the Trustee if:

- the Trustee has or acquires a "conflicting interest," within the meaning of Section 310(b) of the TIA, and fails to comply with the provisions of Section 310(b) of the TIA;

- the Trustee fails to comply with the eligibility requirements provided in an Indenture and fails to resign after written request therefor by the Issuer or by any such holder in accordance with the Indenture; or

- the Trustee becomes incapable of acting, or is adjudged to be bankrupt or insolvent, or commences a voluntary bankruptcy proceeding, or a receiver of the Trustee or of its property is appointed or consented to, or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation.

If the Trustee resigns or is removed or if the office of the Trustee is otherwise vacant, the Issuer will appoint a successor trustee in accordance with the provisions of the Indenture.

A resignation or removal of the Trustee and appointment of a successor trustee shall become effective only upon the successor trustee's acceptance of the appointment as provided in the Indenture.

**Payment and Paying Agents**

The interest installment on any security that is payable, and is punctually paid or duly provided for, on the fixed date on which an installment of interest with respect to securities of that series is due and payable, shall be paid to the Person in whose name such security (or one or more predecessor securities) is registered at the close of business on the regular record date for such interest installment.

The Issuer, upon written notice to the Trustee, may appoint one or more paying agents, other than the Trustee, for the Notes. The Notes will be surrendered for payment at the office of the paying agents designated by the Issuer. If the Issuer does not designate such an office, the Corporate Trust Office of the Trustee will serve as the office of the paying agent for series. The Issuer or any of its Subsidiaries may act as paying agent upon written notice to the Trustee.

All funds paid by the Issuer to a paying agent or the Trustee for the payment of the principal of, premium, if any, or interest on the Notes which remains unclaimed for at least one year after such principal, premium, if any, or interest has become due and payable will be repaid to the Issuer and the holder of the Notes thereafter may look only to the Issuer for payment thereof.

**Governing Law**

THE INDENTURE AND ANY DEBT SECURITIES ISSUED THEREUNDER SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE INTERNAL LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

**Defeasance and Discharge of Obligations**

The Issuer's obligations with respect to any series of the Notes will be discharged and shall cease to be of further effect upon compliance with the conditions under the caption "Covenant Defeasance" if, with respect to all Notes of that particular series that have not been previously delivered to the Trustee for cancellation or that have not become due and payable as described below, such Notes have been paid by the Issuer by depositing irrevocably with the Trustee, in trust, funds or governmental obligations, or a combination thereof, sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay at maturity or upon redemption all such outstanding Notes of that series, such deposit to include:

- principal;
- premium, if any;
- interest due or to become due to such date of maturity or date fixed for redemption, as the case may be; and
- all other payments due under the terms of the Indenture with respect to the debt securities of such series.

Notwithstanding the above, the Issuer may not be discharged from the following obligations, which will survive until such date of maturity or the redemption date for the applicable series of notes:

- to register the transfer or exchange of the Notes of such series;
- to execute and authenticate the Notes;
- to replace stolen, lost or mutilated Notes; and
- to appoint new trustees as required.

The Issuer also may not be discharged from the following obligations which will survive the satisfaction and discharge of the applicable series of Notes:

- to compensate and reimburse the Trustee in accordance with the terms of the Indenture;
- to receive unclaimed payments held by the Trustee for at least one year after the date upon which the principal, if any, or interest on the Notes shall have respectively come due and payable and remit those payments to the holders if required; and
- to withhold or deduct taxes as provided in the Indenture.

**Covenant Defeasance**

Upon compliance with specified conditions, the Issuer will not be required to comply with some covenants contained in the Indenture, and any omission to comply with the obligations will not constitute a default or Event of Default relating to the applicable series of Notes, or, if applicable, the Issuer's obligations with respect to the applicable series of Notes will be discharged. These conditions are:

- The Issuer or a Guarantor irrevocably deposits in trust with the Trustee or, at the option of the Trustee, with a trustee satisfactory to the Trustee and the Issuer or a Guarantor under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, funds or governmental obligations or a combination thereof sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay principal of, premium, if any, and interest on the outstanding securities of such series to maturity or redemption, as the case may be, and to pay all other amounts payable by it under the Indenture, provided that (A) the Trustee of the irrevocable trust shall have been irrevocably instructed to pay such funds or the proceeds of such governmental obligations to the Trustee and (B) the Trustee shall have been irrevocably instructed to apply such funds or the proceeds of such governmental obligations to the payment of principal, premium, if any, and interest with respect to the securities of such series;

- The Issuer or a Guarantor delivers to the Trustee an Officer's Certificate stating that all conditions precedent specified herein relating to defeasance or covenant defeasance, as the case may be, have been complied with, and an opinion of counsel to the same effect;

- No Event of Default shall have occurred and be continuing, and no event which with notice or lapse of time or both would become such an Event of Default shall have occurred and be continuing, on the date of such deposit;

- The Issuer or a Guarantor shall have delivered to the Trustee an opinion of counsel or a ruling received from the Internal Revenue Service to the effect that the holders of the securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the Issuer's or the Guarantor's exercise of such defeasance or covenant defeasance and will be subject to U.S. Federal income tax in the same amount and in the same manner and at the same times as would have been the case if such election had not been exercised;

- such defeasance or covenant defeasance shall not (i) cause the Trustee to have a conflicting interest for purposes of the TIA with respect to any securities or (ii) result in the trust arising from such deposit to constitute, unless it is registered as such, a regulated investment company under the Investment Company Act of 1940; and

- such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Issuer or a Guarantor pursuant to the Indenture.

**Additional Notes**

We may, without the consent of the then existing holders of the Notes of a series, "re-open" the series and issue additional notes, which additional notes will have the same terms as the Notes offered hereby except for the issue price, issue date and under some circumstances, the first interest payment date. Additional notes issued in this manner will form a single series with the applicable series of the Notes offered hereby. We may also issue additional notes of a new series. All additional notes issued under the Indenture will be considered "Notes" for purposes thereof, with such changes as the context may imply.

**Optional Redemption**

The Notes will be subject to redemption at the Issuer's option on any date prior to the maturity date, in whole or from time to time in part, in $1,000 increments (provided that any remaining principal amount thereof shall be at least the minimum authorized denomination thereof).

Prior to August 1, 2028 (twelve months prior to the maturity date) (the "Par Call Date"), the Notes will be redeemable at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Quotation Agent and delivered to the Trustee in writing, the sum of the present values of the aggregate principal amount of the Notes to be redeemed and the remaining scheduled payments of interest thereon due on any date after the date of redemption to and including the Par Call Date (excluding the portion of interest that will be accrued and unpaid to and including the date of redemption), in each case, discounted from their scheduled date of payment to the date of redemption (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Redemption Treasury Rate plus 50 basis points plus accrued and unpaid interest, if any, thereon to, but excluding, the date of redemption.

On or after the Par Call Date, the Notes will be redeemable at a redemption price equal to 100% of the aggregate principal amount of any Notes being redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the date of redemption.

***Optional Redemption Definitions***

"Adjusted Redemption Treasury Rate," with respect to any date of redemption, means the rate equal to the semiannual equivalent yield to maturity or interpolated (on a 30/360 day count basis) yield to maturity of the Comparable Redemption Treasury Issue, assuming a price for the Comparable Redemption Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Redemption Treasury Price for such date of redemption.

"Comparable Redemption Treasury Issue" means the United States Treasury security selected by the Quotation Agent as being the most recently issued United States Treasury note or bond as displayed by Bloomberg LP (or any successor service) on screens PX1 through PX8 (or any other screens as may replace such screens on such service) that has a remaining term comparable to the period from such date of redemption to the Par Call Date.

"Comparable Redemption Treasury Price," with respect to any date of redemption, means (i) the average of the Redemption Reference Treasury Dealer Quotations for such date of redemption, after excluding the highest and lowest such Redemption Reference Treasury Dealer Quotations (unless there is more than one highest or lowest quotation, in which case only one such highest and/or lowest quotation shall be excluded), or (ii) if the Quotation Agent obtains fewer than four such Redemption Reference Treasury Dealer Quotations, the average of all such Redemption Reference Treasury Dealer Quotations.

"Quotation Agent" means a Redemption Reference Treasury Dealer appointed as such agent by the Issuer.

"Redemption Reference Treasury Dealer" means four primary U.S. government securities dealers in the United States selected by the Issuer.

"Redemption Reference Treasury Dealer Quotations," with respect to each Redemption Reference Treasury Dealer and any date of redemption, means the average, as determined by the Quotation Agent, of the bid and offer prices at 11:00 a.m., New York City time, for the Comparable Redemption Treasury Issue (expressed in each case as a percentage of its principal amount) for settlement on the date of redemption quoted in writing to the Quotation Agent by such Redemption Reference Treasury Dealer on the third Business Day preceding such date of redemption.

