$1,300,000,000

Prime Security Services Borrower, LLC
Prime Finance Inc.

$1,300,000,000 % Second-Priority Senior Secured Notes due 2028

Prime Security Services Borrower, LLC, a Delaware limited liability company (the "Issuer") and Prime Finance Inc., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Issuers,"), each a wholly owned subsidiary of ADT Inc., a Delaware corporation (the "Company" and, together with its wholly owned subsidiaries, "ADT," "we," "our," and "us"), are offering $1,300,000,000 aggregate principal amount of % Second-Priority Senior Secured Notes due 2028 (the "Notes").

The Notes will bear interest at a rate of % per annum and will mature on , 2028. Interest on the Notes will be payable semi-annually on and of each year, commencing on , 2020.

The proceeds from the offering of the Notes, together with cash on hand and borrowings under our Revolving Credit Facility, will be used to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes (as defined herein) in full and (b) pay related fees and expenses in connection with the Transactions (as defined herein).

The Notes will be fully and unconditionally guaranteed by each of the Issuer's wholly owned domestic restricted subsidiaries 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 subsidiary guarantor, such subsidiary guarantor will also be released from its obligations under the Notes. The Notes and related guarantees will be secured by second-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 the Issuers' existing and future senior indebtedness, (ii) rank senior to all of the Issuers' future subordinated indebtedness, (iii) be effectively senior to all of the Issuers' existing and future unsecured indebtedness to the extent of the value of the collateral securing the Notes, (iv) be equal to all of the Issuers' existing and future indebtedness that is secured by the collateral on a second-priority basis, to the extent of the value of the collateral securing such indebtedness, (v) be effectively junior to all of the Issuers' existing and future indebtedness that is secured by the collateral on a senior-priority basis, including indebtedness under the First Lien Credit Agreement, the ADT Notes (as defined herein), the First-Priority Notes (as defined herein) and certain other debt, to the extent of the value of the collateral securing such indebtedness, and (vi) be structurally subordinated to all obligations of each of the Issuers' subsidiaries that is not a guarantor of the Notes.

We may redeem some or all of the Notes at any time on or after , 2023, at the redemption prices set forth in this offering memorandum. In addition, we may redeem up to 40% of the aggregate principal amount of the Notes prior to , 2023, with an amount equal to the net proceeds from certain equity offerings at the redemption price set forth in this offering memorandum. Prior to , 2023, we may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the applicable "make-whole" premium set forth in this offering memorandum. 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. 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 15.

Price of the Notes: % plus accrued and unpaid interest, if any, from , 2020.

We expect that delivery of the Notes to purchasers will be made in New York on or about , 2020 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 purchaser named below is 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.

Sole Book-Running Manager

Barclays

, 2020

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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: Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019.

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 purchaser makes 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 purchaser 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 purchaser is 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 purchaser shall have any responsibility therefor.

The initial purchaser 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 purchaser 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 purchaser or any person affiliated with the initial purchaser 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 purchaser 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, in the section entitled "Risk Factors" in the 2018 Annual Report 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 Free Cash Flow before special items 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, (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 as calculated in accordance with GAAP.

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. Additionally, we present Covenant Adjusted EBITDA (Pre-SAC), which is used in the indentures governing our First Lien Credit Agreement, the ADT Notes and the First-Priority Notes, and will be used in the indenture governing the 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 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 purchases of property, plant, and equipment; subscriber system asset additions; and accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network. 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.

Free Cash Flow before special items

We define Free Cash Flow before special items as Free Cash Flow adjusted for payments related to (i) financing and consent fees, (ii) restructuring and integration, (iii) integration related capital expenditures, (iv) radio conversion costs, and (v) other payments or receipts that may mask the operating results or business trends of the Company. As a result, subject to the limitations described below, Free Cash Flow before special items is a useful measure of our cash available to repay debt, make other investments, and pay dividends.

Free Cash Flow before special items 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 before special items 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 before special items in combination with the GAAP cash flow numbers.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This offering memorandum contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. All statements other than statements of historical facts contained in this offering memorandum, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management, and expected market growth are forward-looking statements. These forward-looking statements are contained principally in the sections entitled "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, in each case, their negative or other various or comparable terminology, 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 maintain and grow our existing customer base;
- our ability to integrate the businesses of ADT, Protection 1, Red Hawk (each as defined in the 2018 Annual Report (as defined herein)) and other 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;
- our ability to successfully upgrade obsolete equipment, such as 3G and CDMA (each as defined in the 2018 Annual Report) communications equipment installed at our customers' premises, in an efficient and cost-effective manner;
- our ability to launch new product and service offerings that achieve market acceptance with acceptable margins;
- 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 and exchange rate volatility, and trade tariffs applicable to the products we sell;
- the impact of potential information technology, cybersecurity or data security breaches;
- the other factors that are described in this offering memorandum under the heading "Risk Factors."

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, 2018, filed with the SEC on March 11, 2019 (the "2018 Annual Report");
- The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 7, 2019 (the "Q1 Quarterly Report");
- The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, filed with the SEC on August 6, 2019 (the "Q2 Quarterly Report");
- The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed with the SEC on November 12, 2019 (the "Q3 Quarterly Report");
- The Company's Current Reports on Form 8-K filed with the SEC on January 2, 2019, February 1, 2019, March 11, 2019, March 18, 2019, April 4, 2019, May 7, 2019, June 3, 2019, June 17, 2019, August 6, 2019, September 24, 2019, October 1, 2019, October 11, 2019, October 23, 2019, November 12, 2019 and January 7, 2020 (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 Issuers. The agreements may contain representations and warranties by the Company, its consolidated subsidiaries or the Issuers, 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 web site 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 2018 Annual 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 through more than 200 locations, 9 monitoring centers, and the largest network of security professionals 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 customers by providing 24/7 professional monitoring services as well as delivering lifestyle-driven solutions via professionally installed, do-it-yourself, mobile, and digital-based offerings for consumer, small business, and larger business customers.

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

On January 16, 2020, the Issuers issued a conditional notice of redemption with respect to all of the outstanding 9.250% Second-Priority Notes due 2023 of the Issuers (the "Prime Notes") in accordance with the indenture governing the Prime Notes. We intend to redeem all outstanding Prime Notes and simultaneously to discharge our obligations with respect to such Prime Notes and the indenture governing such Prime Notes in accordance with the terms of that indenture (the "Prime Notes Redemption"). If the offering of the Notes is not successfully consummated, the Issuers will not redeem any Prime Notes.

Throughout this offering memorandum, we collectively refer to this offering and the Prime Notes 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 and borrowings under our Revolving Credit Facility, will be used to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes in full and (b) pay related fees and expenses in connection with the Transactions.

Recent Developments

Preliminary Fiscal 2019 Results

Our audited consolidated financial statements for the year ended December 31, 2019 are not yet available. Based on our preliminary results, we anticipate that total revenue for the fiscal year ended December 31, 2019 to

be between $5.00 billion and $5.15 billion. Adjusted EBITDA for the fiscal year ended December 31, 2019 is anticipated to be between $2.47 billion and $2.50 billion, and Free Cash Flow before special items for the fiscal year ended December 31, 2019 is anticipated to be between $570 million and $610 million. In addition, gross customer revenue attrition for the fiscal year ended December 31, 2019 is anticipated to be approximately 13.5%. These preliminary results are consistent with our previously issued full-year 2019 guidance. Our financial closing procedures for the three months and year ended December 31, 2019 are not yet complete. As a result, our actual results for the year ended December 31, 2019 may differ materially from the preliminary estimated financial results included in our financial outlook ranges for full-year 2019 upon the completion of our financial closing procedures, final adjustments, and other developments that may arise prior to the time our financial results are finalized. All of the range data presented above is preliminary and unaudited, based upon our estimates, and subject to further internal review by our management and compilation of actual results. We have provided estimated ranges for this data primarily because our closing procedures for the quarter ended December 31, 2019 are not yet complete and we have not generated data for the full quarter. Our management's estimates are based upon monthly information currently available to us and extrapolation from such information. While we expect that our results will be within these ranges, our actual results may differ materially from these preliminary estimates. The preliminary estimated financial data included in this offering memorandum has been prepared by, and is the responsibility of our management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, nor applied agreed-upon procedures with respect to this preliminary estimated financial data, and accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

The Company is not providing a quantitative reconciliation of its financial outlook for Adjusted EBITDA and Free Cash Flow before special items to net income (loss) and net cash provided by operating activities, which are their respective corresponding GAAP measures, because these GAAP measures that are excluded from the Company's non-GAAP financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as special items discussed herein under the heading "Use of Non-GAAP Financial Information—Adjusted EBITDA" and "Use of Non-GAAP Financial Information—Free Cash Flow." Additionally, information that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future GAAP financial results. The preliminary financial and operating results for the fiscal year ended December 31, 2019 are forward-looking statements based on preliminary estimates and reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those set forth in our estimates and from past results, performance or achievements. Such preliminary results are subject to finalization of our quarterly and annual financial and accounting procedures and should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. Consequently, there can be no assurances that the actual financial and operating results for the fiscal year ended December 31, 2019 will be identical to the preliminary estimates set forth above, and any variation between our actual results and the estimates set forth above may be material. In addition, such results do not purport to indicate our results of operations for any future period beyond the fiscal year ended December 31, 2019.

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 September 30, 2019 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 Prime Notes are redeemed on February 15, 2020. 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)		
Notes[1]	$1,300,000	Redemption of the Prime Notes[3]	$1,246,000
Revolving Credit Facility[2]	$ 17,000	Fees and expenses[4][5]	$ 71,000
Total sources of funds	$1,317,000	Total uses of funds[5]	$1,317,000

(1) Represents the $1,300 million face value of the Notes prior to the initial purchaser's discount to the offering price. We intend to use the proceeds from the offering of the Notes, together with cash on hand and borrowings under our Revolving Credit Facility, to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes in full and (b) pay related fees and expenses in connection with the Transactions.

(2) Represents the $17 million expected to be drawn under the Revolving Credit Facility to pay fees and expenses associated with the Transactions. For a description of the Revolving Credit Facility, see "Description of Other Indebtedness—First Lien Credit Agreement."

(3) As of September 30, 2019, $1,246 million aggregate principal amount of the Prime Notes were outstanding. Assumes that the Issuers will redeem the entire outstanding $1,246 million aggregate principal amount of Prime Notes on February 15, 2020, and pay all accrued and unpaid interest and any applicable redemption premium on such Prime Notes to, but excluding, such date, in accordance with the indenture governing the Prime Notes. We expect that all such accrued and unpaid interest will amount to approximately $29 million and that all such applicable redemption premium will amount to approximately $58 million.

(4) Reflects the estimated fees and expenses associated with the Transactions, including placement and other financing fees, advisory fees and other transaction costs and professional fees, including any initial purchaser's 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 and borrowings under our Revolving Credit Facility and the proceeds from the offering of the Notes.

The Prime Notes have a maturity date of May 15, 2023 and bear interest at 9.250% per annum. As of the date hereof, accrued and unpaid interest on the Prime Notes was $20 million. Prior to May 15, 2020, the Issuers may redeem the Prime Notes at their option, in whole at any time or in part from time to time, at a redemption price equal to 104.625% of the principal amount of the Prime Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

(5) Does not reflect approximately $29 million of accrued and unpaid interest.

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.

Issuers	Prime Security Services Borrower, LLC and Prime Finance Inc.
Notes Offered	$1,300,000,000 aggregate principal amount of % Second-Priority Senior Secured Notes due 2028.
Maturity Date	, 2028.
Notes Interest Rates and Payment Dates	The Notes will bear interest at a rate of % per annum from , 2020. Interest on the Notes will be payable semi-annually in arrears on and of each year, beginning on , 2020.
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 second-priority senior secured basis, jointly and severally, by each of the Issuer's present and future direct or indirect wholly owned material domestic subsidiaries 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. Additionally, no such guarantee will be released if the related guarantor is guaranteeing or acting as a co-obligor of any other material indebtedness of the Issuer or its restricted subsidiaries.
Ranking	The Notes and the related guarantees will be the Issuers' senior secured obligations and will: • rank equally in right of payment with all of the Issuers' existing and future senior obligations; • rank senior in right of payment to all of the Issuers' future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Notes; • be effectively senior to all of the Issuers' existing and future unsecured indebtedness to the extent of the value of the collateral securing the Notes;

- be equal to all of the Issuers' future indebtedness that is secured by the collateral on a second-priority basis, to the extent of the value of the collateral securing such indebtedness;
- be effectively junior to all of the Company's existing and future indebtedness that is secured by the collateral on a senior-priority basis, including the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes and certain other debt, to the extent of the value of the collateral securing such indebtedness; and
- be structurally subordinated to all obligations of each of the Issuers' subsidiaries that is not a guarantor of the Notes.

As of September 30, 2019, on a pro forma basis after giving effect to the Transactions, the Notes would have ranked effectively junior to $8,897 million face value of indebtedness drawn under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes (with a further $155 million available for borrowing under the Revolving Credit Facility, without giving effect to the letters of credit), to the extent of the value of the collateral securing such indebtedness. As of September 30, 2019, on a pro forma basis after giving effect to the Transactions, the Notes would not be structurally subordinated to any indebtedness of our non-guarantor subsidiaries, excluding intercompany obligations and capital leases. See "Description of Notes—Ranking."

As of September 30, 2019, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries held less than 5% of our consolidated assets and had no outstanding indebtedness, excluding intercompany obligations and capital leases. During the twelve month period ended September 30, 2019, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries generated approximately 5% of our total pro forma revenue and less than 5% of our Adjusted EBITDA.

Security . . . . . The Notes and the related guarantees will be secured by second-priority security interests in the collateral (which generally includes substantially all of the existing and future assets of the Issuers and the subsidiary guarantors) subject to permitted liens and certain exclusions as described herein.

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 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 the Issuer, (v) "intent-to-use" trademark applications until an Amendment to Allege Use or Statement of Use has been filed, (vi) certain securitization assets and (vii) certain other limited assets. 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 Agreements	The security granted in the collateral to secure the Notes on a second-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. The Notes will be subject to an intercreditor agreement (the "First Lien/Second Lien Intercreditor Agreement") that establishes the subordination of the liens securing the Notes to the liens securing the first-priority lien obligations and certain other matters relating to the administration of security interests. See "Description of Notes—First Lien/Second Lien Intercreditor Agreement."
Optional Redemption	We may redeem the Notes, in whole or in part, at any time on or after , 2023 at the redemption prices set forth in this offering memorandum. Prior to , 2023, we may also redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount of the Notes redeemed plus any accrued and unpaid interest thereon, if any, to, but not including, the redemption date, and a "make whole" premium. Additionally, prior to , 2023, we may redeem up to 40% of the aggregate principal amount of the Notes with an amount equal to the net proceeds of specified equity offerings at the redemption price set forth in this offering memorandum. See "Description of Notes—Optional Redemption."
Change of Control Offer to Repurchase	If we experience a change of control, we will be required to make an offer to repurchase the Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of the repurchase. See "Description of Notes—Change of Control."

Asset Sales	If we sell certain assets, under certain circumstance we may be required to offer to purchase the Notes at the redemption price listed under "Description of Notes—Asset Sales."
Certain Covenants	The indenture governing the Notes will, among other things, limit our ability and the ability of our restricted subsidiaries to: • incur or guarantee additional indebtedness; • pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; • make investments; • consummate certain asset sales; • engage in certain transactions with affiliates; • agree to any restrictions on the ability of our restricted subsidiaries to make payments to us; • grant or assume liens on certain assets; and • consolidate, merge or transfer all or substantially all of our assets. These covenants are subject to important exceptions and qualifications as described under "Description of Notes—Certain Covenants." In addition, certain of the covenants will be suspended if both Moody's Investors Service, Inc. and Standard & Poor's Ratings Services assign the Notes an investment grade rating in the future and certain other conditions are met. See "Description of Notes—Certain Covenants." In the event that we and our restricted subsidiaries are not subject to such covenants for any period of time as a result of the preceding sentence and, on any subsequent date, one or more of such rating agencies withdraws or downgrades the ratings assigned to the Notes or a default or event of default occurs and is continuing under the indenture relating to the Notes, then we and our restricted subsidiaries will thereafter again be subject to such covenants.
Transfer Restrictions; No Registration Rights	The offer and sale of the Notes has 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

	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	The proceeds from the offering of the Notes, together with cash on hand and borrowings under our Revolving Credit Facility, will be used to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes in full and (b) pay related fees and expenses in connection with the Transactions. See "—The Transactions" and "Use of Proceeds."
No Prior Market	The Notes will be new securities for which there is currently no public trading market. Although the initial purchaser has informed us that it intends to make a market in the Notes, it is 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 Issuers 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 memorandum. 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	Wells Fargo Bank, National Association.
Governing Law	The governing law for the Notes and the indenture governing the Notes 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 2018 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 2018 Annual Report and the Q3 Quarterly Report, each of which are incorporated by reference herein.

We derived the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the nine months ended September 30, 2019 and September 30, 2018 from ADT Inc.'s unaudited interim consolidated financial statements included in its Q3 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, 2018, 2017 and 2016 from ADT Inc.'s consolidated financial statements included in its 2018 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 September 30, 2019 by taking the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the year ended December 31, 2018, plus the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the nine months ended September 30, 2019, less the summary historical consolidated statements of operations and cash flow data of ADT Inc. for the nine months ended September 30, 2018.

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

(in thousands, except as otherwise indicated)	Twelve Months Ended September 30, 2019	Nine Months Ended September 30,		Years Ended December 31,		
		2019	2018	2018	2017	2016
Results of Operations:						
Monitoring and related services	$ 4,289,523	$ 3,249,401	$ 3,069,817	$ 4,109,939	$ 4,029,279	$ 2,748,222
Installation and other	723,301	577,973	326,406	471,734	286,223	201,544
Total revenue	5,012,824	3,827,374	3,396,223	4,581,673	4,315,502	2,949,766
Cost of revenue (exclusive of depreciation and amortization shown separately below)	1,304,034	1,020,603	757,905	1,041,336	895,736	693,430
Selling, general and administrative expenses	1,372,141	1,047,818	922,627	1,246,950	1,209,200	858,896
Depreciation and intangible asset amortization	1,986,735	1,502,574	1,446,768	1,930,929	1,863,299	1,232,967
Merger, restructuring, integration, and other	17,955	23,069	1,770	(3,344)	64,828	393,788
Goodwill impairment	133,444	45,482	—	87,962	—	—
Loss on business held for sale	55,489	55,489	—	—	—	—
Operating income (loss)	143,026	132,339	267,153	277,840	282,439	(229,315)
Interest expense, net	(627,964)	(465,977)	(501,217)	(663,204)	(732,841)	(521,491)
Loss on extinguishment of debt	(103,004)	(103,004)	(274,836)	(274,836)	(4,331)	(28,293)
Other income (expense)	1,117	2,909	29,374	27,582	33,047	(23,639)
Loss before income taxes	(586,825)	(433,733)	(479,526)	(632,618)	(421,686)	(802,738)
Income tax benefit	85,199	81,576	19,840	23,463	764,313	266,151
Net (loss) income	(501,626)	(352,157)	(459,686)	$ (609,155)	$ 342,627	$ (536,587)
Summary Cash Flow Data:						
Net cash provided by operating activities	$ 1,840,892	$ 1,459,249	$ 1,405,964	$ 1,787,607	$ 1,591,930	$ 617,523
Net cash used in investing activities	$(1,811,111)	$(1,156,921)	$(1,084,020)	$(1,738,210)	$(1,413,310)	$(9,411,714)
Net cash (used in) provided by financing activities	$ (129,232)	$ (509,716)	$ (187,483)	$ 193,001	$ (143,069)	$ 8,828,775
Key Performance Indicators:[1]						
RMR[2]	$ 357,854	$ 351,381	$ 340,278	$ 346,751	$ 334,810	$ 327,948
Gross customer revenue attrition (percentage)[3]	13.5%	13.5%	13.4%	13.3%	13.7%	14.8%
Adjusted EBITDA[4]	$ 2,489,630	$ 1,876,050	$ 1,839,917	$ 2,453,497	$ 2,352,803	$ 1,532,889
Covenant Adjusted EBITDA (Pre-Sac)[4]	$ 2,774,737	$ 2,092,557	$ 2,067,034	$ 2,749,214	$ 2,687,567	$ 1,805,240
Free Cash Flow[5]	$ 428,162	$ 394,036	$ 356,867	$ 390,993	$ 225,361	$ (336,672)

(1) In evaluating our results, we utilize key performance indicators, which include non-GAAP measures as well as the operating metrics of recurring monthly revenue 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 conversion or historical methodology differences in legacy systems.

(2) RMR is generated by contractual monthly recurring fees for monitoring and other recurring services provided to our customers, including contracts monitored but not owned. We believe the presentation of RMR is useful because it measures the volume of revenue under contract at a given point in time.

(3) 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 Do-It-Yourself ("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, generally twelve to fifteen months.

Gross customer revenue attrition is calculated on a trailing twelve-month basis, the numerator of which is the annualized 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 reports covering periods prior to January 1, 2019, trailing twelve-month gross customer revenue attrition included DIY customers. Including DIY customers as of September 30, 2018 rounds to the same percentage as presented in this offering memorandum.

Gross customer revenue attrition for 2016 is presented on a pro forma basis for The ADT Corporation business.