**Redemption Upon Changes in Withholding Taxes**

The Issuer may redeem all, but not less than all, of the Notes under the following conditions:

- If there is an amendment to, or change in, the laws or regulations of the United States or any political subdivision thereof or therein having the power to tax (a "Taxing Jurisdiction"), or any change in the application or official interpretation of such laws, including any action taken by a taxing authority or a holding by a court of competent jurisdiction, regardless of whether such action or such holding is with respect to the Issuer;

- As a result of such amendment or change, the Issuer becomes, or there is a material probability that the Issuer will become, obligated to pay Additional Amounts, as defined below in "Payment of Additional Amounts," on the next payment date with respect to debt securities of such series;

- The obligation to pay Additional Amounts cannot be avoided through the Issuer's commercially reasonable measures;

- The Issuer delivers to the Trustee:

    - a certificate of the Issuer stating that the obligation to pay Additional Amounts cannot be avoided by the Issuer taking commercially reasonable measures available to it; and

    - a written opinion of independent legal counsel to the Issuer of recognized standing to the effect that the Issuer has, or there is a material probability that it will become obligated, to pay Additional Amounts as a result of a change, amendment, official interpretation or application described above and that the Issuer cannot avoid the payment of such Additional Amounts by taking commercially reasonable measures available to it; and

    - following the delivery of the certificate and opinion described in the previous bullet point, the Issuer provides notice of redemption not less than 30 days, but not more than 90 days, prior to the date of redemption. The notice of redemption cannot be given more than 90 days before the earliest date on which the Issuer would be otherwise required to pay Additional Amounts, and the obligation to pay Additional Amounts must still be in effect when the notice is given.

Upon the occurrence of each of the bullet points above, the Issuer may redeem the debt securities of such series at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date.

**Notice of Redemption**

Notice of any redemption will be mailed at least 30 days but not more than 90 days before the redemption date to the Trustee and each holder of notes of a series to be redeemed. If the Issuer elects to redeem a portion but not all of the Notes, the Trustee will select the Notes to be redeemed in accordance with a method determined by the Issuer and the rules and procedures of DTC, in such manner as complies with applicable legal and stock exchange requirements, if any.

Interest on such Notes or portions of Notes will cease to accrue on and after the date fixed for redemption, unless the Issuer defaults in the payment of such redemption price and accrued interest with respect to any such security or portion thereof.

If any date of redemption of any security is not a Business Day, then payment of principal and interest may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of redemption and no interest will accrue for the period after such nominal date.

Notice of any redemption upon any corporate transaction or other event (including any equity offering, incurrence of indebtedness, Change of Control or other transaction) may be given prior to the completion thereof, and any redemption or notice thereof may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a corporate transaction or other event. If any redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in the Issuer's discretion), and/or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in the Issuer's discretion) by the redemption date, or by the redemption date as so delayed, and/or that such notice may be rescinded at any time by the Issuer if the Issuer determines in its discretion that any or all of such conditions will not be satisfied (or waived). In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

**Payment of Additional Amounts**

Unless otherwise required by law, the Issuer will not deduct or withhold from payments made by the Issuer under or with respect to the guarantees on account of any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Taxing Jurisdiction ("Taxes"). In the event that the Issuer is required to withhold or deduct any amount for or on account of any Taxes from any payment made under or with respect to the Notes, the Issuer will pay such additional amounts ("Additional Amounts") so that the net amount received by each holder of Notes (including Additional Amounts) after such withholding or deduction will equal the amount that such holder would have received if such Taxes had not been required to be withheld or deducted.

Additional Amounts will not be payable with respect to a payment made to a holder of Notes or a holder of beneficial interests in global securities where such holder is subject to taxation on such payment by a relevant Taxing Jurisdiction for any reason other than such holder's mere ownership of the securities or for or on account of:

- any Taxes that are imposed or withheld solely because such holder or a fiduciary, settlor, beneficiary, or member of such holder if such holder is an estate, trust, partnership, limited liability company or other fiscally transparent entity, or a Person holding a power over an estate or trust administered by a fiduciary holder:

- is or was present or engaged in, or is or was treated as present or engaged in, a trade or business in the Taxing Jurisdiction or has or had a permanent establishment in the Taxing Jurisdiction;

- has or had any present or former connection (other than the mere fact of ownership of such securities) with the Taxing Jurisdiction imposing such taxes, including being or having been a citizen or resident thereof or being treated as being or having been a resident thereof;

- with respect to any withholding taxes imposed by the United States, is or was with respect to the United States a personal holding company, a passive foreign investment company, a controlled foreign corporation, a foreign tax exempt organization or corporation that has accumulated earnings to avoid United States federal income tax; or owns or owned 10% or more of the total combined voting power of all classes of stock of the Issuer;

- any estate, inheritance, gift, sales, transfer, excise or personal property Taxes imposed with respect to the securities, except as otherwise provided in the Indenture;

- any Taxes imposed solely as a result of the presentation of such Notes, where presentation is required, for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficiary or holder thereof would have been entitled to the payment of Additional Amounts had such Notes been presented for payment on any date during such 30-day period;

- any Taxes imposed solely as a result of the failure of such holder or any other Person to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the Taxing Jurisdiction of such holder, if such compliance is required by statute or regulation of the relevant Taxing Jurisdiction as a precondition to relief or exemption from such Taxes;

- with respect to withholding Taxes imposed by the United States, any such Taxes imposed by reason of the failure of such holder to fulfill the statement requirements of sections 871(h) or 881(c) of the Code;

- any Taxes that are payable by any method other than withholding or deduction by the Issuer or any paying agent from payments in respect of such securities;

- any Taxes required to be withheld by any paying agent from any payment in respect of any securities if such payment can be made without such withholding by at least one other paying agent; and

- any combination of the above conditions.

Additional Amounts will not be payable to or for the account of any holder of securities or holder of a beneficial interest in such securities if such payment would not be subject to such withholding or deduction of Taxes but for the failure of such holder or holder of a beneficial interest in such securities to make a valid declaration of non-residence or other similar claim for exemption or to provide a certificate declaring its non-residence, if the Issuer were treated as a domestic corporation under United States federal income tax and if (x) the making of such declaration or claim or the provision of such certificate is required or imposed by statute, treaty, regulation, ruling or administrative practice of the relevant taxing authority as a precondition to an exemption from, or reduction in, the relevant Taxes, and (y) at least 90 days prior to the first payment date with respect to which the Issuer shall apply this paragraph, the Issuer shall have notified all holders of securities in writing that they shall be required to provide such declaration or claim.

Additional Amounts also will not be payable to any holder of securities or the holder of a beneficial interest in a global security that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, or to such holder that is not the sole holder of such security or holder of such beneficial interests of such security, as the case may be. The exception, however, will apply only to the extent that a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership, limited liability company or other fiscally transparent entity, would not have been entitled to the payment of an Additional Amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

In addition, no Additional Amounts will be paid on account of any taxes imposed or withheld pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version that is substantively comparable) and any current or future regulations promulgated thereunder or official interpretations thereof.

At least 30 days prior to each date on which any payment under or with respect to the Notes of a series is due and payable, if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee an Officer's Certificate stating the fact that such Additional

Amounts will be payable, the amounts so payable and such other information as is necessary to enable the Trustee to pay such Additional Amounts to holders of such Notes on the payment date.

The foregoing provisions shall survive any termination or the discharge of an Indenture and shall apply to any jurisdiction in which the Issuer or any successor to the Issuer is organized or is engaged in business for tax purposes or any political subdivisions or taxing authority or agency thereof or therein.

Whenever in this "Description of Notes" there is mentioned, in any context, the payment of principal, premium, if any, redemption price, interest or any other amount payable under or with respect to the Notes, such mention includes the payment of Additional Amounts to the extent payable in the particular context.

**Change of Control**

If a Change of Control Triggering Event (as defined below) occurs, unless the Issuer has exercised its option to redeem the Notes, the Issuer shall be required to make an offer (a "Change of Control Offer") to each holder of the Notes to repurchase, at the holder's election, all or any part (equal to $1,000 or an integral multiple of $1,000 in excess thereof) of that holder's Notes on the terms set forth in the Indenture. In a Change of Control Offer, the Issuer shall be required to offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to the date of repurchase (a "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event or, at the Issuer's option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, a notice shall be mailed to the Trustee and to the holders of the Notes describing in reasonable detail the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase such Notes on the date specified in the notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a "Change of Control Payment Date"). The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date.

Any exercise by a holder of its election to accept the Change of Control Offer shall be irrevocable. The Change of Control Offer may be accepted for less than the entire principal amount of a note, but in that event the principal amount of such note remaining outstanding after repurchase must be equal to $2,000 or an integral multiple of $1,000 in excess thereof.

The Issuer shall not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by it and the third party purchases all Notes properly tendered and not withdrawn under its offer. In addition, the Issuer shall not repurchase any Notes if there has occurred and is continuing on the Change of Control Payment Date an Event of Default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

Notwithstanding the foregoing, we will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes.

For purposes of the Change of Control Offer provisions of the Notes, the following terms are applicable:

"Change of Control" means the occurrence of any of the following: (1) the Issuer ceases to be a Wholly Owned Subsidiary of Prime Borrower; (2) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of Prime Borrower and its Subsidiaries, taken as a whole, to a Person other than any of the Permitted Holders; or (3) the Issuer becomes aware (by way of a report

or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than any of the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation, amalgamation, Delaware LLC Division or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of more than 50% of the total voting power of the Voting Stock of Prime Borrower.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Event.

"Fitch" means Fitch Inc., and its successors.

"Investment Grade Rating" means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by the Issuer.

"Management Group" means the group consisting of the directors, executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as the case may be, on the Issue Date together with (1) any new directors whose election by such Boards of Directors or whose nomination for election by the shareholders of the Issuer or any direct or indirect parent of the Issuer, as applicable, was approved by a vote of a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable, then still in office who were either directors on the Issue Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of the Issuer or any direct or indirect parent of the Issuer, as applicable, hired at a time when the directors on the Issue Date together with the directors so approved constituted a majority of the directors of the Issuer or any direct or indirect parent of the Issuer, as applicable.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Permitted Holders" means, at any time, each of (i) the Sponsors, (ii) the Management Group, (iii) any Person that has no material assets other than the Capital Stock of Prime Borrower, any direct or indirect parent of Prime Borrower and other Permitted Holders and, directly or indirectly, holds or acquires 100% of the total voting power of the Voting Stock of Prime Borrower, and of which no other Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), other than any of the other Permitted Holders, holds more than 50% of the total voting power of the Voting Stock thereof and (iv) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any of the Permitted Holders specified in clauses (i), (ii) and (iii) above and that, directly or indirectly, hold or acquire beneficial ownership of the Voting Stock of Prime Borrower (a "Permitted Holder Group"), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member (or more favorable voting rights, in the case of any Permitted Holder) and (2) no Person or other "group" (other than Permitted Holders specified in clauses (i), (ii) and (iii) above) beneficially owns more than 50% on a fully diluted basis of the Voting Stock held by the Permitted Holder Group. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Rating Agencies" means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Section 3(62) of the Exchange Act selected by the Issuer (as certified by a resolution of the Issuer's

Board of Directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

"Rating Event" means the rating on the applicable series of Notes is lowered by at least two of the three Rating Agencies and such Notes are rated below an Investment Grade Rating by at least two of the three Rating Agencies on any day during the period (which period shall be extended so long as the rating of such Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing 60 days prior to the first public notice of the occurrence of a Change of Control or Prime Borrower's intention to effect a Change of Control and ending 60 days following consummation of such Change of Control.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"Sponsors" means (i) one or more investment funds managed by or affiliated with Apollo Global Management, Inc. and any of their respective Affiliates, including ADT Inc. and each of its Affiliates and Subsidiaries but excluding other portfolio companies (collectively, the "Apollo Sponsors"), and (ii) any Person that forms a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) with the Apollo Sponsors; provided that, collectively, the Apollo Sponsors control a majority of the voting power of such group.

"Voting Stock" means, with respect to any specified "Person" as of any date, the Capital Stock of such Person that is at the time entitled to vote generally in the election of the Board of Directors of such Person.

**Definitions**

As used in the Notes and this offering memorandum, the following defined terms shall have the following meanings with respect to the Notes:

"2024 Notes" means the $750 million aggregate principal amount of 5.250% First-Priority Senior Secured Notes due 2024 issued by the Prime Borrower and Prime Finance.

"2026 Notes" means the $1,350 million aggregate principal amount of 5.750% First-Priority Senior Secured Notes due 2026 issued by the Prime Borrower and Prime Finance.

"2027 Notes" means the $1,000 million aggregate principal amount of 3.375% First-Priority Senior Secured Notes due 2027 issued by Prime Borrower and Prime Finance.

"ADT Notes" means the (i) $1,000 million aggregate principal amount of 3.500% Notes due 2022, (ii) $700 million aggregate principal amount of 4.125% Senior Notes due 2023, (iii) $22 million aggregate principal amount of 4.875% Notes due 2042 and (iv) $728 million aggregate principal amount of 4.875% First-Priority Senior Secured Notes due 2032, in each case issued by the Issuer.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Applicable Authorized Representative" means, with respect to any Common Collateral, (i) until the earlier of (x) the Discharge of First Lien Credit Agreement Obligations and (y) the Non-Controlling Authorized Representative Enforcement Date, the First Lien Credit Agreement Agent and (ii) from and after the earlier of (x) the Discharge of First Lien Credit Agreement Obligations and (y) the Non-

Controlling Authorized Representative Enforcement Date, the Major Non-Controlling Authorized Representative.

"Applicable First Lien Agent" has the meaning given to such term in the First Lien/Second Lien Intercreditor Agreement. The collateral agent under the First Lien Credit Agreement is currently Barclays Bank PLC, as the First-Priority Collateral Agent.

"Applicable Second Lien Agent" has the meaning given to such term in the First Lien/ Second Lien Intercreditor Agreement. The collateral agent under the Second-Priority Notes is currently the Applicable Second Lien Agent.

"Attributable Debt," in connection with a Sale and Lease-Back Transaction, as of any particular time, means the aggregate of present values (discounted at a rate that, at the inception of the lease, represents the effective interest rate that the lessee would have incurred to borrow over a similar term the funds necessary to purchase the leased assets) of the obligations of any Principal Subsidiary for net rental payments during the remaining term of the applicable lease, including any period for which such lease has been extended or, at the option of the lessor, may be extended. The term "net rental payments" under any lease of any period shall mean the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including any amounts required to be paid by such lessee, whether or not designated as rental or additional rental, on account of maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales, maintenance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges.

"Authorized Representative" means (i) in the case of obligations under the First Lien Credit Agreement or the secured parties under the First Lien Credit Agreement, the First Lien Credit Agreement Agent, (ii) in the case of obligations under the ADT Notes or the secured parties under the ADT Notes, the trustee in respect of the ADT Notes, (iii) in the case of obligations under the First-Priority Notes or the secured parties under the First-Priority Notes, the trustee in respect of the First-Priority Notes, (iv) in the case of Notes Obligations or the secured parties under the Notes, the Trustee and (v) in the case of any other Series of First Priority Lien Obligations or secured parties under such Series of First Priority Lien Obligations, the Authorized Representative named for such Series in the applicable joinder to the First Lien/First Lien Intercreditor Agreement.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

"Board of Directors" means, as to any Person, the board of directors or managers, as applicable, of such Person or any direct or indirect parent of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee thereof.

"Business Day" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City, the state in which the Corporate Trust Office is located or the place of payment.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership

interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with United States generally accepted accounting principles; provided that obligations of Prime Borrower or its Restricted Subsidiaries, or of a special purpose or other entity not consolidated with Prime Borrower and its Restricted Subsidiaries, either existing on the Issue Date or created thereafter that (a) initially were not included on the consolidated balance sheet of the Reporting Entity as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with Prime Borrower and its Restricted Subsidiaries were required to be characterized as capital lease obligations upon such consolidation, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on the Issue Date and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on the Issue Date had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

"CFC" means a "controlled foreign corporation" within the meaning of section 957(a) of the Code.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all property subject or purported to be subject, from time to time, to a Lien under any Security Documents.

"Common Collateral" means, at any time, Collateral in which the holders of two or more Series of First Priority Lien Obligations (or their respective Authorized Representatives or the First-Priority Collateral Agent on behalf of such holders) hold a valid and perfected security interest at such time. If more than two Series of First Priority Lien Obligations are outstanding at any time and the holders of less than all Series of First Priority Lien Obligations hold a valid and perfected security interest in any Collateral at such time, then such Collateral shall constitute Common Collateral for those Series of First Priority Lien Obligations that hold a valid and perfected security interest in such Collateral at such time and shall not constitute Common Collateral for any Series which does not have a valid and perfected security interest in such Collateral at such time.

"Consolidated Net Worth" at any date means Total Assets less total liabilities, in each case appearing on the most recently prepared consolidated balance sheet of Prime Borrower as of the end of a fiscal quarter of Prime Borrower, prepared in accordance with United States generally accepted accounting principles as in effect on the date of the consolidated balance sheet.