(4) Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) are non-GAAP measures that we believe is 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. Further, we believe Adjusted EBITDA and Covenant Adjusted EBITDA (Pre-SAC) provide 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, (vi) merger, restructuring, integration, and other, (vii) losses on extinguishment of debt, (viii) radio conversion costs, (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 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 as calculated in accordance with GAAP.

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

(in thousands)	Twelve Months Ended September 30, 2019	Nine Months Ended September 30,		Years Ended December 31,		
		2019	2018	2018	2017	2016
Net (loss) income	$ (501,626)	$ (352,157)	$ (459,686)	$ (609,155)	$ 342,627	$ (536,587)
Interest expense, net	627,964	465,977	501,217	663,204	732,841	521,491
Income tax benefit	(85,199)	(81,576)	(19,840)	(23,463)	(764,313)	(266,151)
Depreciation and intangible asset amortization	1,986,735	1,502,574	1,446,768	1,930,929	1,863,299	1,232,967
Amortization of deferred subscriber acquisition costs	75,596	58,544	42,876	59,928	51,491	16,769
Amortization of deferred subscriber acquisition revenue	(101,261)	(78,506)	(56,381)	(79,136)	(46,454)	(10,717)
Share-based compensation expense	87,233	65,126	112,905	135,012	11,276	4,625
Merger, restructuring, integration and other	17,955	23,069	1,770	(3,344)	64,828	393,788
Goodwill impairment	133,444	45,482	—	87,962	—	—
Loss on business held for sale	55,489	55,489	—	—	—	—
Loss on extinguishment of debt	103,004	103,004	274,836	274,836	4,331	28,293
Radio conversion costs[(a)]	12,985	12,637	4,751	5,099	12,244	34,405
Financing and consent fees[(b)]	32,136	23,279	—	8,857	63,593	5,302
Foreign currency losses / (gains)[(c)]	1,580	(531)	1,117	3,228	(23,804)	16,042
Acquisition related adjustments[(d)]	21,737	16,725	11,166	16,178	2,588	62,845
Licensing fees[(e)]	—	—	(21,533)	(21,533)	—	—
Other[(f)]	12,068	16,914	(49)	(4,895)	38,256	29,817
Adjusted EBITDA[(g)]	$2,489,630	$1,876,050	$1,839,917	$2,453,497	$2,352,803	$1,532,889
Subscriber acquisition costs, net[(h)]	285,107	216,507	227,117	295,717	334,764	272,351
Covenant Adjusted EBITDA (Pre-SAC)[(i)]	$2,774,737	$2,092,557	$2,067,034	$2,749,214	$2,687,567	$1,805,240

(a) Represents costs associated with upgrading cellular technology used in many of our security systems, offset by any incremental revenue earned.

(b) Represents fees incurred associated with the issuance, restatement, and amendment of debt.

(c) Represents 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) The year ended December 31, 2018 and the nine months ended September 30, 2018 include other income related to approximately $22 million of one-time licensing fees.

(f) Represents certain advisory and other costs associated with our transition to a public company as well as other charges and non-cash items. The nine months ended September 30, 2019 include an estimated legal settlement, net of insurance, of $6 million. The nine months ended September 30, 2018 and the year ended December 31, 2018 include a gain of $7.5 million from the sale of equity in a third party that we received as part of a settlement. The years ended December 31, 2017 and 2016 include fees of $20 million and $13 million, respectively, under a management consulting agreement, which was terminated in connection with the consummation of the initial public offering.

(g) Does not give effect to (a) the disposition of ADT Security Services Canada, Inc. ("ADT Canada"), which we consummated on November 5, 2019, or (b) the acquisition of Defenders Holdings, Inc. ("Defenders"), which we consummated on January 6, 2020. For more information on the disposition of ADT Canada, refer to our Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 12, 2019, including the unaudited pro forma condensed consolidated financial information of the Company and its subsidiaries giving effect

to the disposition of ADT Canada that were filed as Exhibit 99.1 thereto. Prior to the acquisition, the cost of acquiring accounts from Defenders was capitalized. Subsequent to the acquisition, account generation costs will be expensed all or in part. As a result, while we are unable to quantify the impact currently, we expect that this change will have a negative impact on our Adjusted EBITDA, and we expect such impact to be material. We do not expect that these two transactions in aggregate will have a significant impact on Free Cash Flow before special items.

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

(i) Does not give effect to (a) the disposition of ADT Canada, which we consummated on November 5, 2019, or (b) the acquisition of Defenders, which we consummated on January 6, 2020. For more information on the disposition of ADT Canada, refer to our Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 12, 2019, including the unaudited pro forma condensed consolidated financial information of the Company and its subsidiaries giving effect to the disposition of ADT Canada that were filed as Exhibit 99.1 thereto. We do not expect that the acquisition of Defenders will impact Covenant Adjusted EBITDA (Pre-SAC), which includes gross subscriber acquisition cost expenses, net. We do not expect that these two transactions in aggregate will have a significant impact on our Free Cash Flow before special items.

(5) 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 Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include purchases of property, plant, and equipment; subscriber system asset additions and deferred subscriber installation costs; and accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network. 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.

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

(in thousands)	Twelve Months Ended September 30, 2019	Nine Months Ended September 30,		Years Ended December 31,		
		2019	2018	2018	2017	2016
Net cash provided by operating activities	$1,840,892	$1,459,249	$1,405,964	$1,787,607	$1,591,930	$ 617,523
Dealer generated customer accounts and bulk account purchases	(681,358)	(514,487)	(526,654)	(693,525)	(653,222)	(407,102)
Subscriber system assets and deferred subscriber installation costs	(578,584)	(430,586)	(428,292)	(576,290)	(582,723)	(468,594)
Capital expenditures	(152,788)	(120,140)	(94,151)	(126,799)	(130,624)	(78,499)
Free Cash Flow	$ 428,162	$ 394,036	$ 356,867	$ 390,993	$ 225,361	$(336,672)

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 2018 Annual 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 the Company and the Offering

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 September 30, 2019, on a pro forma basis after giving effect to the Transactions, we would have had $10,197 million face value of outstanding indebtedness (excluding capital leases). On a pro forma basis giving effect to the Transactions, we will have total debt service payments of $537 million (including approximately $365 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 tendered to us 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 indenture governing the Notes, the ADT Notes and the First-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 and the First-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 and the First-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 September 30, 2019, on a pro forma basis after giving effect to the Transactions, we would have had approximately $155 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 and the First-Priority Notes, the covenants under any other existing or future debt instruments could allow us to incur a significant amount of additional indebtedness. 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 and the First-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 and the First-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 and the First-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.

The Issuers are holding companies and have no direct operations other than holding the equity interests in our subsidiaries and activities directly related thereto. Accordingly, 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 and the First-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 our current and future non-guarantor subsidiaries.

The Notes will be structurally subordinated to indebtedness and other liabilities of our current and future subsidiaries 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 our non-guarantor subsidiaries, 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 twelve months ended September 30, 2019, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries generated approximately 5% of our total revenue and less than 5% of our Adjusted EBITDA. As of September 30, 2019, on a pro forma basis after giving effect to the Transactions, non-guarantor subsidiaries held less than 5% of our consolidated assets and had no outstanding indebtedness, excluding intercompany obligations and capital leases.

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 our 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 subsidiary 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 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—Subsidiary 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 contains and the indenture governing the Notes will 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 subsidiary 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 subsidiary guarantors.

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

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 and the First-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 we 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 we issued the Notes or the subsidiary 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, we or the subsidiary 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 us or the subsidiary 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 we 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 our creditors.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the Notes or its guarantee or the related security interest if we 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 our 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 Issuers 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 us 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 our 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 we 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 we 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 subsidiary 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 subsidiary 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 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 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. 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 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. As of September 30, 2019, assuming our Revolving Credit Facility is fully drawn, each 0.125% change in interest rates would result in a less than $1 million change in annual interest expense, including the impact of our interest rate swaps, on indebtedness under our First Lien Credit Agreement.

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 Issuers 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 purchaser has advised us that it intends 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 non-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.

Many of the restrictive covenants contained in the indenture governing the Notes will not apply during any period in which the Notes are rated investment grade by both Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and the holders of the Notes will lose the protection of these covenants during any such periods.

Many of the covenants contained in the indenture governing the Notes will not apply to us during any period in which the Notes are rated investment grade by both Moody's Investors Service, Inc. and Standard & Poor's Ratings Group, provided that at such time no default or event of default has occurred and is continuing. Such covenants will include restrictions on, among other things, our ability to make certain distributions, incur indebtedness and enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade or that if the Notes ever are rated investment grade they will maintain these ratings. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. For example, during any such suspension of these covenants, we would be able to make dividends and distributions and incur substantial additional debt in amounts that would not otherwise be permitted while these covenants were in force. To the extent the covenants are subsequently reinstated, any such actions taken while the covenants were suspended would not result in an event of default under the indenture governing the Notes. See "Description of Notes—Certain Covenants."

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.

The Notes and guarantees will be subject to the First Lien/Second Lien Intercreditor Agreement that provides the Notes and the guarantees will be effectively subordinated to the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and other creditors who have a first-priority security interest in our assets to the extent of the value of such assets, and the liens securing the Notes will be released upon the discharge of obligations that are secured by first-priority liens or release of first-priority liens.

Substantially all the assets owned by the Issuers and the subsidiary guarantors on the issue date of the Notes or thereafter acquired, and all proceeds therefrom, will be subject to first-priority liens in favor of the lenders and other secured parties under our First Lien Credit Agreement, the ADT Notes and the First-Priority Notes. The collateral agent for the Notes (the "Notes Collateral Agent") will become a party to the First Lien/Second Lien Intercreditor Agreement that provides that, at any time that any obligations that are secured by first-priority liens remain outstanding, prior to the expiration of any applicable standstill period, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings) will be at the direction of the holders of such indebtedness. Under such circumstances, the trustee and the Notes Collateral Agent on behalf of the holders of Notes will not have the ability to control or direct such actions, even if the rights of the holders of Notes are materially and adversely affected. Further, in the event that the Issuers or a subsidiary guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, their obligations under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes will be entitled to be paid in full from their assets pledged as security for such obligation before any payment from such assets or the proceeds thereof may be made with respect to the Notes. Holders of the Notes would then participate ratably in the remaining assets pledged as collateral, with all holders of indebtedness that are deemed to rank equally with the Notes based upon the respective amount owed to each creditor. Also, under the First Lien/Second Lien Intercreditor Agreement, the Holders of the Notes may be required to turn over certain funds they may receive in any insolvency or liquidation proceeding to the lenders under the First Lien Credit Agreement under certain circumstances.

In addition, if the Issuers and/or any guarantors default under the First Lien Credit Agreement, the ADT Notes or the First-Priority Notes, the lenders and other secured parties of such obligations could declare all of the funds borrowed thereunder, together with accrued and unpaid interest, immediately due and payable and foreclose on the pledged assets. However, if there were an event of default under the Notes, the holders of obligations that are secured by first-priority liens could decide not to proceed against the collateral, regardless of whether or not there is a default under such obligations that are secured by first-priority liens. In such event, the only remedy available to the holders of the Notes would be to sue for payment on the Notes subject to the rights of the Notes Collateral Agent to realize or foreclose on the collateral after the expiration of the applicable standstill periods under each Intercreditor Agreement following acceleration of the Notes in the event holders of other obligations subject to the First Lien/Second Lien Intercreditor Agreement are not exercising their rights with respect to the Collateral.

Furthermore, if the lenders and other secured parties under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes foreclose and sell the pledged equity interests in any subsidiary guarantor, then that subsidiary guarantor will be released from its guarantee of the Notes automatically and immediately upon such sale. Similarly, any release of all first-priority liens upon any collateral approved by the holders of first-priority liens will also release the second-priority liens securing the Notes on substantially the same collateral, and holders of Notes will have no control over such release. By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to holders of the Notes.

Under the First Lien/Second 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 collateral to secure that financing that has been consented to by the lenders under the First Lien Credit Agreement, subject to certain conditions and limited exceptions. See "Description of Notes—First Lien/ Second Lien Intercreditor Agreement." After such a filing, the value of this collateral could materially deteriorate, and the Holders of the Notes would be unable to raise an objection.

The collateral may secure other indebtedness, the holders of which may control enforcement and other actions relating to the collateral.

The covenants with respect to the Notes allow us to incur significant amounts of additional secured indebtedness, some of which may be secured by Liens that are pari passu with or senior to the liens securing the Notes. Any obligations secured by such liens may further dilute the collateral coverage and limit the recovery from the realization of the collateral available to satisfy holders of the Notes. See "Description of Notes—First Lien/Second Lien Intercreditor Agreement."

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 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 First Lien Credit Agreement, the ADT Notes, the First-Priority Notes (and any additional future pari passu obligations) and the Notes. 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 First Lien Credit Agreement, the ADT Notes, the First-Priority Notes (and any additional future pari passu obligations) and the Notes 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 Issuers' and subsidiary 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 the Company;
- "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 Issuers or the subsidiary 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 an 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;
- so long as any First Lien Credit Agreement is outstanding, any property excluded from collateral securing First Lien Credit Agreement, except to the extent securing any other indebtedness; and
- pursuant to the First Lien/Second Lien Intercreditor Agreement in the event the applicable collateral agent is exercising remedies with respect to the collateral.

The guarantee of a subsidiary guarantor will be automatically released to the extent it is released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture governing the Notes. The indenture also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the Notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture governing the Notes, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Notes by such subsidiary 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.”

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 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."

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.

For as long as any Notes remain outstanding, the First Lien/Second Lien Intercreditor Agreement will also provide that the holders of the Notes will be subject to certain restrictions with respect to their ability to object to a number of important matters or to take other actions following the filing of a bankruptcy petition with respect to the collateral prior to the discharge of the obligations under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes. In particular, the First Lien/Second Lien Intercreditor Agreement will impose certain limitations on the holders of the Notes with respect to their rights to seek adequate protection with respect to the liens on the collateral, to object to proposed DIP Financing and/or the use of cash collateral that has been consented to by the lenders under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes, or to raise certain objections to any sale of the collateral that has been consented to by the lenders under the First Lien Credit Agreement, the ADT Notes and the First-Priority Notes. 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 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/Second 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 we 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 secured obligations, including the First Lien Credit Agreement, the ADT Notes, the First-Priority Notes and the 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 second 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 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.

As a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting and any failure to do so may adversely affect investor confidence in us and, as a result, the trading price of the notes. We have not yet completed our 2019 assessment of the effectiveness of Internal Control Over Financial Reporting (ICFR).

As required by the Sarbanes Oxley Act of 2002 and commencing with the fiscal year ending December 31, 2019, we are required to have our independent registered public accounting firm perform an integrated audit that includes an assessment by them of the effectiveness of ICFR. The Company has not yet completed its testing and assessment of the effectiveness of the Company's ICFR as of December 31, 2019. As the Company completes its year end procedures, including its assessment of controls, it may determine that there are one or more significant deficiencies or material weaknesses in its ICFR.

If our senior management is unable to conclude we have effective ICFR, and our independent registered public accounting firm cannot render an unqualified opinion on the effectiveness of our ICFR, we may not be able to accurately report our financial results, or report them in a timely manner and we could be subject to regulatory scrutiny, a loss of public and investor confidence, and to litigation from investors and stockholders, all of which could have a material adverse effect on our business and the trading price of the notes. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, also could restrict our future access to the capital markets.

USE OF PROCEEDS

The proceeds from the offering of the Notes, together with cash on hand and borrowings under our Revolving Credit Facility, will be used to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes in full and (b) pay related fees and expenses in connection with the Transactions.

The initial purchaser and/or its affiliates may hold the Prime Notes, and, therefore, the initial purchaser or its affiliates may receive a portion of the proceeds of this offering. 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 September 30, 2019 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 Prime Notes are redeemed on February 15, 2020. 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)		
Notes[1]	$1,300,000	Redemption of the Prime Notes[3]	$1,246,000
Revolving Credit Facility[2]	$ 17,000	Fees and expenses[4][5]	$ 71,000
Total sources of funds	$1,317,000	Total uses of funds[5]	$1,317,000

(1) Represents the $1,300 million face value of the Notes prior to the initial purchaser's discount to the offering price. We intend to use the proceeds from the offering of the Notes, together with cash on hand and borrowings under our Revolving Credit Facility, to (a) redeem the outstanding $1,246 million aggregate principal amount of Prime Notes in full and (b) pay related fees and expenses in connection with the Transactions.

(2) Represents the $17 million expected to be drawn under the Revolving Credit Facility to pay fees and expenses associated with the Transactions. For a description of the Revolving Credit Facility, see "Description of Other Indebtedness—First Lien Credit Agreement."

(3) As of September 30, 2019, $1,246 million aggregate principal amount of the Prime Notes were outstanding. Assumes that the Issuers will redeem the entire outstanding $1,246 million aggregate principal amount of the outstanding Prime Notes on February 15, 2020, and pay all accrued and unpaid interest and any applicable redemption premium on such Prime Notes to, but excluding, such date, in accordance with the indenture governing the Prime Notes. We expect that all such accrued and unpaid interest will amount to approximately $29 million and that all such applicable redemption premium will amount to approximately $58 million.

(4) Reflects the estimated fees and expenses associated with the Transactions, including placement and other financing fees, advisory fees and other transaction costs and professional fees, including any initial purchaser's 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 and borrowings under our Revolving Credit Facility and the proceeds from the offering of the Notes.

The Prime Notes have a maturity date of May 15, 2023 and bear interest at 9.250% per annum. As of the date hereof, accrued and unpaid interest on the Prime Notes was $20 million. Prior to May 15, 2020, the Issuers may redeem the Prime Notes at their option, in whole at any time or in part from time to time, at a redemption price equal to 104.625% of the principal amount of the Prime Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

(5) Does not reflect approximately $29 million of accrued and unpaid interest.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2019 for ADT Inc.:

(i) on an actual basis;

(ii) on an as adjusted basis to give effect to the ADT Canada disposition, the Defenders acquisition, amortization of the First Lien Term Facility, the redemption of the ADT Notes due 2020, the payment of a special dividend of $0.70 per share to common stockholders of the Company of record as of December 13, 2019, which was distributed on December 23, 2019 and other transactions that have occurred since September 30, 2019; and

(iii) on a further adjusted basis to give effect to the Transactions and the use of proceeds therefrom.

You should read this table in conjunction with the sections titled "Summary—The Transactions" and "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) all outstanding Prime Notes are redeemed on February 15, 2020.

	As of September 30, 2019		
	Actual (in thousands)	As Adjusted (in thousands)	As Further Adjusted (in thousands)
Cash and cash equivalents[9]	$ 159,995	$ 5,409	$ 5,409
Debt:			
First Lien Term Loan Facility[1]	3,110,000	3,102,225	3,102,225
Revolving Credit Facility[2]	—	227,775	244,775
ADT Notes due 2020[3]	152,748	—	—
ADT Notes due 2021	1,000,000	1,000,000	1,000,000
ADT Notes due 2022	1,000,000	1,000,000	1,000,000
ADT Notes due 2023	700,000	700,000	700,000
ADT Notes due 2032	728,016	728,016	728,016
ADT Notes due 2042	21,896	21,896	21,896
Issuers' Notes due 2024	750,000	750,000	750,000
Issuers' Notes due 2026	1,350,000	1,350,000	1,350,000
Capital leases	79,706	79,706	79,706
Total first lien debt	$ 8,892,366	$ 8,959,618	$ 8,976,618
9.250% Second-Priority Senior Secured Notes[4]	1,246,000	1,246,000	—
Notes offered hereby	—	—	1,300,000
Total Debt[5]	**$**10,138,366	**$**10,205,618	**$**10,276,618
Total stockholders' equity[6]	$ 3,711,184	$ 3,355,775	$ 3,289,119
Total capitalization	**$**13,849,550	**$**13,561,393	**$**13,565,737
Market capitalization[7]	**$** 4,639,128	**$** 4,639,128	**$** 4,735,314
Total adjusted capitalization[8]	**$**14,777,494	**$**14,844,746	**$**15,011,932

(1) The As Adjusted and As Further Adjusted balance reflects a reduction in principal of approximately $8 million due to the regularly scheduled amortization of the First Lien Term Loan Facility.

(2) The As Adjusted balance reflects (a) a draw of approximately $8 million related to the principal payment on the First Lien Term Loan Facility and (b) a draw of approximately $220 million to partially fund the

acquisition of Defenders in January 2020. The As Further Adjusted balance reflects an additional draw to pay fees and expenses associated with the Transactions.

(3) The As Adjusted balance reflects the redemption of the remaining outstanding $153 million aggregate principal amount of the ADT Notes due 2020.

(4) As of September 30, 2019, $1,246 million aggregate principal amount of the Prime Notes were outstanding. Assumes that the Issuers will redeem the entire outstanding $1,246 million aggregate principal amount of the outstanding Prime Notes on February 15, 2020, and pay all accrued and unpaid interest and any applicable redemption premium on such Prime Notes to, but excluding, such date, in accordance with the indenture governing the Prime Notes. We expect that all such accrued and unpaid interest will amount to approximately $29 million and that all such applicable redemption premium will amount to approximately $58 million.

The Prime Notes have a maturity date of May 15, 2023 and bear interest at 9.250% per annum. As of the date hereof, accrued and unpaid interest on the Prime Notes was $20 million. Prior to May 15, 2020, the Issuers may redeem the Prime Notes at their option, in whole at any time or in part from time to time, at a redemption price equal to 104.625% of the principal amount of the Prime Notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

(5) Excludes amounts associated with debt discount, deferred financing costs, and fair value adjustments. As of September 30, 2019, the total amount of debt discount, deferred financing costs, and fair value adjustments approximated $287 million. We expect this amount will increase by a) $16 million due to fees paid in connection with the Transactions, b) the write-off of the remaining $1 million fair value adjustment on the ADT Notes due 2020, and c) offset by approximately $9 million related to the write-off of the remaining deferred financing costs of the Prime Notes.