"Consolidated Tangible Assets" at any date means Total Assets less all Intangible Assets appearing on the most recently prepared consolidated balance sheet of Prime Borrower as of the end of a fiscal quarter of Prime Borrower, prepared in accordance with United States generally accepted accounting principles as in effect on the date of the consolidated balance sheet.

"Controlling Secured Parties" means, with respect to any Common Collateral, the Series of First-Priority Secured Parties whose Authorized Representative is the Applicable Authorized Representative for such Common Collateral. The secured parties under the First Lien Credit Agreement are currently the Controlling Secured Parties.

"Corporate Trust Office" the designated corporate trust office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at CTSO Mail Operations, 600 South 4th Street, 7th Floor, Minneapolis, MN 55415, or such other address as the

Trustee may designate from time to time by notice to the Holders, the Issuer and Prime Borrower, or the designated corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders, the Issuer and Prime Borrower).

"Delaware LLC Division" means the statutory division of any limited liability company into two or more limited liability companies pursuant to Section 18-217 of the Delaware Limited Liability Company Act.

"Discharge of First Lien Credit Agreement Obligations" for the purposes of the description of the First Lien/First Lien Intercreditor Agreement, means, with respect to any Common Collateral, the date on which the obligations under the First Lien Credit Agreement are no longer secured by such Common Collateral; provided that the Discharge of First Lien Credit Agreement Obligations shall not be deemed to have occurred in connection with a refinancing of the obligations under the First Lien Credit Agreement or an incurrence of future obligations under any First Lien Credit Agreement with additional First Priority Lien Obligations secured by such Common Collateral under an agreement relating to other First Priority Lien Obligations which has been designated in writing by the Issuer or Prime Borrower to the First-Priority Collateral Agent and each other Authorized Representative as the First Lien Credit Agreement for purposes of the First Lien/First Lien Intercreditor Agreement.

"Discharge of First Priority Lien Obligations" means, except to the extent otherwise provided in the First Lien/Second Lien Intercreditor Agreement with respect to the reinstatement or continuation of any First Priority Lien Obligation under certain circumstances, payment in full in cash or other immediately available funds of the principal of, and interest (including interest, fees, and expenses accruing on or after the commencement of an insolvency or liquidation proceeding, whether or not such interest, fees, or expenses would be allowed in the proceeding) accrued on all outstanding Indebtedness included in such First Priority Lien Obligations after or concurrently with the termination of all commitments to extend credit thereunder (other than, if applicable, pursuant to any secured cash management agreements or secured hedge agreements, in each case, as provided under the relevant documents or as to which reasonably satisfactory arrangements have been made with the relevant cash management banks or hedge banks, as applicable), the termination or delivery of cash collateral, backstop letters of credit or other credit support in respect of any outstanding letters of credit or letters of credit guarantees in an amount and manner in compliance with the applicable documents, and payment in full in cash or other immediately available funds of any other First Priority Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than in respect of contingent indemnification and expense reimbursement claims not then due); provided that (i) the Discharge of First Priority Lien Obligations shall not be deemed to have occurred if such payments are made with the proceeds of other First Priority Lien Obligations that constitute an exchange or replacement for or a refinancing of such obligations or First Priority Lien Obligations. In the event the First Priority Lien Obligations are modified and such First Priority Lien Obligations are paid over time or otherwise modified pursuant to Section 1129 of the Bankruptcy Code, such First Priority Lien Obligations shall be deemed to be discharged when the final payment is made, in cash or in the form of consideration otherwise provided for in the applicable plan of reorganization, in respect of such Indebtedness and any obligations pursuant to such new Indebtedness shall have been satisfied.

"Domestic Subsidiary" means a Restricted Subsidiary of Prime Borrower that is not a Foreign Subsidiary.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Excluded Subsidiary" has the meaning given to such term in the First Lien Credit Agreement as in effect on the date hereof.

"First Lien Credit Agreement" means the Eleventh Amended and Restated First Lien Credit Agreement, dated as of July 2, 2021, among Prime Security Services Holdings, LLC, as Holdings, Prime Borrower, as a Borrower, The ADT Security Corporation, as a Borrower, the lenders party thereto, and

Barclays Bank PLC, as administrative agent and collateral agent, as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder or altering the maturity thereof, as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time.

"First Lien Credit Agreement Agent" means the administrative agent under the First Lien Credit Agreement.

"First-Priority Collateral Agent" means Barclays Bank PLC, in its capacity as collateral agent for the First-Priority Secured Parties, together with its successors and permitted assigns (or if such Person is no longer the First-Priority Collateral Agent, such agent or trustee as is designated as "First-Priority Collateral Agent" under the documents governing the First Priority Lien Obligations).

"First Priority Lien Obligations" means, collectively, the Notes Obligations, the obligations under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes and any other Indebtedness or obligations of Prime Borrower and its Restricted Subsidiaries that are equally and ratably secured with the obligations under First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and the Notes, or any of the foregoing to the extent such other indebtedness and obligations were added to the Security Documents in accordance with them.

"First-Priority Notes" means the (i) 2024 Notes, (ii) 2026 Notes and (iii) 2027 Notes.

"First-Priority Secured Parties" has the meaning given to such term in the First Lien/First Lien Intercreditor Agreement.

"Foreign Subsidiary" means a Restricted Subsidiary of Prime Borrower not organized or existing under the laws of the United States of America or any state thereof or the District of Columbia.

"FSHCO" means any Subsidiary that owns no material assets other than the Equity Interests of one or more Foreign Subsidiaries that are CFCs and/or of one or more FSHCOs.

"Funded Indebtedness" means any Indebtedness maturing by its terms more than one year from the date of the determination thereof, including any Indebtedness renewable or extendible at the option of the obligor to a date later than one year from the date of the determination thereof.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations. The amount of any guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantee" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Guarantor in accordance with the provisions of the Indenture.

"Guarantor" means any Person that incurs a Guarantee; provided that upon the release or discharge of such Person from its Guarantee in accordance with the Indenture, such Person ceases to be a Guarantor.

"Indebtedness" means, without duplication, the principal amount (such amount being the face amount or, with respect to original issue discount bonds or zero coupon notes, bonds or debentures or similar securities, determined based on the accreted amount as of the date of the most recently prepared consolidated balance sheet of Prime Borrower and its Subsidiaries as of the end of a fiscal quarter of Prime Borrower prepared in accordance with United States generally accepted accounting principles as in effect on the date of such consolidated balance sheet) of (i) all obligations for borrowed money, (ii) all obligations evidenced by debentures, notes or other similar instruments, (iii) all obligations in respect of letters of credit or bankers acceptances or similar instruments or reimbursement obligations with respect thereto (such instruments to constitute Indebtedness only to the extent that the outstanding reimbursement obligations in respect thereof are collateralized by cash or cash equivalents reflected as assets on a balance sheet prepared in accordance with United States generally accepted accounting principles), (iv) all obligations to pay the deferred purchase price of property or services, except (A) trade and similar accounts payable and accrued expenses, (B) employee compensation, deferred compensation and pension obligations, and other obligations arising from employee benefit programs and agreements or other similar employment arrangements, (C) obligations in respect of customer advances received and (D) obligations in connection with earnout and holdback agreements, in each case in the ordinary course of business, (v) all obligations as lessee to the extent capitalized in accordance with United States generally accepted accounting principles and (vi) all Indebtedness of others consolidated in such balance sheet that is guaranteed by Prime Borrower or any of its Subsidiaries or for which Prime Borrower or any of its Subsidiaries are legally responsible or liable (whether by agreement to purchase Indebtedness of, or to supply funds or to invest in, others).

"Intangible Assets" means the amount (if any) stated under the heading "Goodwill and Other Intangible assets, net" or under any other heading of intangible assets separately listed, in each case on the face of such consolidated balance sheet.

"Issue Date" means the date on which the Notes are originally issued.

"lien" or "Lien" means a mortgage, pledge, security interest, lien or encumbrance.

"Material Real Property" shall mean any parcel or parcels of real property located in the United States now or hereafter owned in fee by the Issuer or any Guarantor and having a fair market value (on a per-property basis) of at least $5,000,000; provided, that "Material Real Property" shall not include (i) any real property in respect of which the Issuer or a Guarantor does not own the land in fee simple or (ii) any real property which the Issuer or a Guarantor leases to a third party.

"Mortgaged Properties" means the Material Real Property owned in fee by the Issuer or any Guarantor encumbered by a Mortgage to secure the Notes Obligations. For the avoidance of doubt, the Mortgaged Properties securing the Notes Obligations shall be the same as the Mortgaged Properties securing the First Priority Lien Obligations.

"Mortgages" means, collectively, the mortgages, trust deeds, deeds of trust, deeds to secure debt, assignments of leases and rents, and other security documents delivered with respect to Mortgaged Properties, as amended, supplemented or otherwise modified from time to time.