(6) As of September 30, 2019, stockholders' equity was approximately $3,711 million. We expect that this amount will decrease by (a) $515 million due to the payment of a special dividend in December 2019 and (b) approximately $1 million due to the redemption of the ADT Notes due 2020. These amounts are anticipated to be offset by $161 million related to the issuance of common stock as part of the acquisition of Defenders in January 2020. This amount will be further adjusted by $67 million related to the Transactions as a result of the payment of a redemption premium on the Prime Notes and the write-off of the remaining deferred financing costs on the Prime Notes.

(7) Represents outstanding shares of common stock (excluding unvested shares) of 739,892,851 at a closing price of (a) $6.27 per share as of September 30, 2019 and (b) $6.40 per share as of January 14, 2020.

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

(9) As of September 30, 2019, cash and cash equivalents includes approximately $4 million of cash and cash equivalents included in assets held for sale related to ADT Canada. The As Adjusted and As Further Adjusted balances reflect a reduction in cash and cash equivalents of $155 million related to the redemption of the ADT Notes due 2020, including the related redemption premium.

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

The Issuer is the borrower under that certain Ninth 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 and September 23, 2019 (the "First Lien Credit Agreement"), consisting of:

- a first lien term loan, in an aggregate principal amount of $3,110 million, maturing on September 23, 2026 (with a springing maturity to 90 days 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 $400 million, maturing on March 16, 2023 (with a springing maturity to 90 days inside the maturity date of certain long term Indebtedness to the extent such indebtedness is not refinanced) (the "Revolving Credit Facility").

As of September 30, 2019, the Issuer had borrowings of approximately $3,110 million outstanding under the First Lien Term Loan Facility and no borrowings outstanding under the Revolving Credit Facility. After giving effect to the Transactions, the Issuer will have borrowings of approximately $3,102 million outstanding under the First Lien Term Loan Facility and borrowings of $245 million outstanding under the Revolving Credit Facility.

In addition: (i) under the First Lien Credit Agreement, the Issuer 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, the Issuer'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, the Issuer'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 the Issuer and its subsidiaries, including under the indentures governing the Notes, the ADT Notes and the First-Priority Notes and each other agreement governing the Issuer'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 1.00% floor, 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 (x) in the case of borrowings under the First Lien Term Loan Facility, 3.25% for Adjusted LIBOR loans and 2.25% for Base Rate loans and (y) in the case of borrowings under the Revolving Credit Facility, between 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, the Issuer 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 original principal amount of the term loans, 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 the Issuer'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 the Issuer 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 Holdings on a limited-recourse basis and by each of the Issuer's existing and future direct and indirect material, wholly owned domestic subsidiaries, subject to certain exceptions. The obligations are secured by a pledge of the Issuer's capital stock and substantially all of the Issuer'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 the Issuer, 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, the 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 Issuers issued an additional $600 million in principal amount of the 2026 Notes (the "Tack-on 2026 Notes" and together with the 2024 Notes and the 2026 Notes, the "First-Priority Notes").

Each series of First-Priority Notes is governed by an indenture between the 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 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 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 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 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 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 Prime Notes on a second-priority basis, and (iii) a substantially similar reporting covenant as the Prime Notes and the ADT Notes.

ADT Notes

The ADT Security Corporation, a wholly owned subsidiary of the Company ("ADTSC"), 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 6.250% Senior Notes due 2021, which mature on October 15, 2021;
- $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 ADTSC 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, ADTSC 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 ADTSC'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), ADTSC 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 the Issuer and each of its domestic restricted subsidiaries that guarantees the First Lien Credit Agreement (other than ADTSC, 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 first-priority basis and the Prime Notes on a second-priority basis, and (iii) a substantially similar reporting covenant as the First-Priority Notes and the Prime Notes.

DESCRIPTION OF NOTES

General

Prime Security Services Borrower, LLC, a Delaware limited liability company (the "Company"), and Prime Finance Inc., a Delaware corporation (the "Co-Issuer," together with the Company, the "Issuers" and each, an "Issuer"), will issue % Senior Secured Second Lien Notes due 2028 (the "notes") under an indenture (the "indenture"), to be entered into by and among the Issuers, the Subsidiary Guarantors (as defined below) and Wells Fargo Bank, National Association, as Trustee and Second Lien Notes Collateral Agent. In this description, (i) "we," "us" and "our" mean the Company and its Subsidiaries, including the Co-Issuer, and (ii) the term "Issuers" refers only to the Company and the Co-Issuer, but not to any of their Subsidiaries. Copies of the indenture, once available, may be obtained from the Issuers upon request.

The following summary of certain provisions of the indenture, the notes, the Security Documents and the First Lien/Second Lien Intercreditor Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the agreements, including the definitions of certain terms therein. Capitalized terms used in this "*Description of Notes*" section and not otherwise defined have the meanings set forth in the section "*—Certain Definitions*."

The Issuers will issue notes with an initial aggregate principal amount of $1,300 million. Following the Issue Date, the Issuers may issue additional notes from time to time. Any offering of additional notes is subject to the covenants described below under the caption "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "*—Certain Covenants—Liens*." The notes and any additional notes subsequently issued under the indenture may, at our election, be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided* that if the additional notes are not fungible with the notes for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number, if applicable. 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.

Principal of, premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred, at the office or agency designated by the Issuers (which initially shall be the designated office or agency of the Trustee).

The notes will be issued only in fully registered form, without coupons, in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuers may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Terms of the Notes

The notes will be senior obligations of the Issuers, will have the benefit of second priority security interests in the Collateral described below under "*—Security*" and will mature on , 2028. Each note will bear interest at a rate of % per annum from the Issue Date or from the most recent date to which interest has been paid or provided for, payable semiannually to holders of record at the close of business on or immediately preceding the interest payment date on and of each year, commencing , 2020.

Optional Redemption

On or after , 2023, the Issuers may redeem the notes at their option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' prior notice mailed by the Issuers by first-class mail to each holder's registered address, or delivered electronically if held by DTC, at the following redemption

prices (expressed as a percentage of principal amount), plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on of the years set forth below:

Period	Redemption Price
2023	%
2024	%
2025 and thereafter	100.000%

In addition, prior to , 2023, the Issuers may redeem the notes at their option, in whole at any time or in part from time to time, upon not less than 30 nor more than 60 days' prior notice mailed by the Issuers by first-class mail to each holder's registered address, or delivered electronically if held by DTC, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notwithstanding the foregoing, at any time and from time to time prior to , 2023, the Issuers may redeem in the aggregate up to 40% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of additional notes) in an amount not to exceed the amount of net cash proceeds of one or more Equity Offerings (1) by the Company or (2) by any direct or indirect parent of the Company to the extent the net cash proceeds thereof are contributed to the common equity capital of the Company or used to purchase Capital Stock (other than Disqualified Stock) of the Company, at a redemption price (expressed as a percentage of principal amount thereof) of %, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that at least 50% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of additional notes) must remain outstanding after each such redemption; *provided*, *further*, that such redemption shall occur within 90 days after the date on which any such Equity Offering is consummated upon not less than 30 nor more than 60 days' notice mailed by the Issuers to each holder of notes being redeemed to each such holder's registered address, or delivered electronically if held by DTC, and otherwise in accordance with the procedures set forth in the indenture.

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 Issuers' 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 Issuers' discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuers in the Issuers' 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 Issuers in the Issuers' 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 Issuers if the Issuers determine in their discretion that any or all of such conditions will not be satisfied (or waived). In addition, the Issuers may provide in such notice that payment of the redemption price and performance of the Issuers' obligations with respect to such redemption may be performed by another Person.

Selection

In the case of any partial redemption, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed (and the Issuers shall notify the Trustee of any such listing), or if the notes are not so listed, on a pro rata

basis to the extent practicable or by lot or by such other method as the Trustee shall deem fair and appropriate (and, in such manner that complies with the requirements of DTC, if applicable); *provided* that no notes of $2,000 or less shall be redeemed in part. Notices of redemption will be mailed by first class mail (or with respect to global notes, to the extent permitted or required by applicable DTC procedures or regulations, sent electronically) at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed or sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture or if the redemption date is delayed as described above. If any note is to be redeemed in part only, the notice of redemption relating to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption so long as the Issuers have deposited with the paying agent funds sufficient to pay the principal of, plus accrued and unpaid interest (if any) on, the notes to be redeemed.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuers will not be required to make any mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, the Issuers may be required to offer to purchase notes as described under the captions "*—Change of Control*" and "*—Certain Covenants—Asset Sales*." We may at any time, and from time to time, purchase notes in the open market, in private transactions or otherwise.

Ranking

The indebtedness evidenced by the notes and the Subsidiary Guarantees will be senior Indebtedness of the Issuers and the Subsidiary Guarantors, respectively, will rank *pari passu* in right of payment with all existing and future senior Indebtedness of the Issuers and the Subsidiary 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 Issuers and the Subsidiary Guarantors.

The notes will have the benefit of a security interest in the Collateral that will be second in priority behind the First Lien Facility Obligations, the ADT First Lien Notes, the First-Priority Notes and all other existing and future First Priority Lien Obligations, and *pari passu* in priority to all existing and future Other Second Lien Obligations, with respect to all Collateral, subject to Permitted Liens and exceptions described under "*—Security*." All of the Issuers' Domestic Subsidiaries that are Wholly Owned Restricted Subsidiaries and that guarantee the First Priority Lien Obligations will become Subsidiary Guarantors with respect to the notes, and their assets and property will secure the notes to the extent described below under "*—Security*."

As of September 30, 2019, on a *pro forma* basis after giving effect to the Transactions, the Issuers and their Subsidiaries would have had:

(1) $8,896 million of outstanding Indebtedness constituting First Priority Lien Obligations, consisting of (i) $3,347 million outstanding under the First Lien Credit Agreement (including $245 million drawn under the revolving facility of the First Lien Credit Agreement), (ii) $3,449 million outstanding under the ADT First Lien Notes and (iii) $2,100 million outstanding under the First-Priority Notes;

(2) approximately $80 million of Capitalized Lease Obligations;

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

(4) no senior unsecured indebtedness; and

(5) no Indebtedness of Subsidiaries of the Issuers that are not Subsidiary Guarantors.

In addition, as of September 30, 2019, on a *pro forma* basis after giving effect to the Transactions, the Issuers would have had $155 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.

Although the indenture will limit the Incurrence of Indebtedness and the issuance of Disqualified Stock by the Issuers and their Restricted Subsidiaries, and the issuance of Preferred Stock by the Restricted Subsidiaries that are not Subsidiary Guarantors, such limitation is subject to a number of significant qualifications and exceptions. The Issuers and their 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 First Priority Lien Obligations or Other Second Lien Obligations. See "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and "*—Certain Covenants—Liens*."

Unless a Subsidiary is a Subsidiary 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 Issuers, 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 the Issuers that is not a Subsidiary Guarantor. As of the Issue Date, our only Subsidiaries that are not Subsidiary Guarantors will be (i) non-Wholly Owned Subsidiaries, (ii) Immaterial Subsidiaries, (iii) Foreign Subsidiaries, (iv) recently acquired Subsidiaries that will be joined as Guarantors after the Issue Date and (v) Subsidiaries of the foregoing, all of which, as of September 30, 2019, had no outstanding indebtedness, excluding intercompany obligations. 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 for the Notes

The notes and the Subsidiary Guarantees will be secured by second-priority security interests (subject to Permitted Liens) in the Collateral. The Collateral consists of substantially all of the property and assets, in each case, that are held by any Issuer or any Subsidiary Guarantor, to the extent that such assets secure the First Priority Lien Obligations and to the extent that a second-priority security interest is able to be granted or perfected therein, subject to the exceptions described below.

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 indenture, the Security Documents and certain other documents and binding on assets to the extent in existence on the Issue Date 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 reasonably determined by the Company as set forth in an Officer's Certificate delivered to the Trustee and Second Lien Notes Collateral Agent, *provided* that such assets do not secure (or purport to secure) any First Priority Lien Obligations or Second Priority Lien Obligations; (v) any Equity Interests or Indebtedness with respect to which 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, as reasonably determined by the Company as set forth in an Officer's Certificate delivered to the Trustee and Second Lien Notes Collateral Agent, *provided* that such assets do not secure (or purport to secure) any First Priority Lien Obligations or Second Priority Lien Obligations; (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 an Issuer or a Subsidiary 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 an Issuer or a Subsidiary 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 indenture (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 an Issuer, Holdings, a Subsidiary 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 an Issuer 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 an Issuer, Holdings, a Subsidiary 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, any Unrestricted Subsidiary or any Special Purpose Securitization Subsidiary; (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 an Issuer or any Subsidiary as reasonably determined by the Company as set forth in an Officer's Certificate delivered to the Trustee and Second Lien Notes Collateral Agent, *provided* that such assets do not secure (or purport to secure) any First Priority Lien Obligations or Second Priority Lien Obligations; (xiii) any Equity Interests that are set forth on certain schedules to the Security Documents or that have been identified on or prior to the Issue Date in writing to the Second Lien Notes Collateral Agent; (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 any Issuer or any Subsidiary 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 cost or other consequence of obtaining such a security interest or perfection thereof are excessive in relation to the value afforded thereby, as reasonably determined by the Company as set forth in an Officer's Certificate delivered to the Trustee and Second Lien Notes Collateral Agent, *provided* that such assets do not secure (or purport to secure) any First Priority Lien Obligations or Second Priority Lien Obligations; (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; (xx) Securitization Assets 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; (xxi) any segregated accounts or funds, or any portion thereof, received by the Company or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon the Company or one or more of its Subsidiaries to

collect and remit those funds to such third parties; (xxii) any equipment or other asset that is subject to certain liens permitted under the indenture or is otherwise subject to a purchase money debt or a Capitalized Lease Obligation, in each case, as permitted by certain provisions of the indenture, 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 an Issuer or a Subsidiary 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 (xxiii) 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 and will not secure the notes. The security interests securing the notes are second in priority to any and all security interests at any time granted to secure the First Priority Lien Obligations and are also subject to all other Permitted Liens. The First Priority Lien Obligations include the First Lien Facility Obligations and related obligations, including certain Hedging Obligations and certain other obligations in respect of cash management services, the ADT First Lien Notes and the First-Priority Notes. The Persons holding such First Priority Lien Obligations may have rights and remedies with respect to the property subject to such Liens that, if exercised, could adversely affect the value of the Collateral or the ability of the Second Lien Notes Collateral Agent to realize or foreclose on the Collateral on behalf of the Second Lien Secured Parties.

Notwithstanding anything herein to the contrary, (A) the Second Lien Notes Collateral Agent may grant extensions of time or waiver of the requirement for the creation or perfection of security interests 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 Issuers or the Subsidiary Guarantors on such date) where it reasonably determines, in consultation with the Company, that perfection or the 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 other 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 Issuers and the Subsidiary 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 by Liens on the Collateral that rank senior to the Liens thereon securing the notes and the Subsidiary Guarantees, and Other Second Lien Obligations that would be secured by Liens on the Collateral that rank *pari passu* with the Liens thereon securing the notes and the Subsidiary Guarantees. The amount of such First Priority Lien Obligations, Other Second Lien Obligations and additional Indebtedness is limited by the covenants described under "*—Certain Covenants—Liens*" and "*—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*." Under certain circumstances, the amount of such First Priority Lien Obligations and Other Second Lien Obligations could be significant.

Limitations on Stock Collateral

The Capital Stock and securities of a Subsidiary that are owned by any Issuer or any Subsidiary Guarantor will constitute Collateral only to the extent that such Capital Stock and securities can secure the notes or the applicable Subsidiary Guarantees, as applicable, without Rule 3-16 of Regulation S-X under the Securities Act (or any other law, rule or regulation) requiring separate financial statements of such Subsidiary to be filed with the SEC (or any other governmental agency). In the event that Rule 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 the Company or any Subsidiary due to the fact

that such person's Capital Stock or securities secure the notes or any Subsidiary Guarantee, then the Capital Stock and/or securities of such Subsidiary 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 3-16 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 Subsidiary'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 Subsidiary, then the Capital Stock and/or securities of such Subsidiary shall automatically be deemed to be a part of the Collateral (but only to the extent that it will not result in such Subsidiary 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 Mortgages needed to cause the notes and the Subsidiary 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 to be delivered, the Issuers will be required to use their 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 Second Lien Notes Collateral Agent with respect to perfecting security interests in such Collateral thereunder. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—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."

After-Acquired Collateral

Subject to certain limitations and exceptions, if any Issuer or any Subsidiary 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 First Lien Notes and the First-Priority Notes) or any Other Second Lien Obligations, it must concurrently grant a second-priority security interest (subject to Permitted Liens, including the first priority lien that secures obligations in respect of the First Priority Lien Obligations) in favor of the Second Lien Notes 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 Issuers and the Subsidiary 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 Second-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 Second Lien Notes Collateral Agent will enter into the Security Documents defining the terms of the security interests that secure the notes and the Subsidiary Guarantees and the Other Second Lien Obligations.

These security interests will secure the payment and performance when due of all of the Obligations of the Issuers and the Subsidiary Guarantors under the notes, the Subsidiary Guarantees, the indenture and the Security Documents, as provided in the Security Documents.

Subject to the terms of the Security Documents, the Issuers and the Subsidiary 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.

The Second Lien Notes Collateral Agent or the trustee will only be permitted, subject to the terms of the First Lien/Second Lien Intercreditor Agreement, applicable law and the next sentence, to exercise remedies and sell the Collateral at the direction of the holders of a majority in the aggregate principal amount of the notes and Other Second Lien Obligations. The Second Lien Notes Collateral Agent and the trustee, as applicable, shall be authorized to take, but shall not be required to take, such actions with regard to a default or an event of default which the Second Lien Notes Collateral Agent and the trustee, in good faith, believe to be reasonably required to promote and protect the interests of the holders of the notes and the holders of Other Second Lien Obligations and to preserve the value of the Collateral. Any action taken or not taken without the vote of any holder of notes or holder of Other Second Lien Obligations pursuant to and in accordance with the remedies section of the Security Documents and the indenture shall nevertheless be binding on such party.

First Lien/Second Lien Intercreditor Agreement

The Applicable First Lien Agent and the other parties thereto 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 that may be amended or supplemented from time to time without the consent of the Trustee, the holders of the notes or any other Second Lien 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 Other Second 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 the Applicable Second Lien Agent.

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, the holders of the notes or any other Second Lien Secured Party 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 has occurred and the 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 no Issuer or Subsidiary 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 Issuers or any Subsidiary 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 or similar dispositive restructuring plan) that are, in each case, in accordance with the terms of the First Lien/ Second Lien Intercreditor Agreement.

Subject to certain limited rights, the Second Lien Notes Collateral Agent will agree 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 the Second Lien Notes Collateral Agent will waive 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 (including the holders of the notes).

Pursuant to the terms of the First Lien/Second Lien Intercreditor Agreement, if, at any time any Issuer or a Subsidiary 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 an Issuer or a Subsidiary 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 Applicable First Lien 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, the holders of the notes or any other Second Lien Secured Party, to add additional secured creditors holding First Priority Lien Obligations and Other Second Lien Obligations so long as such First Priority Lien Obligations or Other Second 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 Other Second Lien Obligations and (2) in the event the holders of the First Priority Lien Obligations change, waive, modify or vary the security documents governing the First Priority Lien Obligations, such modification will automatically apply to the comparable provisions of the Security Documents 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 any Issuer or Subsidiary Guarantor is subject to any insolvency or liquidation proceeding, the Second Lien Notes Collateral Agent will agree, that:

(1) until the Discharge of First-Priority Lien Obligations has occurred, if the Applicable First Lien Agent shall desire to permit the use, sale or lease of cash collateral or to permit such Issuer or any Subsidiary Guarantor to obtain financing under Section 363 or Section 364 of the Bankruptcy Code or any similar provision in any bankruptcy law ("DIP Financing"), then it 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 Applicable First Lien Agent or the other holders of First Priority Lien Obligations) and to any adequate protection Liens granted to the Applicable First Lien 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) it 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 Applicable First Lien Agent or any holder of First Priority Lien Obligations;

(3) it will raise no objection to, will not support any objection to or otherwise contest, any lawful exercise by the Applicable First Lien 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) it 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 Applicable First Lien 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) it will raise no objection to, will not support any objection to or otherwise contest, any order relating to a sale of any Collateral of any Issuer or Subsidiary Guarantor for which the Applicable First Lien 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, it 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 holders of First Priority Lien Obligations or as otherwise set forth in the First Lien/Second Lien Intercreditor Agreement or (ii) oppose the Applicable First Lien 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 Applicable First Lien Agent or the holders of First Priority Lien Obligations for adequate protection in any form or (b) any objection by the Applicable First Lien Agent or the holders of First Priority Lien Obligations to any motion, relief, action or proceeding based on the Applicable First Lien 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 Applicable First Lien 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 Applicable First Lien 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, it (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 (including the holders of the notes) may support or vote in favor of any plan of reorganization or similar dispositive restructuring plan 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, and the Second Lien Notes Collateral Agent will agree, that (i) the grants of Liens pursuant to the Security Documents and the security documents governing the First 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, and the Trustee will 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 Applicable First Lien 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 any Issuer or any Subsidiary 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 Issuers and the Subsidiary 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:

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

(2) subject to the next succeeding paragraph, upon the Discharge of First Priority Lien Obligations and concurrent release of all other Liens on such property or assets securing First Priority Lien Obligations (including all commitments and letters of credit thereunder); *provided*, *however*, that if any Issuer or

Subsidiary Guarantor subsequently incurs First Priority Lien Obligations that are secured by Liens on property or assets of any Issuer of the type constituting the Collateral and the related Liens are incurred in reliance on clause (6)(B) of the definition of Permitted Liens, then the Issuers will be required to reinstitute the security arrangements with respect to the Collateral in favor of the notes, which, in the case of any such subsequent First Priority Lien Obligations, will be second priority Liens on the Collateral securing such First Priority Lien Obligations to the same extent provided by the Security Documents and on the terms and conditions of the security documents relating to such First Priority Lien Obligations, with the second priority Lien held either by the administrative agent, collateral agent or other representative for such First Priority Lien Obligations or by a collateral agent or other representative designated by the Issuers to hold the second priority Liens for the benefit of the holders of the notes and subject to a First Lien/Second Lien Intercreditor Agreement that provides the administrative agent or collateral agent substantially the same rights and powers as afforded under the First Lien/Second Lien Intercreditor Agreement;

(3) to enable the Issuers or any Subsidiary Guarantor to consummate the disposition of such property or assets to a Person that is not an Issuer or a Subsidiary Guarantor to the extent not prohibited under the covenant described under "*—Certain Covenants—Asset Sales*";

(4) in respect of the property and assets of a Subsidiary Guarantor, upon the designation of such Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" and the definition of "Unrestricted Subsidiary";

(5) in respect of the property or assets of an Issuer, upon the release or discharge of such Issuer's Notes Obligations in accordance with the indenture;

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

(7) in respect of any property and assets securing the First Priority Lien Obligations, upon the release of the security interests securing such assets or property securing any First Priority Lien Obligations, other than in connection with a Discharge of First Priority Lien Obligations;

(8) as described under "*—Amendments and Waivers*" below;

(9) in accordance with the applicable provisions of the First Lien/Second Lien Intercreditor Agreement;

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

(11) 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

(12) upon any sale or other transfer by the Issuers or any Subsidiary Guarantor of any Collateral that is permitted under the indenture to any Person that is not an Issuer or a Subsidiary 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.

If an Event of Default under the indenture exists on the date of Discharge of First Priority Lien Obligations, the second priority Liens on the Collateral securing the notes will not be released pursuant to clause (2) of the foregoing paragraph, except to the extent the Collateral or any portion thereof was disposed of in order to repay the First Priority Lien Obligations secured by the Collateral (but in such event, the Liens on the Collateral securing the notes will be released when such Event of Default and any other Event of Default under the indenture cease to exist).

The second priority security interests in all Collateral securing the notes also will 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), are paid (including pursuant to a satisfaction and discharge of the indenture as described below under "*—Satisfaction and Discharge*") or (ii) a legal defeasance or covenant defeasance under the indenture as described below under "*—Defeasance*."

Subsidiary Guarantees

Each of the Issuers' direct and indirect Wholly Owned Restricted Subsidiaries that are Domestic Subsidiaries (other than an Excluded Subsidiary) and that are borrowers or guarantors under the First Lien Credit Agreement will jointly and severally irrevocably and unconditionally guarantee on a senior basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of the Issuers 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 Subsidiary Guarantors being herein called the "Guaranteed Obligations"). The Guaranteed Obligations of all Subsidiary Guarantors will be secured by second-priority security interests (subject to Permitted Liens) in the Collateral owned by such Subsidiary Guarantor. The Subsidiary 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 Subsidiary Guarantees.

Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary 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 Issuers will cause each Wholly Owned Restricted Subsidiary that is a Domestic Subsidiary (other than an Excluded Subsidiary) that Incurs or guarantees certain Indebtedness of an Issuer or any of the Subsidiary Guarantors to execute and deliver to the Trustee (i) a supplemental indenture pursuant to which such Wholly Owned Restricted Subsidiary 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. See "*—Certain Covenants—Future Subsidiary Guarantors*."

Each Subsidiary 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 Subsidiary Guarantor;

(2) subject to the next succeeding paragraph, be binding upon each such Subsidiary 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 Subsidiary's Subsidiary 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 the applicable Subsidiary Guarantor if such sale, disposition, exchange or other transfer is made in a manner not in violation of the indenture;

(2) (i) the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" and the definition of "Unrestricted Subsidiary" or (ii) the occurrence of any other event following which such Subsidiary Guarantor is no longer a Restricted Subsidiary in a manner not in violation of the indenture;

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

(4) the Issuers' exercise of their legal defeasance option or covenant defeasance option as described under "*—Defeasance*" or if the Issuers' obligations under the indenture are discharged in accordance with the terms of the indenture;

(5) such Subsidiary ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing First Lien Priority Obligations and Second Lien Priority Obligations or other exercise of remedies in respect thereof;

(6) the occurrence of a Covenant Suspension Event;

(7) upon the merger, amalgamation or consolidation of such Subsidiary Guarantor with and into an Issuer or another Subsidiary Guarantor or upon the liquidation or dissolution of such Subsidiary Guarantor, in each case, in a manner not in violation of the indenture; and

(8) as described under "*—Amendments and Waivers*."

Change of Control

Upon the occurrence of a Change of Control, each holder will have the right to require the Issuers to repurchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Issuers have previously or concurrently elected to redeem notes as described under "*—Optional Redemption*."

In the event that at the time of such Change of Control, the terms of any Bank Indebtedness restrict or prohibit the repurchase of notes pursuant to this covenant, then within 30 days following any Change of Control, the Issuers shall:

(1) repay in full all Bank Indebtedness or, if doing so will allow the purchase of notes, offer to repay in full all Bank Indebtedness and repay the Bank Indebtedness of each lender and/or noteholder who has accepted such offer; or

(2) obtain the requisite consent under the agreements governing the Bank Indebtedness to permit the repurchase of the notes as provided for in the immediately following paragraphs.

See "Risk Factors—Risks Related to Our Indebtedness and the Notes—We may not be able to repurchase the Notes upon a change of control."

Within 30 days following any Change of Control, except to the extent that the Issuers have exercised their right to redeem the notes by delivery of a notice of redemption as described under "*—Optional Redemption*," the Issuers shall mail to each holder's registered address, or deliver electronically if held by DTC, with a copy to the Trustee, a notice (a "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such holder has the right to require the Issuers to repurchase such holder's notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed or delivered electronically), except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below (in which case the expected repurchase date will be stated and may be based on a date relative to the closing of the transaction that is expected to result in the Change of Control and which may be tolled until the closing of such transaction); and

(4) the instructions determined by the Issuers, consistent with this covenant, that a holder must follow in order to have its notes purchased.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

In addition, the Issuers will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuers and purchases all notes properly tendered and not withdrawn under such Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in a Change of Control Offer and the Issuers, or any third party making a Change of Control Offer in lieu of the Issuers as described above, purchase all of the notes validly tendered and not withdrawn by such holders, the Issuers or such third party will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Notes repurchased by the Issuers pursuant to a Change of Control Offer will have the status of notes issued but not outstanding or will be retired and canceled at the option of the Issuers. Notes purchased by a third party pursuant to the preceding paragraphs will have the status of notes issued and outstanding.

The Issuers will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under this covenant by virtue thereof.

This Change of Control repurchase provision is a result of negotiations among the Issuers and the initial purchasers. The Issuers have no present intention to engage in a transaction involving a Change of Control, although it is possible that the Issuers could decide to do so in the future. Subject to the limitations discussed below, the Issuers could, in the future, enter into certain transactions, including acquisitions, refinancings, securitizations or other recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Issuers' capital structure or credit rating.

The occurrence of events which would constitute a Change of Control would constitute a default under the First Lien Credit Agreement. Future Bank Indebtedness of the Issuers may contain prohibitions on certain events which would constitute a Change of Control or require such Bank Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Issuers to repurchase the notes upon a Change of Control could cause a default under such Bank Indebtedness, even if the Change of Control itself

does not cause a default under such Bank Indebtedness, due to the financial effect of such repurchase on the Issuers. Finally, the Issuers' ability to pay cash to the holders upon a repurchase may be limited by the Issuers' then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to Our Indebtedness and the Notes—We may not be able to repurchase the Notes upon a change of control."

The definition of Change of Control includes a phrase relating to the sale, lease or transfer of "all or substantially all" the assets of the Issuers and their Subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," under New York law, which governs the indenture, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Issuers to repurchase such notes as a result of a sale, lease or transfer of less than all of the assets of the Issuers and their Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions in the indenture relating to the Issuers' obligation to make a Change of Control Offer may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the indenture. If on any date following the Issue Date, (i) the notes have Investment Grade Ratings from both Rating Agencies, and (ii) no Default has occurred and is continuing under the indenture then, beginning on such date (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the covenants specifically listed under the following captions in this "*Description of Notes*" section of this offering memorandum will not be applicable to the notes (collectively, the "Suspended Covenants"):

(1) "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(2) "*—Limitation on Restricted Payments*";

(3) "*—Dividend and Other Payment Restrictions Affecting Subsidiaries*";

(4) "*—Asset Sales*";

(5) "*—Transactions with Affiliates*";

(6) clause (4) of the first paragraph of "*—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets*"; and

(7) "*—Future Subsidiary Guarantors*."

If and while the Issuers and their Restricted Subsidiaries are not subject to the Suspended Covenants, the notes will be entitled to substantially less covenant protection. In the event that the Issuers and their Restricted Subsidiaries are not subject to the Suspended Covenants under the indenture for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one or both of the Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the notes below an Investment Grade Rating, then the Issuers and their Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the indenture with respect to future events. The period of time between the Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." The Issuers will provide the Trustee with notice of each Covenant Suspension Event or Reversion Date within five Business Days of the occurrence thereof. The Trustee shall have no duty to monitor or provide notice to the holders of the notes of any such Covenant Suspension Event or Reversion Date.

On each Reversion Date, all Indebtedness Incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified as having been Incurred or issued pursuant to the first paragraph of "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" below or

one of the clauses set forth in the second paragraph of "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" below (to the extent such Indebtedness or Disqualified Stock or Preferred Stock would be permitted to be Incurred or issued thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred or issued prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness or Disqualified Stock or Preferred Stock would not be so permitted to be Incurred or issued pursuant to the first or second paragraph of "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*," such Indebtedness or Disqualified Stock or Preferred Stock will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (c) of the second paragraph under "*—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "*—Limitation on Restricted Payments*" will be made as though the covenant described under "*—Limitation on Restricted Payments*" had been in effect since the Issue Date and prior to, but not during, the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under the first paragraph of "*—Limitation on Restricted Payments*." As described above, however, no Default or Event of Default will be deemed to have occurred on the Reversion Date as a result of any actions taken by the Issuers or its Restricted Subsidiaries during the Suspension Period. Within 30 days of such Reversion Date, the Issuers must comply with the terms of the covenant described under "*—Certain Covenants—Future Subsidiary Guarantors*."

For purposes of the "*—Asset Sales*" covenant, on the Reversion Date, the unutilized Excess Proceeds amount will be reset to zero.

There can be no assurance that the notes will ever achieve or maintain Investment Grade Ratings.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The indenture will provide that:

(1) the Issuers will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) or issue any shares of Disqualified Stock; and

(2) the Issuers will not permit any of the Restricted Subsidiaries (other than a Subsidiary Guarantor) to issue any shares of Preferred Stock;

provided, *however*, that the Issuers and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary of the Issuers that is not a Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock or issue shares of Preferred Stock, in each case if the Fixed Charge Coverage Ratio of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided*, *further*, that any Restricted Subsidiary that is not a Subsidiary Guarantor may not Incur Indebtedness or issue shares of Disqualified Stock or Preferred Stock in excess of an amount, together with any Refinancing Indebtedness thereof pursuant to clause (o) below, not to exceed, after giving *pro forma* effect to such Incurrence or issuance (including *pro forma* effect to the application of the net proceeds therefrom), the greater of $475.0 million and 17.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred, or Disqualified Stock or Preferred Stock is issued, and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount).

The foregoing limitations will not apply to:

(a) the Incurrence by either Issuer or any Restricted Subsidiary of Indebtedness (including under any First Lien Credit Agreement and the issuance and creation of letters of credit and bankers' acceptances thereunder) up to an aggregate principal amount outstanding at the time of Incurrence that, together with any Refinancing Indebtedness in respect thereof Incurred pursuant to clause (o) below, does not exceed an amount equal to the sum of (x) $3,510.0 million, plus (y) an amount that does not exceed the greater of $970.0 million and 35% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred and after giving pro forma effect thereto as if such event occurred at the beginning of such four fiscal quarters, plus (z) an additional aggregate principal amount of Consolidated Total Indebtedness that at the time of Incurrence does not cause either (I) the Senior Secured Leverage Ratio for the most recently ended four full fiscal quarters for which financial statements have been made available, determined on a pro forma basis, to exceed 3.20 to 1.00 or (II) if such Indebtedness is Incurred in connection with an acquisition or Investment, the Senior Secured Leverage Ratio for the most recently ended four fiscal quarters for which financial statements have been made available, determined on a pro forma basis giving effect to such acquisition, merger, consolidation, amalgamation or Investment, to exceed the Senior Secured Leverage Ratio in effect immediately prior to such acquisition, merger, consolidation, amalgamation or Investment (plus, in each case, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount); *provided* that for purposes of determining the amount of Indebtedness that may be Incurred under this clause (a)(z), all Indebtedness Incurred under this clause (a)(z) (or any Refinancing Indebtedness thereof pursuant to clause (o) below) shall be treated as Secured Indebtedness constituting First Priority Lien Obligations;

(b) the Incurrence by the Issuers and the Subsidiary Guarantors of Indebtedness, including Indebtedness represented by the notes and the Subsidiary Guarantees, up to, together with any Refinancing Indebtedness thereof pursuant to clause (o) below, an aggregate principal amount outstanding at the time of Incurrence that does not exceed $1,300.0 million (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(c) Indebtedness existing on the Issue Date (other than Indebtedness described in clauses (a), (b) and (aa));

(d) Indebtedness (including Capitalized Lease Obligations) Incurred by either Issuer or any Restricted Subsidiary, Disqualified Stock issued by either Issuer or any Restricted Subsidiary and Preferred Stock issued by any Restricted Subsidiary to finance (whether prior to or within 270 days after) the acquisition, lease, construction, repair, replacement or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) in an aggregate principal amount that, when aggregated with the principal amount or liquidation preference of all other Indebtedness, Disqualified Stock or Preferred Stock then outstanding and Incurred pursuant to this clause (d), together with any Refinancing Indebtedness in respect thereof Incurred pursuant to clause (o) below, does not exceed the greater of $250.0 million and 7.5% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(e) Indebtedness Incurred by either Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit and bank guarantees issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental

authorities, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims;

(f) Indebtedness arising from agreements of either Issuer or any Restricted Subsidiary providing for indemnification, adjustment of acquisition or purchase price or similar obligations (including earn-outs), in each case, Incurred or assumed in connection with any Investments or any acquisition or disposition of any business, assets or a Subsidiary not prohibited by the indenture, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition;

(g) Indebtedness of either Issuer to a Restricted Subsidiary; *provided* that (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management, tax and accounting operations of the Issuers and their Subsidiaries) any such Indebtedness owed to a Restricted Subsidiary that is not a Subsidiary Guarantor is subordinated in right of payment to the obligations of either Issuer under the notes; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to an Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien but not the transfer thereof upon foreclosure) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (g);

(h) shares of Preferred Stock of a Restricted Subsidiary issued to an Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary that holds such shares of Preferred Stock of another Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to an Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an issuance of shares of Preferred Stock not permitted by this clause (h);

(i) Indebtedness of a Restricted Subsidiary to an Issuer or another Restricted Subsidiary; *provided* that if a Subsidiary Guarantor owes such Indebtedness to a Restricted Subsidiary that is not a Subsidiary Guarantor (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management, tax and accounting operations of the Issuers and their Subsidiaries), such Indebtedness is subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary holding such Indebtedness ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to an Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien but not the transfer thereof upon foreclosure) shall be deemed, in each case, to be an Incurrence of such Indebtedness not permitted by this clause (i);

(j) Hedging Obligations that are not incurred for speculative purposes;

(k) obligations (including reimbursement obligations with respect to letters of credit, bank guarantees, warehouse receipts and similar instruments) in respect of performance, bid, appeal and surety bonds, completion guarantees and similar obligations provided by either Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice or industry practice;

(l) Indebtedness or Disqualified Stock of either Issuer or Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount or liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and Incurred pursuant to this clause (l), together with any Refinancing Indebtedness in respect thereof incurred pursuant to clause (o) below, does not exceed the greater of $425.0 million and 15.0% the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred, or Disqualified

Stock or Preferred Stock is issued, and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(m) Indebtedness or Disqualified Stock of either Issuer or any Restricted Subsidiary and Preferred Stock of any Restricted Subsidiary in an aggregate principal amount or liquidation preference at any time outstanding, together with Refinancing Indebtedness in respect thereof incurred pursuant to clause (o) hereof, not greater than an amount equal to 100.0% of the amount of net cash proceeds received by the Issuers and their Restricted Subsidiaries since May 2, 2016 from the issue or sale of Equity Interests of the Company or any direct or indirect parent entity of the Company (which proceeds are contributed to an Issuer or a Restricted Subsidiary) or cash contributed to the capital of the Company (in each case other than proceeds of Disqualified Stock or sales of Equity Interests to, or contributions received from, any Issuer or Subsidiary) to the extent such net cash proceeds or cash have not been applied to increase the calculation of the Cumulative Credit pursuant to clauses (2) or (3) of the definition thereof or applied to make Restricted Payments specified in clause (9) of the second paragraph of "—Limitation on Restricted Payments" or to make Permitted Investments specified in clause (12) of the definition thereof (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(n) any guarantee by an Issuer or any Restricted Subsidiary of Indebtedness or other obligations of an Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness by any such Issuer or Restricted Subsidiary is permitted under the terms of the indenture; *provided* that (i) if such Indebtedness is by its express terms subordinated in right of payment to the notes or the Subsidiary Guarantee of any such Restricted Subsidiary, as applicable, any such guarantee with respect to such Indebtedness shall be subordinated in right of payment to the notes or such Subsidiary Guarantee, as applicable, substantially to the same extent as such Indebtedness is subordinated to the notes or the Subsidiary Guarantee, as applicable, and (ii) if such guarantee is of Indebtedness of an Issuer, such guarantee is Incurred in accordance with, or not in contravention of, the covenant described under "—Future Subsidiary Guarantors" solely to the extent such covenant is applicable;

(o) the Incurrence by either Issuer or any of the Restricted Subsidiaries of Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary that serves to replace, refund, refinance or defease any Indebtedness Incurred or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (a), (b), (c), (d), (l), (m), (o), (p), (t), (w) and (aa) of this paragraph up to the outstanding principal amount (or, if applicable, the liquidation preference face amount, or the like) or, if greater, committed amount (only to the extent the committed amount could have been Incurred on the date of initial Incurrence and was deemed Incurred at such time for the purposes of this covenant) of such Indebtedness or Disqualified Stock or Preferred Stock, in each case at the time such Indebtedness was Incurred or Disqualified Stock or Preferred Stock was issued pursuant to the first paragraph of this covenant or clauses (a), (b), (c), (d), (l), (m), (o), (p), (t), (w) and (aa) of this paragraph, or any Indebtedness, Disqualified Stock or Preferred Stock Incurred to so replace, refund, refinance or defease such Indebtedness, Disqualified Stock or Preferred Stock, plus any additional Indebtedness, Disqualified Stock or Preferred Stock Incurred to pay premiums (including tender premiums), accrued and unpaid interest, expenses, defeasance costs and fees in connection therewith (subject to the following proviso, "*Refinancing Indebtedness*") prior to its respective maturity; *provided*, *however*, that such Refinancing Indebtedness:

(1) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being replaced, refunded, refinanced or defeased and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Indebtedness, Disqualified Stock and Preferred Stock being replaced, refunded, refinanced or defeased that were due on or after the date that is one year following the last maturity date of any notes then outstanding were instead due on such date (*provided* that this

subclause (1) will not apply to any replacement, refunding, refinancing or defeasance of any Secured Indebtedness constituting First Priority Lien Obligations);

(2) to the extent such Refinancing Indebtedness refinances (a) Indebtedness subordinated in right of payment to the notes or a Subsidiary Guarantee, as applicable, such Refinancing Indebtedness is subordinated in right of payment to the notes or the Subsidiary Guarantee, as applicable, or (b) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Disqualified Stock or Preferred Stock; and

(3) shall not include (x) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor that refinances Indebtedness of an Issuer or a Subsidiary Guarantor, or (y) Indebtedness of an Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary;

(p) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuers or any Restricted Subsidiary Incurred to finance an acquisition (including a merger, consolidation or amalgamation) or Investment or (y) Persons that are acquired by any Issuer or Restricted Subsidiary or merged, consolidated or amalgamated with or into any Issuer or Restricted Subsidiary in accordance with the terms of the indenture; *provided* that after giving effect to such acquisition or Investment or merger, consolidation or amalgamation, either:

(1) the Issuers would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant; or

(2) the Fixed Charge Coverage Ratio of the Issuers would be no less than immediately prior to such acquisition or Investment or merger, consolidation or amalgamation;

provided, *further*, that all Restricted Subsidiaries that are not Subsidiary Guarantors may not incur Indebtedness or issue shares of Disqualified Stock or Preferred Stock pursuant to this clause (p) in excess of an amount, together with any Refinancing Indebtedness thereof pursuant to clause (o) hereof, not to exceed, after giving *pro forma* effect to such incurrence or issuance (including *pro forma* effect to the application of the net proceeds therefrom), the greater of $475.0 million and 17.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount).