"Non-Controlling Secured Parties" means, with respect to any Common Collateral, the First-Priority Secured Parties which are not Controlling Secured Parties with respect to such Common Collateral.

"Non-Recourse Indebtedness" means Indebtedness upon the enforcement of which recourse may be had by the holder(s) thereof only to identified assets of Prime Borrower or any of its Subsidiaries and not to such entity personally (subject to, for the avoidance of doubt, customary exceptions contained in non-recourse financings to the non-recourse nature of the obligations thereunder).

"Notes Obligations" means obligations in respect of the Notes, the Indenture and the Guarantees and the Security Documents (including interest, fees, and expenses accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor, whether or not a constituting an allowed claim in such proceedings).

"Officer's Certificate" means a certificate signed on behalf of the Issuer by an officer of the Issuer, who is the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, which meets the requirements set forth in the indenture.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Prime Borrower" means Prime Security Services Borrower, LLC, a Delaware limited liability company, or any successor thereto.

"Prime Finance" means Prime Finance, Inc., a Delaware corporation, or any successor thereto.

"Principal Property" means any U.S. manufacturing, processing or assembly plant or any U.S. warehouse or distribution facility of Prime Borrower or any of its Subsidiaries that is used by any Domestic Subsidiary of Prime Borrower and (A) is owned by Prime Borrower or any Subsidiary of Prime Borrower on the date hereof, (B) the initial construction of which has been completed after the date hereof, or (C) is acquired after the date hereof, in each case, other than any such plants, facilities, warehouses or portions thereof, that in the opinion of the Board of Directors of Prime Borrower, are not collectively of material importance to the total business conducted by Prime Borrower and its Subsidiaries as an entirety, or that has a net book value (excluding any capitalized interest expense), on the date hereof in the case of clause (A) of this definition, on the date of completion of the initial construction in the case of clause (B) of this definition or on the date of acquisition in the case of clause (C) of this definition, of less than 2.0% of Consolidated Tangible Assets on the consolidated balance sheet of Prime Borrower as of the applicable date.

"Principal Subsidiary" means (i) Prime Borrower and (ii) any Subsidiary of Prime Borrower that owns or leases a Principal Property.

"Restricted Subsidiary" means, with respect to any Person, any Subsidiary of such Person other than an Unrestricted Subsidiary of such Person.

"Sale and Lease-Back Transaction" means an arrangement with any Person providing for the leasing by a Principal Subsidiary of any Principal Property whereby such Principal Property has been or is to be sold or transferred by a Principal Subsidiary to such Person other than Prime Borrower or any of its Subsidiaries; provided, however, that the foregoing shall not apply to any such arrangement involving a lease for a term, including renewal rights, for not more than three years.

"Second-Priority Notes" means the 6.250% Second-Priority Senior Secured Notes due 2028 of Prime Borrower and Prime Finance.

"Second Lien Secured Parties" means the Persons holding any Second Priority Lien Obligations, including the Applicable Second Lien Agent.

"Second Priority Lien Obligations" means, collectively, the Second-Priority Notes and other Indebtedness of Prime Borrower and its Restricted Subsidiaries that is secured on a junior basis to the obligations under the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes or the Notes, or any of the foregoing.

"Security Documents" means the security agreements, pledge agreements, collateral assignments, Mortgages and related agreements and joinders thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified from time to time, creating the security interests in the Collateral in favor of the First-Priority Collateral Agent for the benefit of the Trustee and the holders of the Notes as contemplated by the Indenture, the First Lien/First Lien Intercreditor Agreement and the First Lien/Second Lien Intercreditor Agreement.

"Series" means (a) with respect to the First-Priority Secured Parties, each of (i) the "Secured Parties" as defined in the First Lien Credit Agreement (or an equivalent provision thereof), (ii) the holders of the Notes and the Trustee (each in their capacity as such), (iii) the holders of the ADT Notes and the trustee in respect of the ADT Notes (each in their capacity as such), (iv) the holders of the First-Priority Notes and the trustee in respect of the First-Priority Notes (each in their capacity as such), (v) any additional First-Priority Secured Parties that become subject to the First Lien/First Lien Intercreditor Agreement after the Issue Date that are represented by a common Authorized Representative (in its capacity as such for such additional First-Priority Secured Parties) and (b) with respect to any First Priority Lien Obligations, each of (i) the obligations under the First Lien Credit Agreement, (ii) the Notes Obligations, (iii) the obligations under the ADT Notes, (iv) the obligations under the First-Priority Notes, (v) the obligations under any other First Priority Lien Obligations pursuant to any applicable agreement, which pursuant to any joinder agreement, are to be represented under the First Lien/First Lien Intercreditor Agreement by a common Authorized Representative (in its capacity as such for such other First Priority Lien Obligations).

"Subsidiary" means, with respect to any Person, (1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (2) any partnership, joint venture or limited liability company of which (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (y) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Total Assets" means the total consolidated assets of Prime Borrower and its Restricted Subsidiaries, as shown on the most recent balance sheet of Prime Borrower, calculated on a pro forma basis after giving effect to any subsequent acquisition or disposition of a Person or business.

"Transactions" has the meaning ascribed to such term in this offering memorandum.

"Unrestricted Subsidiary" means any Subsidiary of Prime Borrower (other than the Issuer) that is designated as an "Unrestricted Subsidiary" (or any comparable term) under any other Indebtedness of Prime Borrower or any of its Subsidiaries.

"Wholly Owned Restricted Subsidiary" is any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or shares required pursuant to applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by U.S. Holders and Non-U.S. Holders (each as defined below and collectively referred to as "Holders") of the Notes. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, rulings, administrative pronouncements and judicial decisions as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect. We have not requested, and do not intend to request, a ruling from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below, and as a result no assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

This discussion is not a complete analysis or listing of all of the possible tax consequences of the acquisition, ownership and disposition of the Notes and does not address all tax consequences that might be relevant to particular Holders in light of their personal circumstances. In particular, this summary deals only with Holders that acquire the Notes pursuant to this offering at the issue price set forth on the cover of this information memorandum and will hold the Notes as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This summary does not include any description of the tax laws of any state, local or non-U.S. government that may be applicable to a particular Holder and does not consider any aspects of U.S. federal tax law other than income taxation. This summary does not address U.S. federal alternative minimum tax consequences. In addition, this summary does not apply to Holders that may be subject to special tax rules, such as dealers, brokers or traders in securities or currencies, financial institutions, mutual funds or "financial services entities," banks, thrifts, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt entities, entities or arrangements treated for U.S. federal income tax purposes as partnerships, S corporations, passive foreign investment companies or corporations that accumulate earnings to avoid U.S. federal income tax, retirement plans or other tax-deferred accounts, persons that hold Notes as a part of a hedge, straddle, conversion transaction, constructive sale or other arrangement involving more than one position, U.S. expatriates, persons that are required to report income no later than when such income is reported in an "applicable financial statement" and investors who receive Notes as compensation. This summary also does not address tax consequences to Holders as a result of using a "functional currency" that is not the U.S. dollar.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Notes that is: (a) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust (i) if a court within the United States can exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of its substantial decisions or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes. The term "Non-U.S. Holder" means a beneficial owner of Notes that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust and is not a U.S. Holder or an entity treated as a partnership for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in or other owner of the entity will generally depend upon the status of the partner or other owner and the activities of the entity. A partner in or other owner of such an entity is urged to consult its tax advisor regarding the tax consequences of acquiring, owning and disposing of the Notes.

**The discussion set out below is intended only as a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Holders are urged to consult their tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Notes, including the application to their particular situation of the tax consequences discussed below, as well as the application of other federal tax laws and state,**

**local or non-U.S. tax laws. The discussion set out below is based on the laws and regulations in force and interpretations thereof as of the date hereof, which are subject to changes occurring after the date hereof.**

**Notes Subject to Contingencies**

In certain circumstances (see "Description of Notes—Change of Control" and "Description of Notes—Payment of Additional Amounts"), we may be obligated to pay Holders additional amounts in excess of stated interest or principal on the Notes. It is possible that our obligation to make additional payments on the Notes could implicate the provisions of Treasury regulations relating to "contingent payment debt instruments." If the Notes were characterized as contingent payment debt instruments, Holders might, among other things, be required to accrue interest income at a higher rate than the stated interest rate on the Notes and to treat any gain recognized on the sale or other disposition of a Note as ordinary income rather than as capital gain.

We intend to take the position that the likelihood of additional payments on the Notes is remote, and thus, that the Notes should not be treated as contingent payment debt instruments. Our determination that these contingencies are remote is binding on a Holder unless it discloses its contrary position in the manner required by applicable Treasury regulations. Our determination, however, is not binding on the IRS. If the IRS were to challenge our determination, a Holder might be required to include in gross income an amount of ordinary interest income on the Notes in excess of the stated interest on the Notes, and to treat income realized on the taxable disposition of a Note as ordinary income rather than capital gain. In the event a contingency occurs, it would affect the amount and timing of income recognized by a Holder. If any contingent amounts are in fact paid, a Holder will be required to recognize such amounts as income.