(q) Indebtedness in connection with Permitted Securitization Financings;

(r) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of its Incurrence;

(s) Indebtedness of either Issuer or any Restricted Subsidiary (i) supported by a letter of credit or bank guarantee issued pursuant to Bank Indebtedness, in a principal amount not in excess of the stated amount of such letter of credit or (ii) in respect of cash management services in the ordinary course of business;

(t) Indebtedness of Restricted Subsidiaries that are not Subsidiary Guarantors; *provided*, *however*, that the aggregate principal amount of Indebtedness Incurred under this clause (t), when aggregated with the principal amount of all other Indebtedness then outstanding and Incurred pursuant to this clause (t), together with Refinancing Indebtedness in respect thereof Incurred pursuant to clause (o) hereof, does not exceed the greater of $350.0 million and 12.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(u) Indebtedness of either Issuer or any Restricted Subsidiary consisting of (1) the financing of insurance premiums or (2) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(v) Indebtedness consisting of Indebtedness issued by an Issuer or a Restricted Subsidiary to current or former officers, directors and employees thereof or any direct or indirect parent thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Company or any direct or indirect parent of the Company to the extent permitted by the covenant described under "—Limitation on Restricted Payments";

(w) Indebtedness Incurred on behalf of, or representing guarantees of Indebtedness of, joint ventures of any Issuer or Restricted Subsidiary; *provided, however*, that the aggregate principal amount of Indebtedness Incurred under this clause (w), when aggregated with the principal amount of all other Indebtedness then outstanding and Incurred pursuant to this clause (w), together with any Refinancing Indebtedness in respect thereof Incurred pursuant to clause (o) hereof, does not exceed the greater of $150.0 million and 5.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount);

(x) guarantees by the Issuers and Restricted Subsidiaries of Indebtedness under customer financing lines of credit entered into in the ordinary course of business;

(y) Indebtedness in respect of obligations of an Issuer or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided* that such obligations are Incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Obligations;

(z) Indebtedness of an Issuer or any Restricted Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Restricted Subsidiary arising in the ordinary course of business in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Issuers and the Restricted Subsidiaries; and

(aa) Indebtedness, together with any Refinancing Indebtedness thereof pursuant to clause (o) above, in an aggregate amount not to exceed (i) $2,100.0 million at any time outstanding (including under the First-Priority Notes) (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount) and (ii) $3,450.0 million at any time outstanding (including under the ADT First Lien Notes) (plus, in the case of any Refinancing Indebtedness, the Additional Refinancing Amount).

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness described in clauses (a) through (aa) above (or any portion thereof) or is entitled to be Incurred or issued pursuant to the first paragraph of this covenant, then the Issuers may, in their sole discretion, divide, classify or reclassify, or later divide, classify or reclassify (as if Incurred at such later time), such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) in any manner that complies with this covenant, *provided* that Indebtedness outstanding under (i) the First Lien Credit Agreement on the Issue Date shall be incurred under clause (a)(x) above and may not be reclassified, (ii) the notes on the Issue Date shall be incurred under clause (b) above and may not be reclassified, (iii) the First-Priority Notes outstanding on the Issue Date shall be incurred under clause (aa)(i) above and may not be reclassified and (iv) the ADT First Lien Notes outstanding on the Issue Date shall be incurred under clause (aa)(ii) above and may not be reclassified;

(2) at the time of Incurrence, division, classification or reclassification, the Issuers will be entitled to divide and classify an item of Indebtedness in more than one of the categories of Indebtedness described in the first paragraph of this covenant or clauses (a) through (aa) above (or any portion thereof) without giving *pro forma* effect to the Indebtedness Incurred, divided, classified or reclassified pursuant to any other clause or paragraph above (or any portion thereof) when calculating the amount of Indebtedness that may be Incurred, divided, classified or reclassified pursuant to any such clause or paragraph (or any portion thereof) at such time; and

(3) in connection with the Incurrence or issuance, as applicable, of (x) revolving loan Indebtedness under this covenant or (y) any commitment relating to the Incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock under this covenant, and the granting of any Lien to secure such Indebtedness, the Issuers or applicable Restricted Subsidiary may designate such Incurrence or issuance and the granting of any Lien therefor as having occurred on the date of first Incurrence of such revolving loan Indebtedness or commitment (such date, the "*Deemed Date*"), and any related subsequent actual Incurrence or issuance and granting of such Lien therefor will be deemed for all purposes under the indenture to have been Incurred or issued and granted on such Deemed Date, including without limitation for purposes of calculating the Fixed Charge Coverage Ratio, usage of any baskets hereunder (if applicable), the Secured Leverage Ratio, the Senior Secured Leverage Ratio and EBITDA (and all such calculations on and after the Deemed Date until the termination or funding of such commitments shall be made on a *pro forma* basis after giving effect to the deemed Incurrence or issuance, the granting of any Lien therefor and related transactions in connection therewith).

Accrual of interest, the accretion of accreted value, the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock, as applicable, amortization of original issue discount, the accretion of liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies will not be deemed to be an Incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant. Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included in the determination of such amount of Indebtedness; *provided* that the Incurrence of the Indebtedness represented by such guarantee or letter of credit, as the case may be, was in compliance with this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed or first Incurred (whichever yields the lower U.S. dollar equivalent), in the case of revolving credit debt. However, if the Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and the refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of the refinancing, the U.S. dollar-denominated restriction will be deemed not to have been exceeded so long as the principal amount of the refinancing Indebtedness does not exceed the principal amount of the Indebtedness being refinanced.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuers and the Restricted Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which the respective Indebtedness is denominated that is in effect on the date of the refinancing.

Limitation on Restricted Payments

The indenture will provide that the Issuers will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on account of any of the Issuers' or any of the Restricted Subsidiaries' Equity Interests, including any payment made in connection with any merger, amalgamation or consolidation involving the Company (other than (A) dividends or distributions by the Company payable solely in Equity Interests (other than Disqualified Stock) of the Company; or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of Equity Interests issued by a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, an Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of Equity Interests);

(2) purchase or otherwise acquire or retire for value any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment or scheduled maturity, any Subordinated Indebtedness of any Issuer or Subsidiary Guarantor (other than the payment, redemption, repurchase, defeasance, acquisition or retirement of (A) Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement and (B) Indebtedness permitted under clauses (g) and (i) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"); or

(4) make any Restricted Investment

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(a) no Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) immediately after giving effect to such transaction on a *pro forma* basis, the Issuers could Incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuers and the Restricted Subsidiaries after May 2, 2016 (including Restricted Payments permitted by clauses (6)(c) and (13)(b) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the amount equal to the Cumulative Credit existing at such time.

"*Cumulative Credit*" means the sum of (without duplication):

(1) 50% of the Consolidated Net Income of the Issuers for the period (taken as one accounting period) from April 1, 2016 to the end of the Issuers' most recently ended fiscal quarter for which financial statements have been made available at the time of such Restricted Payment (or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit), *plus*

(2) 100% of the aggregate net proceeds, including cash and the Fair Market Value (as determined in good faith by the Issuers) of property other than cash, received by the Company after May 2, 2016 (other than net proceeds to the extent such net proceeds have been used to incur Indebtedness, Disqualified Stock, or Preferred Stock pursuant to clause (m) of the second paragraph of the covenant described

under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") from the issue or sale of Equity Interests of the Company or any direct or indirect parent entity of the Company (excluding Refunding Capital Stock (as defined below), Designated Preferred Stock, Excluded Contributions, and Disqualified Stock), including Equity Interests issued upon exercise of warrants or options (other than an issuance or sale to an Issuer or a Restricted Subsidiary), *plus*

(3) 100% of the aggregate amount of contributions to the capital of the Company received in cash and the Fair Market Value (as determined in good faith by the Issuers) of property other than cash after May 2, 2016 (other than Excluded Contributions, Refunding Capital Stock, Designated Preferred Stock, and Disqualified Stock and other than contributions to the extent such contributions have been used to incur Indebtedness, Disqualified Stock, or Preferred Stock pursuant to clause (m) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"), *plus*

(4) 100% of the principal amount of any Indebtedness, or the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock of any Issuer or any Restricted Subsidiary issued after May 2, 2016 (other than Indebtedness or Disqualified Stock issued to a Restricted Subsidiary) which has been converted into or exchanged for Equity Interests in the Company (other than Disqualified Stock) or any direct or indirect parent of the Company (*provided*, in the case of any such parent, such Indebtedness or Disqualified Stock is retired or extinguished), *plus*

(5) 100% of the aggregate amount received by any Issuer or any Restricted Subsidiary in cash and the Fair Market Value (as determined in good faith by the Issuers) of property other than cash received by any Issuer or any Restricted Subsidiary, in each case, after May 2, 2016, from:

(A) the sale or other disposition (other than to an Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuers and the Restricted Subsidiaries and from repurchases and redemptions of such Restricted Investments from the Issuers and the Restricted Subsidiaries by any Person (other than the Issuers or any Restricted Subsidiary) and from repayments of loans or advances, and releases of guarantees, which constituted Restricted Investments (other than in each case to the extent that the Restricted Investment was made pursuant to clause (7) of the succeeding paragraph),

(B) the sale (other than to an Issuer or a Restricted Subsidiary) of the Capital Stock of an Unrestricted Subsidiary, or

(C) a distribution or dividend from an Unrestricted Subsidiary, *plus*

(6) in the event any Unrestricted Subsidiary has been redesignated as a Restricted Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, an Issuer or a Restricted Subsidiary, in each case, since May 2, 2016, the Fair Market Value (as determined in good faith by the Issuers) of the Investment of the Issuers or the Restricted Subsidiaries in such Unrestricted Subsidiary (which, if the Fair Market Value of such Investment shall exceed $100.0 million, shall be determined by the Board of Directors of the Company) at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable) (other than in each case to the extent that the designation of such Subsidiary as an Unrestricted Subsidiary was made pursuant to clause (7) of the succeeding paragraph or constituted a Permitted Investment).

As of September 30, 2019, Cumulative Credit available under the foregoing clauses (1) through (6) was $1,525,647,253.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration thereof or the giving notice thereof, as applicable, if at the date of declaration or the giving notice of such redemption, as applicable, such payment would have complied with the provisions of the indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests ("*Retired Capital Stock*") or Subordinated Indebtedness of any Issuer, any direct or indirect parent of the Company or any Subsidiary Guarantor in exchange for, or out of the proceeds of, the substantially concurrent sale of, Equity Interests of the Company or any direct or indirect parent of the Company or contributions to the equity capital of the Company (other than any Disqualified Stock or any Equity Interests sold to a Subsidiary of an Issuer or to another Issuer) (collectively, including any such contributions, "*Refunding Capital Stock*"),

(b) the declaration and payment of dividends on the Retired Capital Stock out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of an Issuer or to another Issuer) of Refunding Capital Stock, and

(c) if immediately prior to the retirement of Retired Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph and not made pursuant to clause (2)(b), the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent of the Company) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Retired Capital Stock immediately prior to such retirement;

(3) the redemption, repurchase, defeasance, or other acquisition or retirement of Subordinated Indebtedness of an Issuer or any Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of an Issuer or a Subsidiary Guarantor, which is Incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value, if applicable) of such new Indebtedness does not exceed the principal amount (or accreted value, if applicable), plus any accrued and unpaid interest, of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired for value (plus the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired, any tender premiums, plus any defeasance costs, fees and expenses incurred in connection therewith),

(b) such Indebtedness is subordinated to the notes or the related Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be, at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, defeased, acquired or retired for value,

(c) such Indebtedness has a final scheduled maturity date equal to or later than the earlier of (x) the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired and (y) 91 days following the last maturity date of any notes then outstanding, and

(d) such Indebtedness has a Weighted Average Life to Maturity at the time Incurred which is not less than the shorter of (x) the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, defeased, acquired or retired and (y) the Weighted Average Life to Maturity that would result if all payments of principal on the Subordinated Indebtedness being redeemed, repurchased, defeased, acquired or retired that were due on or after the date that is one year following the last maturity date of any notes then outstanding were instead due on such date;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition for value of Equity Interests of the Company or any direct or indirect parent of the Company held by any future, present or former employee, director, officer or consultant of the Company or any direct or indirect parent of the Company or any Subsidiary of the Issuers pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement; *provided*,

however, that the aggregate Restricted Payments made under this clause (4) do not exceed $100.0 million in any calendar year, with unused amounts in any calendar year being permitted to be carried over to succeeding calendar years subject to a maximum of $200.0 million in any calendar year; *provided*, *further*, *however*, that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds received by either Issuer or any of the Restricted Subsidiaries from the sale of Equity Interests (other than Disqualified Stock) of the Company or any direct or indirect parent of the Company (to the extent contributed to the Company) to employees, directors, officers or consultants of the Issuers and the Restricted Subsidiaries or any direct or indirect parent of the Company that occurs after May 2, 2016 (*provided* that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (3) of the definition of Cumulative Credit contained in "—Limitation on Restricted Payments"), *plus*

(b) the cash proceeds of key man life insurance policies received by the Company or any direct or indirect parent of the Company (to the extent contributed to the Company) or the Restricted Subsidiaries after May 2, 2016;

provided that the Issuers may elect to apply all or any portion of the aggregate increase contemplated by clauses (a) and (b) above in any calendar year; and *provided, further,* that cancellation of Indebtedness owing to an Issuer or any Restricted Subsidiary from any present or former employees, directors, officers or consultants of any Issuer, any Restricted Subsidiary or the direct or indirect parents of the Company in connection with a repurchase of Equity Interests of the Company or any of its direct or indirect parents will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the indenture;

(5) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of any Issuer or any Restricted Subsidiary issued or incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(6) (a) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date;

(b) a Restricted Payment to any direct or indirect parent of the Company, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent of the Company issued after the Issue Date; *provided* that the aggregate amount of dividends declared and paid pursuant to this clause (b) does not exceed the net cash proceeds actually received by the Company from any such sale of Designated Preferred Stock (other than Disqualified Stock) issued after the Issue Date; and

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, *however*, in the case of each of (a) and (c) above of this clause (6), that for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance (and the payment of dividends or distributions and treating such Designated Preferred Stock as Indebtedness for borrowed money for such purpose) on a *pro forma* basis (including a pro forma application of the net proceeds therefrom), the Issuers would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value (as determined in good faith by the Issuers), taken together with all other Investments made pursuant to this clause (7) that are at that time outstanding, not to exceed the sum of (a) the greater of $75.0 million and 2.5% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which

financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters and (b) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided*, *however*, that if any Investment pursuant to this clause (7) is made in any Person that is not an Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes an Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) of the definition of Permitted Investments and shall cease to have been made pursuant to this clause (7) for so long as such Person continues to be an Issuer or a Restricted Subsidiary;

(8) (a) the payment of dividends of up to $400.0 million per fiscal year or (b) in lieu of all or a portion of the dividends permitted by sub-clause (a), repurchases of an Issuer's Capital Stock (or a Restricted Payment to any direct or indirect parent of the Issuers to fund the repurchase by such direct or indirect parent of the Issuers of such entity's Capital Stock) for aggregate consideration that, when taken together with dividends permitted by sub-clause (a) in such fiscal year, does not exceed the amount otherwise permitted by sub-clause (a);

(9) Restricted Payments that are made with (or in an aggregate amount that does not exceed the aggregate amount of) Excluded Contributions;

(10) other Restricted Payments in an aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause (10) that are at that time outstanding, not to exceed the greater of $425.0 million and 15.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters;

(11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to an Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries;

(12) (a) with respect to any taxable period for which the Issuers and/or any of their Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar income tax group for U.S. federal and/or applicable state or local income tax purposes of which a direct or indirect parent of the Company is the common parent, or for which the Company is a partnership or disregarded entity for U.S. federal income tax purposes that is wholly-owned (directly or indirectly) by a C corporation for U.S. federal and/or applicable state or local income tax purposes, distributions to any direct or indirect parent of the Company in an amount not to exceed the amount of any U.S. federal, state and/or local income taxes that the Issuers and/or their Subsidiaries, as applicable, would have paid for such taxable period had the Issuers and/or their Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group, and (b) with respect to any taxable period ending after the Issue Date for which the Company is a partnership or disregarded entity for U.S. federal income tax purposes (other than a partnership or disregarded entity described in clause (a)), distributions to any direct or indirect parent of the Company in an amount necessary to permit such direct or indirect parent of the Company to pay or to make a pro rata distribution to its owners such that each direct or indirect owner of the Company receives an amount from such pro rata distribution sufficient to enable such owner to pay its U.S. federal, state and/or local income taxes (as applicable) attributable to its direct or indirect ownership of the Issuers and their Subsidiaries with respect to such taxable period (assuming that each owner is subject to tax at the highest combined marginal federal, state, and/or local income tax rate applicable to any owner for such taxable period and taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes (and any limitations thereon), the alternative minimum tax, any cumulative net taxable loss of the Company for prior taxable

periods ending after the Issue Date to the extent such loss is of a character that would allow such loss to be available to reduce taxes in the current taxable period (taking into account any limitations on the utilization of such loss to reduce such taxes and assuming such loss had not already been utilized) and the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income);

(13) any Restricted Payment, if applicable:

(a) in amounts required for any direct or indirect parent of the Company to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, directors, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead, legal, accounting and other professional fees and expenses of any direct or indirect parent of the Company in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries;

(b) in amounts required for any direct or indirect parent of the Company, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to an Issuer or any Restricted Subsidiary and that has been guaranteed by, or is otherwise considered Indebtedness of, an Issuer Incurred in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(c) in amounts required for any direct or indirect parent of the Company to pay fees and expenses related to any equity or debt offering of such parent (whether or not successful);

(14) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(15) any consideration, payment, dividend or distribution in connection with a Permitted Securitization Financing;

(16) Restricted Payments by any Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Equity Interests of any such Person;

(17) the repurchase, redemption or other acquisition or retirement for value of any Preferred Stock or Subordinated Indebtedness pursuant to the provisions similar to those described under the captions "—Change of Control" and "—Asset Sales"; *provided* that all notes tendered by holders of the notes in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(18) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Issuers and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets"; *provided* that as a result of such consolidation, amalgamation, merger or transfer of assets, the Issuers shall have made a Change of Control Offer (if required by the indenture) and that all notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value; and

(19) any Restricted Payment so long as, immediately after giving effect to such Restricted Payment, the Total Indebtedness Leverage Ratio for the most recently ended four fiscal quarters for which financial statements have been made available immediately preceding such Restricted Payment is not greater than 3.15 to 1.00 on a pro forma basis;

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (6)(b), (10), (11) and (19), no Event of Default shall have occurred and be continuing or would occur as a consequence thereof; *provided*, *further*, that any Restricted Payments made with property other than cash shall be calculated using the Fair Market Value (as determined in good faith by the Issuers) of such property.

For purposes of determining compliance with this covenant, (A) a Restricted Payment or Permitted Investment need not be permitted solely by reference to one category of permitted Restricted Payments (or any portion thereof) or Permitted Investments (or any portion thereof) described in the above clauses or the definitions thereof but may be permitted in part under any combination thereof and (B) in the event that a Restricted Payment (or any portion thereof) or Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of permitted Restricted Payments (or any portion thereof) or Permitted Investments (or any portion thereof) described in the above clauses or the definitions thereof, the Issuers may, in their sole discretion, divide, classify or reclassify, or later divide, classify or reclassify, such permitted Restricted Payment (or any portion thereof) or Permitted Investment (or any portion thereof) in any manner that complies with this covenant and at the time of division, classification or reclassification will be entitled to only include the amount and type of such Restricted Payment (or any portion thereof) or Permitted Investment (or any portion thereof) in one of the categories of permitted Restricted Payments (or any portion thereof) or Permitted Investments (or any portion thereof) described in the above clauses or the definitions thereof.

In connection with any commitment, definitive agreement or similar event relating to a Restricted Payment or Investment, the Issuers or applicable Restricted Subsidiary may designate such Restricted Payment or Investment as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the "Election Date") if, after giving pro forma effect to such Restricted Payment or Investment and all related transactions in connection therewith and any related pro forma adjustments, the Issuers or any of their Restricted Subsidiaries would have been permitted to make such Investment on the relevant Election Date in compliance with the indenture, and any related subsequent actual making of such Investment will be deemed for all purposes under the indenture to have been made on such Election Date, including, without limitation, for purposes of calculating any ratio, compliance with any test, usage of any baskets hereunder (if applicable) and EBITDA and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after the Election Date until the termination, expiration, passing, rescission, retraction or rescindment of such commitment, definitive agreement or similar event shall be made on a pro forma basis giving effect thereto and all related transactions in connection therewith).