The remainder of this disclosure assumes that our determination that the contingencies are remote is correct. The Treasury regulations applicable to contingent payment debt instruments have not been the subject of authoritative interpretation, however, and the scope of the Treasury regulations is not certain. Holders are urged to consult their tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

**Tax Consequences for U.S. Holders**

***Payments of Stated Interest***

Each payment of stated interest on a Note (including any amount withheld as backup withholding tax) will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

***Original Issue Discount***

*General*

A debt instrument with a term to maturity that exceeds one year will be treated as issued with original issue discount ("OID") if the "stated redemption price at maturity" of the debt instrument exceeds its "issue price" by more than the *de minimis* amount (such amount, "*de minimis* OID") of less than ¼ of 1 percent of the "stated redemption price at maturity" multiplied by the number of complete years to maturity from the issue date. The "stated redemption price at maturity" of the Notes may exceed the "issue price" of the Notes by more than a *de minimis* amount. In that case, the Notes will be treated as issued with OID. Following is a summary of the OID rules and their application to the Notes.

If a substantial amount of Notes in an issue is issued for money, the "issue price" of a Note in the issue is the first price at which a substantial amount of the Notes is sold for money (ignoring sales to bond

houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). A U.S. Holder may obtain the issue price of a Note by contacting us at the address set forth under "Summary—Overview." The "stated redemption price at maturity" of a Note generally is the sum of all payments provided by the Note other than "qualified stated interest" payments. Generally, an interest payment on a Note is "qualified stated interest" if it is one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Note. Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the Note otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment that occurs within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Thus, if the interval between payments varies during the term of a Note, the value of the fixed rate on which a payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval preceding the payment.

Notes that have *de minimis* OID generally will be treated as not having OID unless a U.S. Holder elects to treat all interest on the Note as OID. See "—Election to Treat All Interest as Original Issue Discount (Constant Yield Method)."

Because the Notes may be issued with OID, a U.S. Holder may be required to include OID in gross income for U.S. federal income tax purposes as it accrues (regardless of its method of accounting), which may be in advance of receipt of the cash attributable to that income. OID accrues under the constant yield method, based on a compounded yield to maturity, as described below. Accordingly, a U.S. Holder generally would be required to include in income increasingly greater amounts of OID in successive accrual periods.

The annual amounts of OID includible in income by a U.S. Holder will be equal to the sum of the "daily portions" of the OID with respect to a Note for each day on which such U.S. Holder owns the Note during the taxable year. Generally, a U.S. Holder determines the daily portions of OID by allocating to each day in an "accrual period" a pro rata portion of the OID that is allocable to that accrual period. The term "accrual period" means an interval of time with respect to which the accrual of OID is measured. The accrual period may vary in length over the term of a Note provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on either the first or last day of an accrual period.

The amount of OID allocable to an accrual period will be the excess of (i) the product of (x) the "adjusted issue price" of the Note at the beginning of the accrual period and (y) the "yield to maturity" of the Note over (ii) the aggregate amount of any qualified stated interest payments on the Note that are allocable to the accrual period. The adjusted issue price of a Note at the beginning of the first accrual period is the issue price of the Note, and, on any day thereafter, is the sum of the issue price and the amount of OID previously includible in the gross income of any holder, reduced by the amount of any payment (other than a payment of qualified stated interest) previously made on the Note. If an interval between payments of qualified stated interest on a Note contains more than one accrual period, then, when a U.S. Holder determines the amount of OID allocable to an accrual period, such U.S. Holder must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval. In addition, a U.S. Holder must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. If all accrual periods are of equal length except for either an initial shorter accrual period or an initial and a final shorter accrual period, a U.S. Holder may compute the amount of OID allocable to the initial accrual period using any reasonable method; however, the OID allocable to the final accrual period will always be the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period.

*Election to Treat All Interest as Original Issue Discount (Constant Yield Method)*

A U.S. Holder may elect to include in gross income all interest that accrues on its Note using the constant yield method described above under "—General," with the modifications described below. For purposes of this election, interest will include qualified stated interest, OID, *de minimis* OID and unstated interest. If a U.S. Holder makes this election for its Note, then, when such U.S. Holder applies the constant yield method: the issue price of the Note will be equal to its cost; the issue date of the Note will be the date such U.S. Holder acquired the Note; and no payments on the Note will be treated as payments of qualified stated interest. Generally, this election will apply only to the Note for which a U.S. Holder makes the election. A U.S. Holder may not revoke an election to apply the constant yield method to all interest on a Note without the consent of the IRS.

***Sale, Exchange or Retirement of the Notes***

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder will recognize gain or loss in an amount equal to the difference between the sum of the cash and the fair market value of any property received (other than any amounts allocated to accrued but unpaid stated interest, which will be taxable as ordinary interest income to the extent not previously so taxed) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally be equal to the cost of the Note, increased by the amount of any OID on the Note previously included in income and decreased (but not below zero) by any payment previously received with respect to the Note other than payments of qualified stated interest. Any gain or loss will be capital gain or loss and will be a long-term capital gain or loss if the U.S. Holder's holding period for the Notes exceeds one year at the time of the sale, exchange, retirement or other taxable disposition of the Note. If the holding period for the Note is one year or less at the time of the sale, exchange, retirement or other taxable disposition of the Note, any capital gain or loss generally will be treated as short-term capital gain or loss. Long-term capital gains recognized by non-corporate U.S. Holders (including individuals) are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

***Additional Tax on Passive Income***

Certain U.S. Holders who are individuals, or that are estates or trusts and whose income exceeds certain thresholds are required to pay an additional 3.8% tax on, among other things, interest income and capital gains from the sale or other disposition of notes, subject to certain limitations and exceptions. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Notes.

***Information Reporting and Backup Withholding***

In general, information reporting requirements will apply to certain payments of principal of, and interest and accruals of OID on, a Note, and any proceeds of the disposition of a Note before maturity, to a U.S. Holder other than certain exempt recipients, such as corporations. A U.S. Holder may also be subject to backup withholding (currently at the rate of 24%) with respect to payments of interest and the gross proceeds received pursuant to a disposition unless the U.S. Holder is (i) a corporation or other exempt recipient and, when required, establishes this exemption or (ii) provides its correct taxpayer identification number, certifies that it is not currently subject to backup withholding tax and otherwise complies with applicable requirements of the backup withholding tax rules. A U.S. Holder that does not provide its correct taxpayer identification number may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder can be refunded or credited against the U.S. Holder's U.S. federal income tax liability, if any; provided that the required information is furnished to the IRS in a timely manner. U.S. Holders are urged to consult their tax advisors regarding the application of backup withholding to their particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

**Tax Consequences for Non-U.S. Holders**

*Payments of Interest*

Subject to the discussion below concerning backup withholding ("—Information Reporting and Backup Withholding") and any application of FATCA (as defined below, "—FATCA"), payments of interest on a Note (including OID) to a Non-U.S. Holder that are not effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States generally will not be subject to U.S. federal income tax or U.S. withholding tax, if:

- such Non-U.S. Holder does not own, actually or constructively, for U.S. federal income tax purposes, 10% or more of the total combined voting power of all classes of the Issuer's voting stock;
- such Non-U.S. Holder is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to the Issuer through stock ownership under applicable rules of the Code;
- such Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and
- the certification requirement, as described below, is fulfilled with respect to the beneficial owner of the Note.

The certification requirement referred to above will be fulfilled if either (A) a Non-U.S. Holder provides to us or our paying agent an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form), signed under penalties of perjury, that includes its name and address and a certification as to its non-U.S. status, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the Note on behalf of the beneficial owner and provides a statement to us or our paying agent, signed under penalties of perjury, in which the organization, bank or financial institution certifies that it has received an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from the non-U.S. beneficial owner or from another financial institution acting on behalf of such beneficial owner and furnishes us or our paying agent with a copy thereof and otherwise complies with the applicable IRS requirements. Other methods might be available to satisfy the certification requirements described above, depending on the Non-U.S. Holder's particular circumstances.

The gross amount of payments of interest that do not qualify for the exemption from withholding described above (the "portfolio interest exemption") will be subject to U.S. withholding tax at a rate of 30% unless (A) a Non-U.S. Holder provides a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) claiming an exemption from or reduction in withholding under an applicable tax treaty, or (B) such interest is effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States and such Non-U.S. Holder provides a properly completed IRS Form W-8ECI (or successor form).

***Income or Gain Effectively Connected with a U.S. Trade or Business***

If a Non-U.S. Holder is engaged in a trade or business in the United States and if interest on the Note or gain realized on the disposition of the Note is effectively connected with the conduct of such trade or business, such Non-U.S. Holder generally will be subject to regular U.S. federal income tax on the interest or gain on a net basis in the same manner as if such Non-U.S. Holder were a U.S. Holder, unless an applicable treaty provides otherwise. In addition, if a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may also be subject to a branch profits tax on its earnings and profits for the taxable year, subject to certain adjustments, at a rate of 30% unless reduced or eliminated by an applicable tax treaty. Even though such effectively connected income is subject to income tax, and may be subject to

the branch profits tax, it is not subject to withholding tax if such Non-U.S. Holder satisfies the certification requirements described above.

***Sale, Exchange or Disposition of the Notes***

Subject to the discussion below concerning backup withholding and any application of FATCA (as defined below), a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other taxable disposition of such Note (other than gain that represents accrued but unpaid interest not previously included in income, in which case the rules regarding interest would apply) unless:

- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or

- such gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States.

***Information Reporting and Backup Withholding***

Unless certain exceptions apply, we must report annually to the IRS and to any Non-U.S. Holder any interest paid to such Non-U.S. Holder during the taxable year. Copies of these information returns may also be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which a Non-U.S. Holder resides.

Under current U.S. federal income tax law, backup withholding tax will not apply to payments of interest by us or our paying agent on a Note if the certifications described above under "—Payments of Interest" are received, provided that we or our paying agent, as the case may be, do not have actual knowledge or reason to know that the payee is a U.S. person.

The gross proceeds from a sale, exchange or other disposition of a Note by a Non-U.S. Holder made to or through a foreign office of a foreign broker generally will not be subject to backup withholding or information reporting. However, if such broker is for U.S. federal income tax purposes: a U.S. person; a controlled foreign corporation; a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three- year period; or a foreign partnership with certain connections to the United States, then information reporting will be required unless the broker has in its records documentary evidence that the beneficial owner is not a U.S. person and certain other conditions are met or the beneficial owner otherwise establishes an exemption. Backup withholding at the applicable rate, currently 24%, may apply to any payment that such broker is required to report if the broker has actual knowledge or reason to know that the payee is a U.S. person. Payments to or through the U.S. office of a broker will be subject to backup withholding and information reporting unless the beneficial owner certifies, under penalties of perjury, that it is not a U.S. person, or otherwise establishes an exemption. Backup withholding is not an additional tax. A Non-U.S. Holder may obtain a refund or a credit against such Non-U.S. Holder's U.S. federal income tax liability of any amounts withheld under the backup withholding rules provided the required information is timely furnished to the IRS. Non-U.S. Holders are urged to consult their own tax advisors regarding the application of the information reporting and backup withholding rules in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available.

***FATCA***

Pursuant to the Foreign Account Tax Compliance Act ("*FATCA*"), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities must comply with information reporting rules with respect to their U.S. account holders and investors or confront a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements will generally be subject to a 30% withholding tax with respect to any "withholdable payments." For this purpose, withholdable payments include U.S.-source payments otherwise subject to nonresident withholding tax and, subject to the discussion of the proposed Treasury regulations below, the entire gross proceeds from the sale or other disposition of certain equity or debt instruments of U.S. issuers. This withholding tax will apply to a non-compliant foreign financial institution regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under the portfolio interest exemption or as gain realized by a Non-U.S. Holder on the taxable disposition of a Note). This withholding tax will not apply to withholdable payments made directly to foreign governments, international organizations, foreign central banks of issue and individuals, and the IRS is authorized to provide additional exceptions.

Withholding under FATCA will generally apply to payments of interest on a Note made to foreign financial institutions that are not in compliance with FATCA. The U.S. Department of the has issued proposed regulations which, if finalized in their present form, would eliminate the U.S. federal withholding tax of 30% applicable to the gross proceeds of a sale or disposition of debt instruments. In its preamble to the proposed regulations, the U.S. Treasury stated that taxpayers may generally rely on the proposed regulations until final regulations are issued.

If an interest payment is both subject to withholding under FATCA and subject to the withholding tax discussed above, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Foreign entities located in jurisdictions that have entered into intergovernmental agreements with the United States in connection with FATCA may be subject to different rules.

**Non-U.S. Holders are urged to consult their tax advisors to determine the effect of U.S. federal, state, local and non-U.S. income tax laws, as well as treaties, with regard to an investment in the Notes, including any reporting requirements.**

## BOOK-ENTRY, DELIVERY AND FORM

The Notes offered hereby are being offered and sold to persons reasonably believed to be QIBs in reliance on Rule 144A ("Rule 144A Notes"). Notes offered hereby also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, Notes will be issued in registered, global form in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $1,000. Notes offered hereby will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more temporary notes in registered, global form without interest coupons (collectively, the "Regulation S Temporary Global Notes"). The global notes will be deposited upon issuance with the trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Restricted Period"), beneficial interests in the Regulation S Temporary Global Notes may be held only through the Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. After the expiration of the Restricted Period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (collectively, the "Regulation S Permanent Global Notes" and, together with the Regulation S Temporary Global Notes, the "Regulation S Global Notes"; the Regulation S Global Notes and the Rule 144A Global Notes collectively being the "Global Notes") upon delivery to the trustee of certification of compliance with the transfer restrictions applicable to the Notes and pursuant to Regulation S as provided in the indenture governing the Notes. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges between Regulation S notes and Rule 144A notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below. See "—Exchange of Book-Entry Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Certificated Notes (as defined herein).

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Notice to Investors." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Initially, the trustee will act as paying agent and registrar. The Notes may be presented for registration of transfer and exchange at the offices of the registrar.

### Certain Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book- entry changes in accounts of its Participants. The Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants").

Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it, (i) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes and (ii) ownership of such interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture governing the Notes for any purpose.

Payments in respect of the principal of, premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture governing the Notes. Under the terms of the indenture governing the Notes, we and the trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we, the trustee nor any of our or the trustee's agents has or will have any responsibility or liability for (i) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes or (ii) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants. DTC has advised us that its current practice, upon receipt of any payment in respect of securities, such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date, in amounts proportionate to their respective holdings in the principal amount of beneficial interest in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay

by DTC or any of its Participants or indirect Participants in identifying the beneficial owners of the Notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving Euroclear and Clearstream participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants. See "—Same-Day Settlement and Payment." Subject to the transfer restrictions set forth under "Notice to Investors," transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, crossmarket transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the indenture governing the Notes,

DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the foregoing procedures to facilitate transfers of interests in the Regulation S Global Notes and in the Rule 144A Global Notes among Participants in DTC, and such procedures may be discontinued at any time. Neither we nor the trustee nor any of our or their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**Exchange of Book-Entry Notes for Certificated Notes**

A Global Note is exchangeable for definitive Notes in registered certificated form ("Certificated Notes") if (i) DTC (x) notifies us that it is unwilling or unable to continue as depositary for the Global Notes and we thereupon fail to appoint a successor depositary or (y) has ceased to be a clearing agency registered under the Exchange Act, or (ii) there shall have occurred and be continuing a default or event of default with respect to the Notes. In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon request but only upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture governing the Notes, and in accordance with the certification requirements set forth in the indenture governing the Notes. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Notice to Investors," unless we determine otherwise in compliance with applicable law.

**Exchanges between Regulation S Notes and Rule 144A Notes**

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and the transferor first delivers to the trustee a written certificate (in the form provided in the indenture governing the Notes) to the effect that the Notes are being transferred to a person who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A, purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture governing the Notes) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available).

Transfers involving an exchange of a beneficial interest in the Regulation S Global Note for a beneficial interest in a Rule 144A Global Note or vice versa will be effected in DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

**Certifications by Holders of the Regulation S Temporary Global Notes**

A holder of a beneficial interest in the Regulation S Temporary Global Notes must provide Euroclear or Clearstream, as the case may be, with a certificate in the form required by the applicable indenture certifying that the beneficial owner of the interest in the Regulation S Temporary Global Note is either a non-U.S. person or a U.S. person that has purchased such interest in a transaction that is exempt from the registration requirements under the Securities Act, and Euroclear or Clearstream, as the case may be, must provide to the trustee (or the paying agent if other than the trustee) a certificate in the form required by the applicable indenture, prior to any exchange of such beneficial interest for a beneficial interest in the Regulation S Permanent Global Notes.