As of the Issue Date, all of the Subsidiaries of the Issuers will be Restricted Subsidiaries. The Issuers will not permit any Restricted Subsidiary to become an Unrestricted Subsidiary except pursuant to the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuers and the Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investments." Such designation will only be permitted if a Restricted Payment or Permitted Investment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The indenture will provide that the Issuers will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) (i) pay dividends or make any other distributions to either Issuer or any Restricted Subsidiary (1) on its Capital Stock; or (2) with respect to any other interest or participation in, or measured by, its profits; or (ii) pay any Indebtedness owed to either Issuer or any Restricted Subsidiary;

(b) make loans or advances to either Issuer or any Restricted Subsidiary; or

(c) sell, lease or transfer any of its properties or assets to either Issuer or any Restricted Subsidiary;

except in each case for such encumbrances or restrictions existing under or by reason of:

(1) (i) contractual encumbrances or restrictions in effect on the Issue Date (including, without limitation, pursuant to the First Lien Credit Agreement), (ii) contractual encumbrances or restrictions pursuant to

the Credit Agreement and the other Credit Agreement Documents, (iii) contractual encumbrances or restrictions pursuant to the indentures governing the First-Priority Notes and the ADT First Lien Notes, and (iv) in each case, any similar contractual encumbrances or restrictions or any amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings of such agreements or instruments;

(2) the indenture, the notes or the Subsidiary Guarantees;

(3) applicable law or any applicable rule, regulation or order;

(4) any agreement or other instrument of a Person acquired by an Issuer or any Restricted Subsidiary which was in existence at the time of such acquisition (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(5) contracts or agreements for the sale of assets, including any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Capital Stock or assets of such Restricted Subsidiary;

(6) Secured Indebtedness otherwise permitted to be Incurred pursuant to the covenants described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens" that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(7) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(8) customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(9) purchase money obligations for property acquired and Capitalized Lease Obligations in the ordinary course of business that impose restrictions of the nature discussed in clause (c) above on the property so acquired;

(10) customary provisions contained in leases, licenses and other similar agreements entered into in the ordinary course of business or consistent with past practice or industry norm;

(11) in the case of clause (c) of the first paragraph of this covenant, any encumbrance or restriction that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license (including without limitations, licenses of intellectual property) or other contracts;

(12) any encumbrance or restriction of a Special Purpose Securitization Subsidiary effected in connection with a Permitted Securitization Financing; *provided*, *however*, that such restrictions apply only to such Special Purpose Securitization Subsidiary;

(13) other Indebtedness, Disqualified Stock or Preferred Stock (a) of either Issuer or any Restricted Subsidiary that is a Subsidiary Guarantor or a Foreign Subsidiary or (b) of any Restricted Subsidiary that is not a Subsidiary Guarantor or a Foreign Subsidiary so long as such encumbrances and restrictions contained in any agreement or instrument will not materially affect the Issuers' ability to make anticipated principal or interest payments on the notes (as determined in good faith by the Issuers), *provided* that in the case of each of clauses (a) and (b), such Indebtedness, Disqualified Stock or Preferred Stock is permitted to be Incurred subsequent to the Issue Date by the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(14) any Restricted Investment not prohibited by the covenant described under "—Limitation on Restricted Payments" and any Permitted Investment; or

(15) any encumbrances or restrictions of the type referred to in clauses (a), (b) or (c) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (14) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuers, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to an Issuer or a Restricted Subsidiary to other Indebtedness Incurred by an Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Asset Sales

(a) The indenture will provide that the Issuers will not, and will not permit any of the Restricted Subsidiaries to, cause or make an Asset Sale, unless (x) an Issuer or any Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value (as determined in good faith by the Issuers) of the assets sold or otherwise disposed of, and (y) at least 75% of the consideration therefor received by such Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(1) any liabilities (as shown on an Issuer's or a Restricted Subsidiary's most recent balance sheet or in the notes thereto) of an Issuer or a Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets or that are otherwise cancelled or terminated in connection with the transaction with such transferee,

(2) any notes or other obligations or other securities or assets received by such Issuer or such Restricted Subsidiary from such transferee that are converted by such Issuer or such Restricted Subsidiary into cash within 180 days of the receipt thereof (to the extent of the cash received),

(3) Indebtedness of any Issuer or Restricted Subsidiary that is no longer an Issuer or a Restricted Subsidiary as a result of such Asset Sale, to the extent that the other Issuer and each other Restricted Subsidiary are released from any guarantee of payment of such Indebtedness in connection with the Asset Sale,

(4) consideration consisting of Indebtedness of an Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not an Issuer or any Restricted Subsidiary, and

(5) any Designated Non-cash Consideration received by any Issuer or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value (as determined in good faith by the Issuers), taken together with all other Designated Non-cash Consideration received pursuant to this clause (e) that is at that time outstanding, not to exceed the greater of $150.0 million and 5.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding the receipt of such Designated Non-cash Consideration and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value),

shall in each case be deemed to be Cash Equivalents for the purposes of this provision.

(b) Within 365 days after any Issuer's or any Restricted Subsidiary's receipt of the Net Proceeds of any Asset Sale, such Issuer or such Restricted Subsidiary may apply the Net Proceeds from such Asset Sale, at its option:

(1) to repay (i) Indebtedness constituting First Priority Lien Obligations (and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto), (ii) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor, (iii) Notes Obligations or (iv) other Pari Passu Indebtedness (other than First Priority Lien Obligations) (*provided* that if an Issuer or any Subsidiary Guarantor shall so reduce Obligations under other Pari Passu Indebtedness pursuant to this sub-clause (iv) that does not constitute First Priority Lien Obligations (which does not include indebtedness described in sub-clauses (i), (ii) and (iii), even if such indebtedness may also constitute Pari Passu Indebtedness), the Issuers will equally and ratably reduce Notes Obligations as provided under "Optional Redemption," through open-market purchases (*provided* that such purchases are at or above 100% of the principal amount thereof or, in the event that the notes were issued with significant original issue discount, 100% of the accreted value thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase a pro rata principal amount of notes at a purchase price equal to 100% of the principal amount thereof (or, in the event that the notes were issued with significant original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any); or

(2) to make an investment in any one or more businesses (*provided* that if such investment is in the form of the acquisition of Capital Stock of a Person, such acquisition results in such Person becoming a Restricted Subsidiary of the Issuers or in an increase in the percentage ownership by the Issuers (or a Restricted Subsidiary) in such Restricted Subsidiary), assets, or property or capital expenditures, in each case (a) used or useful in a Similar Business or (b) that replace the properties and assets that are the subject of such Asset Sale or in each case to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such Net Proceeds was contractually committed.

(c) In the case of clause (b)(2) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the 18-month anniversary of the date of the receipt of such Net Proceeds; *provided* that in the event such binding commitment is later canceled or terminated for any reason before such Net Proceeds are so applied, then such Net Proceeds shall constitute Excess Proceeds unless such Issuer or such Restricted Subsidiary enters into another binding commitment (a "*Second Commitment*") within six months of such cancellation or termination of the prior binding commitment; *provided*, *further,* that such Issuer or such Restricted Subsidiary may only enter into a Second Commitment under the foregoing provision one time with respect to each Asset Sale and to the extent such Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied or are not applied within 180 days of such Second Commitment, then such Net Proceeds shall constitute Excess Proceeds.

Pending the final application of any such Net Proceeds, such Issuer or such Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise use such Net Proceeds in any manner not prohibited by the indenture. Any Net Proceeds from any Asset Sale that are not applied as provided and within the time period set forth in paragraph (b) of this covenant (it being understood that any portion of such Net Proceeds used to make an offer to purchase notes, as described in clause (b)(1) above, shall be deemed to have been so applied whether or not such offer is accepted) will be deemed to constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds $150.0 million, the Issuers shall make an offer to all holders of notes (and, at the option of the Issuers, to holders of any other Pari Passu Indebtedness) (an "*Asset Sale Offer*") to purchase the maximum principal amount of notes (and such other Pari Passu Indebtedness), that is at least $2,000 and an integral multiple of $1,000 in excess thereof that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or, in the event the notes or other Pari Passu Indebtedness were issued with significant original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest (or, in respect of such other Pari Passu Indebtedness, such lesser price, if any, as may be provided for by the terms of such other Pari Passu

Indebtedness) to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the indenture. The Issuers will commence an Asset Sale Offer with respect to Excess Proceeds within ten (10) Business Days after the date that the aggregate amount of Excess Proceeds exceeds $150.0 million by mailing, or delivering electronically if held by DTC, the notice required pursuant to the terms of the indenture, with a copy to the Trustee. To the extent that the aggregate amount of notes (and such other Pari Passu Indebtedness) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuers may use any remaining Excess Proceeds for any purpose that is not prohibited by the indenture. If the aggregate principal amount of notes (and such other Pari Passu Indebtedness) surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee, upon receipt of notice from the Issuers of the aggregate principal amount to be selected, shall select the notes to be purchased in the manner described below. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the indenture, the Issuers will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations described in the indenture by virtue thereof.

If more notes (and such other Pari Passu Indebtedness) are tendered pursuant to an Asset Sale Offer than the Issuers are required to purchase, selection of such notes for purchase will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which such notes are listed (and the Issuers shall notify the Trustee of any such listing), or if such notes are not so listed, on a pro rata basis to the extent practicable, by lot or by such other method as the Trustee shall deem fair and appropriate (and in such manner as complies with the requirements of DTC, if applicable); *provided* that no notes of $2,000 or less shall be purchased in part. Selection of such other Pari Passu Indebtedness will be made pursuant to the terms of such other Pari Passu Indebtedness.

Notices of an Asset Sale Offer shall be mailed by the Issuers by first class mail, postage prepaid to each holder of notes at such holder's registered address, or delivered electronically if held at DTC, at least 30 but not more than 60 days before the purchase date. If any note is to be purchased in part only, any notice of purchase that relates to such note shall state the portion of the principal amount thereof that has been or is to be purchased.

Transactions with Affiliates

The indenture will provide that the Issuers will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuers (each of the foregoing, an "*Affiliate Transaction*") involving aggregate consideration in excess of $33.0 million, unless:

(a) such Affiliate Transaction is on terms that are not materially less favorable to the relevant Issuer or Restricted Subsidiary than those that could have been obtained in a comparable transaction by such Issuer or Restricted Subsidiary with an unrelated Person; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $70.0 million, the Issuers deliver to the Trustee a resolution adopted in good faith by the majority of the Board of Directors of the Company, approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (a) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among either Issuer and/or any of the Restricted Subsidiaries (or an entity that becomes a Restricted Subsidiary as a result of such transaction) and any merger, consolidation or amalgamation of the Company and any direct parent of the Company; *provided* that such parent shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Company and such merger, consolidation or amalgamation is otherwise in compliance with the terms of the indenture and effected for a bona fide business purpose;

(2) Restricted Payments permitted by the provisions of the indenture described above under the covenant "—Limitation on Restricted Payments" and Permitted Investments;

(3) the payment of reasonable and customary fees and reimbursement of expenses paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of any Issuer, any Restricted Subsidiary, or any direct or indirect parent of the Company;

(4) transactions in which an Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to such Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of the preceding paragraph;

(5) payments or loans (or cancellation of loans) to officers, directors, employees or consultants which are approved by a majority of the Board of Directors of the Company in good faith;

(6) any agreement as in effect as of the Issue Date or any amendment thereto (so long as any such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous to the holders of the notes in any material respect than the original agreement as in effect on the Issue Date), as determined in good faith by the Issuers, or any transaction contemplated thereby;

(7) the existence of, or the performance by an Issuer or any Restricted Subsidiary of its obligations under the terms of, any stockholders, limited liability company, limited partnership or other agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date, and any transaction, agreement or arrangement described in this offering memorandum and, in each case, any amendment thereto or similar transactions, agreements or arrangements which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by an Issuer or any Restricted Subsidiary of its obligations under, any future amendment to any such existing transaction, agreement or arrangement or under any similar transaction, agreement or arrangement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such existing transaction, agreement or arrangement together with all amendments thereto, taken as a whole, or new transaction, agreement or arrangement are not otherwise more disadvantageous to the holders of the notes in any material respect than the original transaction, agreement or arrangement as in effect on the Issue Date, as determined in good faith by the Issuers;

(8) the execution of the Transactions, and the payment of all fees, expenses, bonuses and awards related to the Transactions, including fees to the Sponsors and their designees;

(9) (a) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, or transactions otherwise relating to the purchase or sale of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the indenture, which are fair to the Issuers and the Restricted Subsidiaries in the reasonable determination of the Board of Directors or the senior management of the Company, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party or (b) transactions with joint ventures or Unrestricted Subsidiaries entered into in the ordinary course of business or consistent with past practice or industry norm;

(10) transactions pursuant to any Permitted Securitization Financing;

(11) the issuance of Equity Interests (other than Disqualified Stock) of the Company to any Person;

(12) the issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors of an Issuer or any direct or indirect parent of the Company or of a Restricted Subsidiary, as appropriate, in good faith;

(13) the entering into of any tax sharing agreement or arrangement that complies with clause (12) of the second paragraph of the covenant described under "—Limitation on Restricted Payments" and the performance under any such agreement or arrangement;

(14) any contribution to the capital of the Company;

(15) transactions permitted by, and complying with, the provisions of the covenant described under "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets";

(16) transactions between any Issuer or any Restricted Subsidiary and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company; *provided*, *however*, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(17) pledges of Equity Interests of Unrestricted Subsidiaries;

(18) the formation and maintenance of any consolidated group or subgroup for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(19) any employment agreements entered into by any Issuer or any Restricted Subsidiary in the ordinary course of business;

(20) (x) the entering into of any agreement (and any amendment or modification of any such agreement so long as, in the good faith judgment of the Board of Directors of the Company, any such amendment or modification is not more disadvantageous, taken as a whole, to holders in any material respect as compared to the agreement as in effect on the Issue Date) to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Sponsors (A) in an aggregate amount in any fiscal year not to exceed the sum of (1) the greater of $25.0 million and 1.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding the such event and after giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters, plus reasonable out-of-pocket costs and expenses in connection therewith and unpaid amounts accrued for prior periods (including any prior period ending prior to the Issue Date); plus (2) any deferred fees (to the extent such fees were within such amount in clause (1) above originally), plus (B) in an aggregate amount not to exceed 1.0% of the value of transactions with respect to any transactions in which any Sponsor provides any transaction, advisory or other services, including any fee payable in connection with the Transactions; and (y) the payment of the present value of all amounts payable pursuant to any agreement described in clause (20)(x) in connection with the termination of such agreement;

(21) payments by the Issuers or any of their Restricted Subsidiaries to any of the Sponsors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by a majority of the Board of Directors of the Company in good faith;

(22) transactions undertaken in good faith (as certified by a responsible financial or accounting officer of the Issuers in an Officer's Certificate) for the purpose of improving the consolidated tax efficiency of the Issuers and their Subsidiaries and not for the purpose of circumventing any covenant set forth in the indenture; and

(23) investments by the Sponsors in securities of any Issuer or any Restricted Subsidiary (and payment of reasonable out-of-pocket expenses incurred by the Sponsors in connection therewith) so long as (i) the investment is being generally offered to other investors on the same or more favorable terms and

(ii) the investment constitutes less than 5% of the proposed or outstanding issue amount of such class of securities.

Liens

The indenture will provide that the Issuers will not, and will not permit any of their Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist (i) any Lien (except Permitted Liens) on any asset or property of any Issuer or any Restricted Subsidiary securing Indebtedness of an Issuer or a Restricted Subsidiary or (ii) any Lien securing any First Priority Lien Obligation of any Issuer or Subsidiary Guarantor without effectively providing that the notes or the obligations of such Subsidiary Guarantor in respect of the notes, as the case may be, shall be granted a second-priority security interest (subject to Permitted Liens) upon the assets or property constituting the collateral for such First Priority Lien Obligations, except as set forth under "—Security for the Notes"; *provided*, *however*, that if granting such security interests requires the consent of a third party, the Issuers will use commercially reasonable efforts to obtain such consent with respect to the security interests for the benefit of the Collateral Agent on behalf of the holders of the notes; *provided*, *further*, *however*, that if such third party does not consent to the granting of such security interests after the use of commercially reasonable efforts, the Issuers will not be required to provide such security interests.

For purposes of determining compliance with this covenant, (A) a Lien securing an item of Indebtedness (or any portion thereof) need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens," the Issuers may, in their sole discretion, divide, classify or reclassify, or later divide, classify or reclassify (as if Incurred at such later time), such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and at the time of Incurrence, division, classification or reclassification will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the categories of permitted Liens (or any portion thereof) described in the definition of "Permitted Liens" and, in such event, such Lien securing such item of Indebtedness (or any portion thereof) will be treated as being Incurred or existing pursuant to only such clause or clauses (or any portion thereof) without giving *pro forma* effect to such item (or portion thereof) when calculating the amount of Liens or Indebtedness (or any portion thereof) that may be Incurred pursuant to any other clause or paragraph (or portion thereof) at such time. In addition, with respect to any revolving loan Indebtedness or commitment relating to the Incurrence of Indebtedness that is designated to be Incurred on any date pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," any Lien that does or that shall secure such Indebtedness may also be designated by the Issuers or any Restricted Subsidiary to be Incurred on such date and, in such event, any related subsequent actual Incurrence of such Lien shall be deemed for all purposes under the indenture to be Incurred on such prior date, including for purposes of calculating usage of any "Permitted Lien" until such time as the related Indebtedness is no longer deemed outstanding pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common stock of an Issuer, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness described in clause (3) of the definition of "Indebtedness."

Reports and Other Information

The indenture will provide that so long as any notes are outstanding, the Issuers will provide to the Trustee and, upon request, to beneficial owners 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 Issuers determine in their good faith judgment that such event is not material to holders or the business, assets, operations, financial position or prospects of the Issuers and their Restricted Subsidiaries, taken as a whole.

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

If the Issuers have designated any of their Subsidiaries as an Unrestricted Subsidiary and if any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Issuers, then the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuers and their Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries.

Notwithstanding the foregoing, (a) none of the Issuers nor any Reporting Entity will 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 or Form 10-Q (or any such successor or comparable forms) or related rules under Regulation S-K, and (c) such reports shall be subject to exceptions, exclusions and other differences consistent with the presentation of financial and other information in this offering memorandum 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 Company or (ii) any direct or indirect parent of the Company (any such entity described in

clause (i) or (ii), a "*Reporting Entity*"), so long as in the case of (ii) such direct or indirect parent of the Company 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 the Company; *provided* that, if the financial information so furnished relates to such direct or indirect parent of the Company, 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 the Issuers and their Restricted Subsidiaries on a standalone basis, on the other hand.

In addition to providing such information to the Trustee, the Issuers will make available to the holders, prospective investors, market makers affiliated with any initial purchaser of the notes and securities analysts the information required to be provided pursuant to clauses (1), (2) or (3) of this paragraph, by posting such information to the website of the Company (or the website of any direct or indirect parent of the Company) or on IntraLinks or any comparable online data system or website.

The Issuers have agreed that, for so long as any notes remain outstanding during any period when they are not or any Reporting Entity is not subject to Section 13 or 15(d) of the Exchange Act, or otherwise permitted to furnish the SEC with certain information pursuant to Rule 12g3-2(b) of the Exchange Act, they will furnish to the holders of the notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Issuers will also hold quarterly conference calls, beginning with the first full fiscal quarter ending after the Issue Date, for all holders of the notes, prospective investors, market makers affiliated with any initial purchaser of the notes and securities analysts to discuss such financial information no later than ten business days after the distribution of such information required by clauses (1) or (2) of the first paragraph of this covenant, and prior to the date of each such conference call, the Issuers 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 holders of notes, prospective investors, market makers affiliated with any initial purchaser of the notes 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 Issuers will be deemed to have furnished such reports referred to above to the Trustee and the holders if an 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 Company's website (or the website of any direct or indirect parent of the Company).

Future Subsidiary Guarantors

The indenture will provide that the Issuers will cause each Wholly Owned Restricted Subsidiary that is not an Excluded Subsidiary and that guarantees or becomes a borrower under the First Lien Credit Agreement or that guarantees any other Indebtedness of either Issuer or any of the Subsidiary Guarantors to execute and deliver to the Trustee (i) a supplemental indenture pursuant to which such Restricted Subsidiary will guarantee payment of the notes and (ii) joinders to or new Security Documents and take all actions required by the Security Documents to perfect the Liens created thereunder.

Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Subsidiary Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each Subsidiary Guarantee will be released in accordance with the provisions of the indenture described under "—Subsidiary Guarantees."

Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets

The indenture will provide that the Company may not, directly or indirectly, consolidate, amalgamate or merge with or into or wind up or convert into, consummate a Delaware LLC Division (whether or not the

Company is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to any Person unless:

(1) the Company is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation, Delaware LLC Division, merger, winding up or conversion (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership or limited liability company or similar entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (the Company or such Person, as the case may be, being herein called the "*Successor Company*"); *provided* that in the event that the Successor Company is not a corporation, a co-obligor of the notes is a corporation;

(2) the Successor Company (if other than the Company) expressly assumes all the obligations of the Company under the indenture and the Security Documents pursuant to supplemental indentures or other applicable documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction) no Default shall have occurred and be continuing;

(4) immediately after giving *pro forma* effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), either

   (a) the Successor Company would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

   (b) the Fixed Charge Coverage Ratio would be no less than such ratio immediately prior to such transaction;

(5) if the Company is not the Successor Company, each Subsidiary Guarantor, unless it is the other party to the transactions described above, shall have by supplemental indenture confirmed that its Subsidiary Guarantee shall apply to such Person's obligations under the indenture and the notes; and

(6) the Successor Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation or transfer and such supplemental indentures (if any) comply with the indenture.

The Successor Company (if other than the Company) will succeed to, and be substituted for, the Company under the indenture, the notes and the Security Documents, and in such event the Company will automatically be released and discharged from its obligations under the indenture, the notes and the Security Documents. Notwithstanding the foregoing clauses (3) and (4), (a) the Company or any Restricted Subsidiary may merge, consolidate or amalgamate with or transfer all or part of its properties and assets to a Restricted Subsidiary, and (b) the Company may merge, consolidate or amalgamate with an Affiliate incorporated solely for the purpose of reincorporating or reorganizing the Company in another state of the United States, the District of Columbia or any territory of the United States (collectively, a "*Permitted Jurisdiction*") or may convert into a corporation, partnership or limited liability company, so long as the amount of Indebtedness of the Company and the Restricted Subsidiaries is not increased thereby. This "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and the Restricted Subsidiaries including, for the avoidance of doubt, pursuant to Permitted Securitization Financings.

The indenture will further provide that, subject to certain provisions in the indenture governing release of the Co-Issuer or a Subsidiary Guarantee and release of assets and property securing the notes upon the sale or disposition of a Restricted Subsidiary that is the Co-Issuer or a Subsidiary Guarantor, none of the Co-Issuer or any Subsidiary Guarantor will, and the Company will not permit the Co-Issuer or any Subsidiary Guarantor to, consolidate, amalgamate or merge with or into or wind up into, consummate a Delaware LLC Division (whether or not the Co-Issuer or such Subsidiary Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, any Person unless:

(1) either (a) the Co-Issuer or such Subsidiary Guarantor, as applicable, is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation, Delaware LLC Division or merger (if other than the Co-Issuer or such Subsidiary Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation (in the case of the Co-Issuer) or a company, corporation, partnership or limited liability company or similar entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (the Co-Issuer or such Subsidiary Guarantor or such Person, as the case may be, being herein called the "*Successor*"), and the Successor (if other than the Co-Issuer or such Subsidiary Guarantor) expressly assumes all the obligations of the Co-Issuer or such Subsidiary Guarantor under the indenture, the notes and the Security Documents or the Subsidiary Guarantee, as applicable, pursuant to a supplemental indenture or other applicable documents or instruments in form reasonably satisfactory to the Trustee, or (b) such sale or disposition or consolidation, amalgamation or merger is not in violation of the covenant described above under the caption "—Certain Covenants—Asset Sales"; and

(2) the Successor (if other than the Co-Issuer or such Subsidiary Guarantor) shall have delivered or caused to be delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger or transfer and such supplemental indenture (if any) comply with the indenture.

Subject to certain provisions described in the indenture, the Successor (if other than the Co-Issuer or such Subsidiary Guarantor) will succeed to, and be substituted for, the Co-Issuer or such Subsidiary Guarantor under the indenture, the notes and the Security Documents or the Subsidiary Guarantee, as applicable, and the Co-Issuer or such Subsidiary Guarantor will automatically be released and discharged from its obligations under the indenture and the notes or its Subsidiary Guarantee, as applicable. Notwithstanding the foregoing, (1) the Co-Issuer or a Subsidiary Guarantor may merge, amalgamate or consolidate with an Affiliate incorporated solely for the purpose of reincorporating or reorganizing such Subsidiary Guarantor in a Permitted Jurisdiction or (other than the Co-Issuer) may convert into a limited liability company, corporation, partnership or similar entity organized or existing under the laws of any Permitted Jurisdiction so long as the amount of Indebtedness of the Co-Issuer or such Subsidiary Guarantor is not increased thereby and (2) a Subsidiary Guarantor may merge, amalgamate or consolidate with an Issuer or any Restricted Subsidiary.

In addition, notwithstanding the foregoing, a Subsidiary Guarantor may consolidate, amalgamate or merge with or into or wind up into, liquidate, dissolve, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets to an Issuer or any Subsidiary Guarantor.

Defaults

An "Event of Default" will be defined in the indenture as:

(1) a default in any payment of interest on any note when due, continued for 30 days;

(2) a default in the payment of principal or premium, if any, of any note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuers for 120 days after receipt of written notice given by the Trustee or the holders of not less than 30% in aggregate principal amount of the notes then outstanding (with a copy to the

Trustee) to comply with any of their obligations, covenants or agreements contained in the provisions of the indenture described in "Certain Covenants—Reports and Other Information";

(4) the failure by any Issuer or any Restricted Subsidiary for 60 days after written notice given by the Trustee or the holders of not less than 30% in aggregate principal amount of the notes then outstanding (with a copy to the Trustee) to comply with its other obligations, covenants or agreements (other than a default referred to in clauses (1), (2) and (3) above) contained in the notes or the indenture;

(5) the failure by any Issuer or any Significant Subsidiary (other than any Special Purpose Securitization Subsidiary) (or any group of Subsidiaries that together would constitute a Significant Subsidiary, other than any Special Purpose Securitization Subsidiary) to pay any Indebtedness for borrowed money (other than Indebtedness owing to an Issuer or a Restricted Subsidiary or any Permitted Securitization Financing) within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default, in each case, if the total amount of such Indebtedness unpaid or accelerated exceeds $100 million or its foreign currency equivalent;

(6) certain events of bankruptcy, insolvency or reorganization of an Issuer or a Significant Subsidiary (other than any Special Purpose Securitization Subsidiary) (or any group of Subsidiaries that together would constitute a Significant Subsidiary, other than a Special Purpose Securitization Subsidiary);

(7) failure by an Issuer or any Significant Subsidiary (other than any Special Purpose Securitization Subsidiary) (or any group of Subsidiaries that together would constitute a Significant Subsidiary, other than any Special Purpose Securitization Subsidiary) to pay final judgments aggregating in excess of $100 million or its foreign currency equivalent (net of any amounts which are covered by enforceable insurance policies issued by solvent carriers), which judgments are not discharged, waived or stayed for a period of 60 days;

(8) the Subsidiary Guarantee of a Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) with respect to the notes ceases to be in full force and effect (except as contemplated by the terms thereof) or an Issuer or any Subsidiary Guarantor that qualifies as a Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary) denies or disaffirms its obligations under the indenture or any Subsidiary Guarantee with respect to the notes (except as contemplated by the terms thereof) and such Default continues for 10 days;

(9) unless such Liens have been released in accordance with the provisions of the Security Documents or the First Lien/Second Lien Intercreditor Agreement, the Liens in favor of the holders of the notes with respect to all or substantially all of the Collateral cease to be valid or enforceable and such Default continues for 30 days; or

(10) the failure by any Issuer or any Subsidiary Guarantor to comply for 60 days after notice with its other agreements contained in the Security Documents or the First Lien/Second Lien Intercreditor Agreements except for a failure that would not be material to the holders of the notes and would not materially affect the value of the Collateral taken as a whole.

Each of the foregoing will constitute an Event of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (3), (4) or (10) will not constitute an Event of Default until the Trustee or the holders of at least 30% in principal amount of outstanding notes notify the Issuers, with a copy to the Trustee, of the default and the Issuers do not cure such default within the time specified in clauses (3), (4) or (10) after receipt of such notice.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) occurs and is continuing, the Trustee by notice to the Issuers or the holders of at least

30% in principal amount of outstanding notes by notice to the Issuers, with a copy to the Trustee, may declare the principal of, premium, if any, and accrued but unpaid interest on all the notes to be due and payable; *provided*, *however*, that so long as any Bank Indebtedness remains outstanding, no such acceleration shall be effective until the earlier of (1) five Business Days after the giving of written notice to the Issuers and the administrative agent under the First Lien Credit Agreement and (2) the day on which any Bank Indebtedness is accelerated. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of an Issuer occurs, the principal of, premium, if any, and interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holders. Under certain circumstances, the holders of a majority in principal amount of outstanding notes may rescind any such acceleration with respect to the notes and its consequences.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the notes, if within 20 days after such Event of Default arose the Issuers deliver an Officer's Certificate to the Trustee stating that (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the notes as described above be annulled, waived or rescinded upon the happening of any such events.

Subject to the provisions of the indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no holder may pursue any remedy with respect to the indenture or the notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing,

(2) holders of at least 30% in principal amount of the outstanding notes have requested the Trustee to pursue the remedy,

(3) such holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense,

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity, and

(5) the holders of a majority in principal amount of the outstanding notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of outstanding notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The indenture will provide that if a Default occurs and is continuing and is actually known to a Trust Officer or the Trustee, the Trustee must mail to each holder of the notes, or deliver electronically if held by DTC, notice of the Default within the earlier of 90 days after it occurs or 30 days after it is actually known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in the payment of principal of,

premium (if any) or interest on any note, the Trustee may withhold notice if and so long as it in good faith determines that withholding notice is in the interests of the noteholders. In addition, the Issuers are required to deliver to the Trustee, annually, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuers are also required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action the Issuers are taking or propose to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the indenture, the notes, the Subsidiary Guarantees, the Security Documents and the First Lien/Second Lien Intercreditor Agreement may be amended with the consent of the holders of a majority in principal amount of the notes then outstanding and any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected, no amendment may:

(1) reduce the amount of notes whose holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any note;

(3) reduce the principal of or change the Stated Maturity of any note;

(4) reduce the premium payable upon the redemption of any note or change the dates on which any such premium is payable upon redemption as described under "—Optional Redemption" above;

(5) make any note payable in money other than that stated in such note;

(6) expressly subordinate the notes or any Subsidiary Guarantee to any other Indebtedness of the Issuers or any Subsidiary Guarantor;

(7) impair the contractual right of any holder to receive payment of principal of, premium, if any, and interest on such holder's note on or after the due dates thereof or to institute suit for the enforcement of any payment on or with respect to such holder's note;

(8) make any change in the amendment provisions or in the waiver provisions which require each holder's consent; or

(9) make any change to the provisions of the indenture, the First Lien/Second Lien Intercreditor Agreement or the Security Documents with respect to the *pro rata* application of proceeds of Collateral in respect of the notes that results in the application of such proceeds in respect of the notes on a less than *pro rata* basis to the holder of any note.

Except as expressly provided by the indenture, the Security Documents or the First Lien/Second Lien Intercreditor Agreement, without the consent of the holders of at least 66.67% in an aggregate principal amount of the notes then outstanding, no amendment or waiver may release all or substantially all of the Collateral from the Lien of the indenture and the Security Documents with respect to the notes.

Without the consent of any holder, the Issuers, the Trustee and/or the Second Lien Notes Collateral Agent may amend the indenture, the notes, the Subsidiary Guarantees, the Security Documents or the First Lien/Second Lien Intercreditor Agreement (1) to cure any ambiguity, omission, mistake, defect or inconsistency; (2) to provide for the assumption by a Successor Company (with respect to an Issuer) of the obligations of an Issuer under the indenture, the notes, the Security Documents and the First Lien/Second Lien Intercreditor Agreement; (3) to provide for the assumption by a Successor Subsidiary Guarantor (with respect to any Subsidiary Guarantor), as the case may be, of the obligations of a Subsidiary Guarantor under the indenture, the notes, its Subsidiary Guarantee, the Security Documents and the First Lien/Second Lien Intercreditor Agreement; (4) to provide for uncertificated notes in addition to or in place of certificated notes (*provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the

uncertificated notes are described in Section 163(f)(2)(B) of the Code); (5) to add a Subsidiary Guarantee or collateral with respect to the notes, to release or subordinate Collateral as not prohibited by the indenture, the Security Documents or the First Lien/Second Lien Intercreditor Agreement, to add additional secured creditors holding First Priority Lien Obligations, Other Second Lien Obligations or Junior Lien Obligations so long as such obligations are not prohibited by the indenture or the Security Documents; (6) [reserved]; (7) to add to the covenants of the Issuers for the benefit of the holders or to surrender any right or power conferred upon the Issuers; (8) to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the rights of any holder in any material respect (as determined in good faith by the Issuers); (9) to conform the text of the indenture, the notes, Subsidiary Guarantees, the Security Documents or the First Lien/Second Lien Intercreditor Agreement to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended by the Issuers to be a verbatim recitation of a provision of the indenture, Subsidiary Guarantees, the notes, the Security Documents or the First Lien/Second Lien Intercreditor Agreement, as applicable, as stated in an Officer's Certificate; (10) to comply with any requirement of the SEC in connection with the qualification of the indenture under the TIA (if the Issuers elect to qualify the indenture under the TIA); (11) to effect any provision of the indenture; (12) to make certain changes to the indenture to provide for the issuance of additional notes; or (13) to add provisions to the indenture and a new form of note to permit the issuance by the Issuers or a Subsidiary thereof of escrow notes under the indenture, which may have different terms than other notes issued under the indenture so long as the proceeds of such notes remain in escrow (including, but not limited to, collateral, different or no guarantees and redemption provisions).

The consent of the noteholders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

No Personal Liability of Directors, Officers, Employees, Managers and Stockholders

No director, officer, employee, manager, incorporator or holder of any Equity Interests in either Issuer or any direct or indirect parent companies, as such, will have any liability for any obligations of either Issuer or any Subsidiary Guarantor under the notes, the indenture or the Subsidiary Guarantees, as applicable, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Transfer and Exchange

A noteholder may transfer or exchange notes in accordance with the indenture. Upon any transfer or exchange, the registrar and the Trustee may require a noteholder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a noteholder to pay any taxes required by law or permitted by the indenture. The Issuers are not required to transfer or exchange any notes selected for redemption or to transfer or exchange any notes for a period of 15 days prior to a selection of notes to be redeemed. The notes will be issued in registered form and the registered holder of a note will be treated as the owner of such note for all purposes.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights and immunities of the Trustee and rights of registration or transfer or exchange of notes, as expressly provided for in the indenture) as to all outstanding notes when:

(1) either (a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuers and thereafter repaid to the Issuers or discharged from such trust) have been delivered to the Trustee for cancellation or (b) all of the notes not delivered

to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) if redeemable at the option of the Issuers, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers, and the Issuers have irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit (in the case of notes that have become due and payable) or to the date of maturity or redemption, as applicable, together with irrevocable instructions from the Issuers directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of the redemption only required to be deposited with the Trustee on or prior to the date of the redemption;

(2) the Issuers and/or the Subsidiary Guarantors have paid all other sums payable under the indenture; and

(3) the Issuers have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Defeasance

The Issuers at any time may terminate all of its obligations under the notes and the indenture with respect to the holders of the notes ("*legal defeasance"*), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes. The Issuers at any time may terminate their obligations under the covenants described under "—Certain Covenants" for the benefit of the holders of the notes, the operation of clauses (3), (4), (5), (6) (with respect to Significant Subsidiaries), (7), (8), (9) and (10) under "—Defaults" and the undertakings and covenants contained under "—Change of Control" and "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" ("*covenant defeasance*") for the benefit of the holders of the notes. If the Issuers exercise their legal defeasance option or their covenant defeasance option, each Subsidiary Guarantor will be released from all of its obligations with respect to the notes, its Subsidiary Guarantee and the Security Documents.

The Issuers may exercise their legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. If the Issuers exercise their legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. If the Issuers exercise their covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5), (6) (with respect only to Significant Subsidiaries), (7), (8), (9) or (10) under "—Defaults" or because of the failure of the Issuers to comply with clause (4) under "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets."

In order to exercise their defeasance option, the Issuers must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee money or U.S. Government Obligations for the payment of principal, premium (if any) and interest on the notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or change in applicable U.S. federal income tax law); *provided* that upon any redemption that requires the payment of the

Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of the redemption only required to be deposited with the Trustee on or prior to the date of the redemption. Notwithstanding the foregoing, the Opinion of Counsel required by the immediately preceding sentence with respect to a legal defeasance need not be delivered if all of the notes not theretofore delivered to the Trustee for cancellation (x) have become due and payable or (y) will become due and payable at their Stated Maturity within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers.

Registration Rights

The Issuers will not be obligated under any registration rights agreement or other obligation to register the resale of the notes or to register the exchange of the notes under the Securities Act or any other securities laws of any jurisdiction. The indenture will not be qualified under the TIA and the Issuers will not be required to comply with the provisions of the TIA. The absence of registration rights may adversely impact the transferability of the notes.

Concerning the Trustee and the Second Lien Notes Collateral Agent

Wells Fargo Bank, National Association will be the Trustee and Second Lien Notes Collateral Agent under the indenture and will be appointed by the Issuers as registrar and a paying agent with regard to the notes.

Governing Law

The indenture will provide that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Certain Definitions

"*Acquired Indebtedness*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into or became a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Acquired Indebtedness will be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of such assets.

"*Additional Refinancing Amount*" means, in connection with the Incurrence of any Refinancing Indebtedness, the aggregate principal amount of additional Indebtedness, Disqualified Stock or Preferred Stock Incurred to pay accrued and unpaid interest, premiums (including tender premiums), expenses, defeasance costs and fees in respect thereof.

"*ADT First Lien Notes*" means 6.250% Senior Notes due 2021 issued on October 1, 2013, 3.500% Notes due 2022 issued on July 5, 2012, 4.125% Senior Notes due 2023 issued on January 14, 2013, 4.875% Notes due 2042 issued on July 5, 2012 and 4.875% Notes due 2032 issued on May 2, 2016, in each case including any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any such ADT First Lien Notes.

"*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 Collateral Agent*" shall mean the Applicable First Lien Agent or following the Discharge of First Priority Lien Obligations, the Applicable Second Lien Agent.

"*Applicable First Lien Agent*" has the meaning given to such term in the First Lien/Second Lien Intercreditor Agreement. On the Issue Date, the Applicable First Lien Agent will be Barclays Bank PLC, as the collateral agent under the First Lien Credit Agreement.

"*Applicable Second Lien Agent*" has the meaning given to such term in the First Lien/Second Lien Intercreditor Agreement. On the Issue Date, the Applicable Second Lien Agent will be the Second Lien Notes Collateral Agent.

"*Applicable Premium*" means, with respect to any note on any applicable redemption date, as determined by the Issuers, the greater of:

(1) 1% of the then outstanding principal amount of the note; and

(2) the excess of:

   (a) the present value at such redemption date of (i) the redemption price of the note, at , 2023 (such redemption price being set forth in the applicable table appearing above under "*—Optional Redemption") plus (ii) all required interest payments due on the note through , 2023 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over*

   (b) the then outstanding principal amount of the note.

"*Asset Sale*" means:

(1) the sale, conveyance, transfer or other disposition (whether in a single transaction or a series of related transactions) of property or assets (including by way of Sale/Leaseback Transactions) outside the ordinary course of business of the Issuers or any Restricted Subsidiary (each referred to in this definition as a "*disposition*"); or

(2) the issuance or sale of Equity Interests (other than directors' qualifying shares and shares issued to foreign nationals or other third parties to the extent required by applicable law) of any Restricted Subsidiary (other than to an Issuer or another Restricted Subsidiary) (whether in a single transaction or a series of related transactions),

in each case other than:

(a) a disposition of Cash Equivalents or Investment Grade Securities or obsolete, damaged or worn out property or equipment in the ordinary course of business;

(b) the disposition of all or substantially all of the assets of the Issuers in a manner permitted pursuant to the provisions described above under "—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control;

(c) any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments";

(d) any disposition of assets of an Issuer or any Restricted Subsidiary or issuance or sale of Equity Interests of an Issuer or any Restricted Subsidiary, which assets or Equity Interests so disposed or issued have an aggregate Fair Market Value (as determined in good faith by the Issuers) of less than $100 million;

(e) any disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary to an Issuer or by an Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(f) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Issuers and the Restricted Subsidiaries as a whole, as determined in good faith by the Issuers;

(g) foreclosure or any similar action with respect to any property or other asset of an Issuer or any of the Restricted Subsidiaries;

(h) any disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) the lease, assignment, sublease, license or sub-license of any real or personal property in the ordinary course of business;

(j) any sale of inventory or other assets in the ordinary course of business;

(k) any grant in the ordinary course of business of any license of patents, trademarks, know-how or any other intellectual property;

(l) any swap of assets, or lease, assignment or sublease of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements), similar assets or assets used in a similar business of comparable or greater value or usefulness to the business of the Issuers and the Restricted Subsidiaries as a whole, as determined in good faith by the Issuers;

(m) any disposition (including by capital contribution), pledge, factoring, transfer or sale of (i) Securitization Assets to any Special Purpose Securitization Subsidiary or otherwise any pledge, factoring, transfer or sale in connection with any Permitted Securitization Financing, and (ii) any other assets subject to Liens securing Permitted Securitization Financings;

(n) any financing transaction with respect to property built or acquired by an Issuer or any Restricted Subsidiary after the Issue Date, including any Sale/Leaseback Transaction or asset securitization permitted by the indenture;

(o) dispositions in connection with Permitted Liens;

(p) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than an Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(q) the sale of any property in a Sale/Leaseback Transaction within twelve months of the acquisition of such property;

(r) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(s) any surrender, expiration or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(t) any sale, transfer or other disposition to effect the formation of any Subsidiary that is a Delaware Divided LLC; *provided* that any such disposition or other allocation of assets (including any equity interests of such Delaware Divided LLC) in connection therewith is otherwise not prohibited under the indenture; and

(u) to the extent constituting an Asset Sale, any termination, settlement or extinguishment of Hedging Obligations.