**Same-Day Settlement and Payment**

Payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by the Global Note holder. With respect to any Notes in certificated form, we will make all payments of principal, premium, if any, and interest, by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream

as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

## NOTICE TO INVESTORS

The issuance and sale of the Notes and the guarantees have not been registered under the Securities Act or any other applicable securities laws and, unless so registered, the Notes may not be offered, sold, pledged or otherwise transferred within the United States or to or for the account of any U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. The Notes are being offered and issued, only (a) in the United States to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A), or QIBs, in a private transaction in reliance upon an exemption from the registration requirements of the Securities Act and (b) outside the U.S. to persons other than U.S. persons in reliance upon Regulation S.

Each purchaser of the Notes will be deemed to represent, warrant, and agree as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) It (A) (i) is a QIB and (ii) is acquiring the Notes for its own account or for the account of a QIB or (B) is not a U.S. person and is acquiring the Notes in an offshore transaction pursuant to Regulation S.

(2) It understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom the seller reasonably believes is a QIB in compliance with Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act, including the exemption provided by Rule 144 (if available and provided that prior to such transfer, the trustee is furnished with an opinion of counsel acceptable to the Issuer that such transfer is in compliance with the Securities Act), (iv) pursuant to an effective registration statement under the Securities Act or (v) to us or any of our subsidiaries, in each of cases (i) through (v) in accordance with any applicable securities laws of any State of the United States, and that (B) it will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in clause (A) above.

(3) It understands that the Notes will, unless otherwise agreed by the Issuer and the holder thereof, bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE "SECURITIES ACT") (A "QIB") OR (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS SECURITY FOR THE ACCOUNT OR FOR THE BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT,

(2) AGREES THAT IT WILL NOT WITHIN ONE YEAR AFTER THE LATER OF (X) ORIGINAL ISSUANCE OF THIS SECURITY AND (Y) THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER

OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (PROVIDED THAT PRIOR TO SUCH TRANSFER, THE TRUSTEE IS FURNISHED WITH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (2)(D) OR (2)(F) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT.

(4) If you are an acquirer in a transaction that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of these Notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act, except in compliance with applicable securities laws.

(5) It (a) is able to act on its own behalf in the transactions contemplated by this offering memorandum, (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes, and (c) (or the account for which it is acting) has the ability to bear the economic risks of its prospective investment in the Notes and can afford the complete loss of such investment.

(6) It acknowledges that (a) none of us, the initial purchasers or any person acting on behalf of any of the foregoing has made any statement, representation, or warranty, express or implied, to it with respect to the Issuer or the offer or sale of any Notes, other than the information we have included in this offering memorandum, and (b) any information it desires concerning the Issuer, the Notes or any other matter relevant to its decision to acquire the Notes (including a copy of the offering memorandum) is or has been made available to it.

(7) Either (A) it is not and is not using the assets of (i) an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA, or any entity

whose underlying assets include the assets of such employee benefit plans, (ii) a plan, an account or an arrangement subject to Section 4975 of the Code, or an entity whose underlying assets are considered to include the assets of such plan, account or arrangement or (iii) a governmental, church, non-U.S. or other plan which is subject to provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to the foregoing provisions of ERISA or the Code ("Similar Law") or (B) its acquisition, holding, disposition or transfer of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a similar violation under any applicable Similar Law), and none of the Issuer, the initial purchasers nor any of their respective affiliates is its fiduciary in connection with the acquisition and holding of a Note.

(8) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the trustee that the restrictions set forth herein have been complied with.

(9) It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement (the "Purchase Agreement") among the Issuer, the guarantors and Deutsche Bank Securities Inc., as representative of the several initial purchasers, we have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, severally and not jointly, all of the Notes.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The initial purchasers have agreed to resell the Notes (a) in the United States to persons who they reasonably believe are QIBs in reliance on Rule 144A and (b) outside the United States to non-U.S. persons in offshore transactions in compliance with Regulation S, in each case, under the Securities Act. See "Notice to Investors." The Notes will initially be offered at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the initial purchasers. The initial purchasers reserve the right to reject an order of Notes in whole or in part.

The Purchase Agreement provides that we will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof.

We and the guarantors have agreed that we will not, directly or indirectly, offer, sell, issue, contract to sell, pledge or otherwise dispose of any dollar-denominated debt securities issued or guaranteed by us and having a maturity of more than one year from the date of issue or any securities convertible into or exchangeable or exercisable for any of such debt securities, or publicly disclose the intention to make any such offer, sale, issuance, pledge or disposition without the prior written consent of Deutsche Bank Securities Inc. on behalf of the initial purchasers, for a period of 60 days after the date of this offering memorandum.

The offer and sale of Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold except as set forth above. Prior to the offering, there has been no active market for the Notes. As a result, we cannot assure you that the initial prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after completion of this offering. We do not intend to apply for listing of the Notes on any national securities exchange or for inclusion of the Notes on any automated dealer quotation system. The initial purchasers have advised us that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The initial purchasers are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the initial purchasers. In addition, market-making activities will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

We expect that delivery of the Notes will be made against payment therefor on or about , 2021 which will be the business day following the date of pricing of the Notes, or "T+ ." Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+ , to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding business days should consult their own advisors.

In connection with sales outside the United States, the initial purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, United States persons (1) as part of their distribution at any time or (2) otherwise prior to 40 days after the closing of the offering. The initial

purchasers will send to any dealer to whom they sell Notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, United States persons.

**Prohibition of Sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

**Prohibition of sales to United Kingdom Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Notice to Prospective Investors in the United Kingdom**

This offering memorandum is for distribution only to persons who:

(1) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order");

(2) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order;

(3) are outside the United Kingdom; or

(4) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated

or caused to be communicated (all such persons together being referred to as "relevant persons").

This offering is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

**Notice to Prospective Investors in Switzerland**

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

**Notice to Prospective Investors in the Dubai International Financial Centre**

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

**Notice to Prospective Investors in Canada**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The Notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

## Notice to Prospective Investors in Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes may not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder; or (b) in other circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong); or (c) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

## Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes have not and may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor; then securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust will not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA, or to a relevant person under Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (iii) where no consideration is given for the transfer; (iv) where the transfer is by operation of law; (v) as specified in Section 276(7) of the SFA or (vi) as specified in Regulation 32.

*Singapore Securities and Futures Act Product Classification*—Solely for the purposes of their obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA N16: Notice on Recommendations on Investment Products).

## Stabilization

In connection with the offering, certain persons participating in the offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the initial purchasers may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The initial purchasers may also overallot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the initial purchasers may bid for and purchase Notes in market making transactions and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The initial purchasers are not required to engage in these activities, and may end these activities at any time.

## Other Relationships

The initial purchasers or any of their respective affiliates from time to time has provided in the past and may provide in the future investment banking, commercial lending and financial advisory services to us and our affiliates in the ordinary course of business for which they have received, or may in the future receive, customary fees, expenses and commissions. In the ordinary course of its various business activities, the initial purchasers or one of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers, and such investment and securities activities may involve securities and/or instruments of the Issuer and/or the Company. The initial purchasers and/or their respective affiliates may also make investment recommendations and/ or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

An affiliate of Barclays Capital Inc. acts as administrative agent under the First Lien Credit Agreement and certain of the initial purchasers and/or their respective affiliates are lenders, agents and/or arrangers under the First Lien Credit Agreement and, as consideration therefor, have received or will receive customary fees and expenses in connection with the First Lien Credit Agreement. An affiliate of Mizuho Securities USA LLC acts as administrative agent under the Receivables Facility and, as consideration therefor, has received or will receive customary fees and expenses in connection with the Receivables Facility. Certain of the initial purchasers and/or their respective affiliates may be holders of the 2022 ADT Notes and, therefore, such initial purchasers and/or their affiliates may receive a portion of the proceeds of this offering used to redeem such portion of the 2022 ADT Notes. See "Use of Proceeds."

Apollo Global Securities, LLC is an affiliate of Apollo Investment Fund VIII, L.P. and related funds that are directly or indirectly managed by Apollo Global Management, Inc., its subsidiaries and its affiliates (the "Sponsor") and will receive a portion of the gross spread as an initial purchaser in the sale of the Notes.

## LEGAL MATTERS

The validity of the Notes offered hereby will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. Certain legal matters in connection with the offering of the Notes will be passed upon for the initial purchasers by Cahill Gordon & Reindel LLP, New York, New York.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements incorporated in this offering memorandum by reference to the Annual Report on Form 10-K for the year ended December 31, 2020, and the effectiveness of internal control over financial reporting as of 2020 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

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**We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this offering memorandum. You must not rely on unauthorized information or representations.**

**This offering memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.**

**The information in this offering memorandum is current only as of the date on its cover, and may change after that date. For any time after the cover date of this offering memorandum, we do not represent that our affairs are the same as described or that the information in this offering memorandum is correct—nor do we imply those things by delivering this offering memorandum or selling securities to you.**

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**$1,000,000,000 % First-Priority Senior Secured Notes due 2029**

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