"*Bank Indebtedness*" means any and all amounts payable under or in respect of (a) the First Lien Credit Agreement and the other Credit Agreement Documents, 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 after termination of the First Lien Credit Agreement), 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, including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to either Issuer whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof (except to the extent any such refinancing, replacement or restructuring is designated by the Issuers to not be included in the definition of "Bank Indebtedness") and (b) whether or not the Indebtedness referred to in clause (a) remains outstanding, if designated by the Issuers to be included in this definition, one or more (A) debt facilities or commercial paper facilities, providing for revolving credit loans, term loans, reserve-based loans, securitization or receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers' acceptances), or (C) instruments or agreements evidencing any other Indebtedness, in each case, with the same or different borrowers or issuers and, in each case, as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, replaced or refunded in whole or in part from time to time (except to the extent any such refinancing, replacement or restructuring is designated by the Issuers to not be included in the definition of "Bank Indebtedness").

"*Bankruptcy Code*" means Title 11 of the United States Code.

"*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 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 or finance 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 GAAP.

"*Capitalized Software Expenditures*" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such Person and such Restricted Subsidiaries.

"*Cash Equivalents*" means:

(1) U.S. dollars, pounds sterling, euros, the national currency of any member state in the European Union or such local currencies held by an entity from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the U.S. government or any country that is a member of the European Union or any agency or instrumentality thereof in each case maturing not more than two years from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances, in each case with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $250 million and whose long-term debt is rated "A" or the equivalent thereof by Moody's or S&P (or reasonably equivalent ratings of another internationally recognized ratings agency);

(4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or rated at least "A-1" (or higher) according to S&P (or such similar equivalent rating or higher by at least one nationally recognized rating organization) and in each case maturing within one year after the date of acquisition;

(6) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years from the date of acquisition thereof;

(7) securities issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or any political subdivision or taxing authority thereof, with a rating of "A" by S&P or "A" by Moody's (or such similar equivalent rating or higher by at least one nationally recognized rating organization), in each case with maturities not exceeding two years from the date of acquisition;

(8) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (1) through (7) above;

(9) time deposit accounts, certificates of deposit, money market deposits, banker's acceptances and other bank deposits in an aggregate face amount not in excess of 0.50% of the total assets of the Company and the Restricted Subsidiaries, on a consolidated basis, as of the end of the Company's most recently completed fiscal year;

(10) credit card receivables to the extent included in cash and cash equivalents on the consolidated balance sheet of such Person; and

(11) instruments equivalent to those referred to in clauses (1) through (10) above denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States of America to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

"*Cash Management Agreement*" shall mean any agreement to provide to Holdings, the Issuers or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

"*Cash Management Bank*" shall mean any person that, at the time it enters into a Cash Management Agreement, or on the date of the First Lien Credit Agreement, is an agent, an arranger or a lender under the First Lien Credit Agreement or an Affiliate of any such person, in each case, in its capacity as a party to such Cash Management Agreement.

"*cash management services*" means cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

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

" *Change of Control*" means the occurrence of either of the following:

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all the assets of the Issuers and their Subsidiaries, taken as a whole, to a Person other than any of the Permitted Holders; or

(2) the Issuers become 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 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 the Company, unless the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the members of the Board of Directors of the Company.

Notwithstanding the foregoing: (A) the transfer of assets between or among the Issuers and their Restricted Subsidiaries shall not itself constitute a Change of Control and (B) a Person or group shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement (or voting or option agreement related thereto) prior to the consummation of the transactions contemplated by such agreement.

In addition, notwithstanding the foregoing, a transaction in which the Company or a parent entity of the Company becomes a subsidiary of another Person (such Person, the "*New Parent*") shall not constitute a Change of Control if (a) the equityholders of the Company or such parent entity immediately prior to such transaction beneficially own, directly or indirectly through one or more intermediaries, at least a majority of the total voting power of the Voting Stock of the Company or such New Parent immediately following the consummation of such transaction, substantially in proportion to their holdings of the equity of the Company or such parent entity prior to such transaction or (b) immediately following the consummation of such transaction, no Person, other than a Permitted Holder, the New Parent or any subsidiary of the New Parent, beneficially owns, directly or indirectly through one or more intermediaries, more than 50% of the voting power of the Voting Stock of the Company or the New Parent.

"*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.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of intangible assets, deferred financing fees, Capitalized Software Expenditures, branch development costs, capitalized customer acquisition costs, amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum, without duplication, of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including the interest component of Capitalized Lease Obligations and net payments and receipts (if any) pursuant to interest rate Hedging Obligations and excluding amortization of deferred financing fees and original issue discount, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market valuation of Hedging Obligations or other derivatives (in each case permitted hereunder) under GAAP); *plus*

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *plus*

(3) commissions, discounts, yield and other fees and charges Incurred in connection with any Permitted Securitization Financing which are payable to Persons other than the Issuers and the Restricted Subsidiaries; *minus*

(4) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis; *provided*, *however*, that:

(1) any net after-tax extraordinary, nonrecurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses or charges, any severance expenses, relocation expenses, restructuring expenses, curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, any expenses related to any New Project or any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternate uses and fees, expenses or charges relating to facility or branch closing costs, rebranding costs, acquisition integration costs, facility or branch opening costs, project start-up costs, business optimization costs, recruiting costs, signing, retention or completion bonuses, expenses or charges related to any issuance or repurchase of Equity Interests or debt securities of the Issuers or any direct or indirect parent of the Company, any Investment, acquisition, disposition, recapitalization or Incurrence, issuance, repayment, repurchase, refinancing, amendment or modification of Indebtedness (in each case, whether or not successful), and any fees, expenses, charges or change in control payments related to the Transactions (including any costs relating to auditing prior periods, any transition-related expenses, and transaction expenses incurred before, on or after the Issue Date), in each case, shall be excluded;

(2) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such Person and such Subsidiaries and including, without limitation, the effects of adjustments to (A) deferred rent, (B) Capitalized Lease Obligations or other obligations or deferrals attributable to capital spending funds with suppliers or (C) any other deferrals of income) in amounts required or

permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(3) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period;

(4) any net after-tax income or loss from disposed, abandoned, transferred, closed or discontinued operations or fixed assets and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations or fixed assets shall be excluded;

(5) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by management of the Issuers) shall be excluded;

(6) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness, Hedging Obligations or other derivative instruments shall be excluded;

(7) (a) the Net Income for such period of any Person that is not a Subsidiary of such Person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period and (b) the Net Income for such period shall include any dividend, distribution or other payment in cash (or to the extent converted into cash) received by the referent Person or a Subsidiary thereof (other than an Unrestricted Subsidiary of such referent Person) from any Person in excess of, but without duplication of, the amounts included in subclause (a);

(8) solely for the purpose of determining the amount available for Restricted Payments under clause (1) of the definition of Cumulative Credit contained in "—Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Subsidiary Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; *provided* that the Consolidated Net Income of such Person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein;

(9) an amount equal to the amount of Tax Distributions actually made to any parent or equity holder of such Person in respect of such period in accordance with clause (12) of the second paragraph under "—Certain Covenants—Limitation on Restricted Payments" shall be included as though such amounts had been paid as income taxes directly by such Person for such period;

(10) any impairment charges or asset write-offs, in each case pursuant to GAAP, and the amortization of intangibles and other fair value adjustments arising pursuant to GAAP shall be excluded;

(11) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded;

(12) any (a) non-cash compensation charges, (b) costs and expenses related to employment of terminated employees, or (c) costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights of officers, directors and employees, in each case of such Person or any Restricted Subsidiary, shall be excluded;

(13) accruals and reserves that are established or adjusted within 12 months after the Issue Date or the closing of any acquisition and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded;

(14) (a)(i) the non-cash portion of "straight-line" rent expense shall be excluded, (ii) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included, (iii) the non-cash amortization of tenant allowances shall be excluded, (iv) cash received from landlords for tenant allowances shall be included and (v) to the extent not already included in Net Income, the cash portion of sublease rentals received shall be included (for the avoidance of doubt, the net effect of the adjustments in this clause (14)(a) as well as any related adjustments pursuant to clause (2) above shall be to compute rent expense and rental income on a cash basis for purposes of determining Consolidated Net Income) and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretations shall be excluded;

(15) any currency translation gains and losses related to currency remeasurements of Indebtedness, and any net loss or gain resulting from hedging transactions for currency exchange risk, shall be excluded;

(16) (a) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (i) not denied by the applicable carrier in writing within 180 days and (ii) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded and (b) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period);

(17) Capitalized Software Expenditures and branch development costs shall be excluded;

(18) non-cash charges for deferred tax asset valuation allowances shall be excluded;

(19) any other costs, expenses or charges resulting from facility or branch closures or sales, including income (or losses) from such facility or branch closures or sales, shall be excluded;

(20) any deductions attributable to minority interests shall be excluded; and

(21) any gain, loss, income, expense or charge resulting from the application of any LIFO shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of assets from Unrestricted Subsidiaries or Restricted Subsidiaries to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under such covenant pursuant to clauses (4) and (5) of the definition of Cumulative Credit contained therein.

"*Consolidated Non-Cash Charges*" means, with respect to any Person for any period, the non-cash expenses (other than Consolidated Depreciation and Amortization Expense) of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person for such period on a consolidated basis and otherwise determined in accordance with GAAP, *provided* that if any such non-cash expenses represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA in such future period to the extent paid, but excluding from this proviso, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period.

"*Consolidated Taxes*" means, with respect to any Person for any period, the provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes, foreign

withholding taxes (including penalties and interest related to such taxes or arising from tax examinations) and any Tax Distributions taken into account in calculating Consolidated Net Income.

"*Consolidated Total Indebtedness*" means, as of any date of determination, an amount equal to the sum (without duplication) of (1) the aggregate principal amount of all outstanding Indebtedness of the Issuers and the Restricted Subsidiaries (excluding any undrawn letters of credit) consisting of Indebtedness for borrowed money, plus (2) the aggregate amount of all outstanding Disqualified Stock of the Issuers and the Restricted Subsidiaries and all Preferred Stock of Restricted Subsidiaries, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences, in each case determined on a consolidated basis in accordance with GAAP.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Creation Costs*" means the costs associated with the marketing, sale, installation and equipping of alarm systems and other security, automation, or related equipment actually incurred in such current period less the related installation revenue recognized in such current period; *provided*, that such amount shall not in any event be less than $0.

"*Credit Agreement Documents*" means the collective reference to any First Lien Credit Agreement, any notes issued pursuant thereto and the guarantees thereof, and the collateral documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified, in whole or in part, from time to time.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Delaware Divided LLC*" means any limited liability company which has been formed upon the consummation of a Delaware LLC Division.

"*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.

"*Designated Non-cash Consideration*" means the Fair Market Value (as determined in good faith by the Issuers) of non-cash consideration received by an Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth such valuation, less the amount of Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Designated Preferred Stock*" means Preferred Stock of the Company or any direct or indirect parent of the Company (other than Disqualified Stock), that is issued for cash (other than to the Issuers or any of their Subsidiaries or an employee stock ownership plan or trust established by the Issuers or any of their Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate, on the issuance date thereof.

"*Discharge*" means, with respect to any First Priority Lien Obligations and Second Priority Lien Obligations, except to the extent otherwise provided in the First Lien/Second Intercreditor Agreement, (a) 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 or Second Priority Lien Obligations, as applicable, after or concurrently with the termination of all commitments to extend credit thereunder (other than, if applicable, pursuant to any cash management services or Hedging Obligations, in each case as provided under the relevant documents or as to which reasonably satisfactory arrangements have been made with the relevant cash management services or hedge bank, as applicable, or their respective Affiliates, as the case may be), (b) with respect to any letters of credit or letters of credit guaranties that may be outstanding in respect of any First Priority Lien Obligations or Second Priority Lien Obligations, as applicable, termination or delivery of cash collateral, backstop letters of credit or other credit support in respect thereof in an amount and manner in compliance with the applicable documents, and (c) payment in full in cash or other immediately available funds of any other First Priority Lien Obligations or Second Priority Lien Obligations, as applicable, 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 the First Priority Lien Obligations shall not be deemed to have occurred if such payments are made with the proceeds of a facility designated by the Company as a Credit Agreement or a refinancing of the First Priority Lien Obligations, (ii) the Discharge of any Other First Lien Facility Obligations shall not be deemed to have occurred if such payments are made with the proceeds of any obligations that are designated by the Company as a Refinancing Indebtedness of such Other First Lien Facility Obligations, (iii) the Discharge of the Second Priority Lien Obligations shall not be deemed to have occurred if such payments are made with the proceeds of a facility designated by the Company as a refinancing of the Notes Obligations and (iv) the Discharge of any Other Second Priority Lien Obligations shall not be deemed to have occurred if such payments are made with the proceeds of any obligations that are designated by the Company as a refinancing of such Other Second Priority Lien Obligations. In the event that any First Priority Lien Obligations or Second Priority Lien Obligations, are modified and such First Priority Lien Obligations or Second Priority Lien Obligations, as applicable, are paid over time or otherwise modified pursuant to Section 1129 of the Bankruptcy Code, such First Priority Lien Obligations and Second Priority Lien Obligations, as applicable, 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 or similar dispositive restructuring plan, in respect of such Indebtedness and any obligations pursuant to such new Indebtedness shall have been satisfied.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable), or upon the happening of any event:

(1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale),

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock of such Person or any of its Restricted Subsidiaries, or

(3) is redeemable at the option of the holder thereof, in whole or in part (other than solely as a result of a change of control or asset sale),

in each case prior to 91 days after the earlier of the maturity date of the notes or the date the notes are no longer outstanding; *provided*, *however*, that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock; *provided*, *further*, *however*, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Issuers or their Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by such Person in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability; *provided*, *further*, that any class of Capital Stock of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Stock shall not be deemed to be Disqualified Stock.

"*Domestic Subsidiary*" means a Restricted Subsidiary that is not a Foreign Subsidiary.

" *EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period plus, without duplication, to the extent the same was deducted in calculating Consolidated Net Income:

(1) Consolidated Taxes; *plus*

(2) Fixed Charges and costs of surety bonds in connection with financing activities; *plus*

(3) Consolidated Depreciation and Amortization Expense; *plus*

(4) Consolidated Non-Cash Charges; *plus*

(5) any expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any issuance of Equity Interests, Investment, acquisition, New Project, disposition, recapitalization or the Incurrence, modification or repayment of Indebtedness permitted to be Incurred by the indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses, premiums or charges related to the Transactions, the offering of the notes or any Bank Indebtedness, (ii) any amendment or other modification of the notes or other Indebtedness and (iii) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Permitted Securitization Financing; *plus*

(6) business optimization expenses and other restructuring charges, reserves or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of inventory optimization programs, facility or branch closures, facility or branch consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges) and Pre-Opening Expenses; *plus*

(7) the amount of loss or discount on sale of assets to a Special Purpose Securitization Subsidiary in connection with a Permitted Securitization Financing; *plus*

(8) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of an Issuer or a Subsidiary Guarantor or net cash proceeds of an issuance of Equity Interests of the Company (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation of the Cumulative Credit; *plus*

(9) Creation Costs; *plus*

(10) the amount of any loss attributable to a New Project, until the date that is 12 months after the date of completing the construction, acquisition, assembling or creation of such New Project, as the case may be; *provided* that (a) such losses are reasonably identifiable and factually supportable and certified by a responsible financial or accounting officer of the Issuers and (b) losses attributable to such New Project after 12 months from the date of completing such construction, acquisition, assembling or creation, as the case may be, shall not be included in this clause (10); *plus*

(11) the amount of any management, monitoring, consulting, transaction, advisory and similar fees and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period to the extent otherwise permitted by the covenant described under "—Certain Covenants—Transactions with Affiliates," including, if applicable, the amount of termination fee paid pursuant to clause (20) thereof; *plus*

(12) with respect to any joint venture that is not a Subsidiary and solely to the extent relating to any net income referred to in clause (7) of the definition of "Consolidated Net Income," an amount equal to the proportion of those items described in clauses (1) and (2) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Subsidiary); *plus*

(13) one-time costs associated with commencing Public Company Compliance; *plus*

(14) all adjustments of the nature used in connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes to the extent such adjustments, without duplication, continue to be applicable to such period; and

less, without duplication, to the extent the same increased Consolidated Net Income,

(15) non-cash items increasing Consolidated Net Income for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period and any items for which cash was received in a prior period).

"*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).

"*Equity Offering*" means any public or private sale after the Issue Date of common Capital Stock or Preferred Stock of the Company or any direct or indirect parent of the Company, as applicable (other than Disqualified Stock), other than:

(1) public offerings with respect to the Company's or such direct or indirect parent's common stock registered on Form S-4 or Form S-8;

(2) issuances to any Subsidiary of the Company; and

(3) any such public or private sale that constitutes an Excluded Contribution.

Notwithstanding the foregoing, an Equity Offering hereunder shall include the merger of the Company or any direct or indirect parent of the Company into a person that has, or whose direct or indirect parent has, previously consummated a public Equity Offering (as defined herein but replacing the Company with such person or parent) and is a public company at the applicable time.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Excluded Assets*" has the meaning forth under "Security for the Notes."

" *Excluded Contributions*" means the Cash Equivalents or other assets (valued at their Fair Market Value as determined in good faith by senior management or the Board of Directors of the Company) received by the Company after May 2, 2016 from:

(1) contributions to its common equity capital, and

(2) the sale (other than to a Subsidiary of the Company or to any Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Company,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate.

"*Excluded Subsidiary*" means (a) each Unrestricted Subsidiary, (b) each Domestic Subsidiary that is not a Wholly Owned Subsidiary (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary), (c) each Domestic Subsidiary that is prohibited from guaranteeing the notes by any requirement of law or that would require consent, approval, license or authorization of a governmental authority to guarantee the notes (unless such consent, approval, license or authorization has been received), (d) each Domestic Subsidiary that is prohibited by any applicable contractual requirement from guaranteeing the notes on the Issue Date or at the time such Subsidiary becomes a Subsidiary (to the extent not incurred in connection with becoming a Subsidiary and in each case for so long as such restriction or any replacement or renewal thereof is in effect), (e) any Foreign Subsidiary, (f) any Domestic Subsidiary (i) that owns no material assets (directly or through its Subsidiaries) other than equity interests of one or more Foreign Subsidiaries that are "controlled foreign corporations" within the meaning of Section 957 of the Code ("CFCs") or (ii) that is a direct or indirect Subsidiary of a Foreign Subsidiary, (g) any Special Purpose Securitization Subsidiary, (h) any Subsidiary (other than a Significant Subsidiary) that (i) did not, as of the last day of the fiscal quarter of the Issuers most recently ended, have assets with a value in excess of 5.0% of the Total Assets or revenues representing in excess of 5.0% of total revenues of the Issuers and the Restricted Subsidiaries on a consolidated basis as of such date and (ii) taken together with all other such Subsidiaries being excluded pursuant to this clause (h), as of the last day of the fiscal quarter of the Issuers most recently ended, did not have assets with a value in excess of 10.0% of the Total Assets or revenues representing in excess of 10.0% of total revenues of the Issuers and the Restricted Subsidiaries on a consolidated basis as of such date (each such Subsidiary, an "Immaterial Subsidiary") and (i) any Subsidiary for which providing a Subsidiary Guarantee or granting Liens to secure Indebtedness could reasonably be expected to result in material adverse tax consequences as determined in good faith by the Issuers.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's-length transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction.

"*First Lien Credit Agreement*" means the Ninth Amended and Restated First Lien Credit Agreement, dated as of September 23, 2019, among Prime Security Services Holdings, LLC, as Holdings, the Company, as 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 Facility Obligations*" means the Obligations of the Company and other obligors outstanding under, and all other obligations in respect of, Secured Cash Management Agreements, Secured Hedge Agreements or the First Lien Credit Agreement, to pay principal, premium (if any), interest, fees, expenses (including interest, fees, and expenses accruing after the commencement of any insolvency or liquidation proceeding, regardless of whether or not allowed or allowable in such proceeding), penalties, indemnifications, reimbursements (including reimbursement obligations with respect to any letters of credit and bankers' acceptance), damages and other liabilities payable under or in connection with any Secured Cash Management Agreements, Secured Hedge Agreements or the First Lien Credit Agreement.

"*First Lien/Second Lien Intercreditor Agreement*" means (i) the intercreditor agreement dated as of July 1, 2015 among Barclays Bank PLC, as collateral agent under the First Lien Credit Agreement, the ADT First Lien Notes, the First-Priority Notes and the other parties from time to time party thereto, to which the Second Lien Notes Collateral Agent will be become a party pursuant to a joinder on the Issue Date, as it may be amended,

restated, supplemented or otherwise modified from time to time in accordance with the indenture and (ii) any other intercreditor agreement that is not materially less favorable to the holders of the notes than the intercreditor agreement referred to in clause (i).

"*First Priority Lien Obligations*" means, collectively, the First Lien Facility Obligations and the Other First Lien Facility Obligations, or any of the foregoing.

"*First-Priority Notes*" means the Issuers' 5.250% First-Priority Senior Secured Notes due 2024 and 5.750% First-Priority Senior Secured Notes due 2026, in each case including any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any such First-Priority Notes.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuers or any of their Restricted Subsidiaries Incurs, repays, repurchases or redeems any Indebtedness (other than in the case of any Permitted Securitization Financing, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations that the Issuers or any Restricted Subsidiary have determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Calculation Date (each, for purposes of this definition, a "*pro forma event*") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into an Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, New Project, restructuring or reorganization that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, New Project, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuers. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuers, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event, and (2) all adjustments of the nature used in

connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuers may designate.

For purposes of making the computation referred to above, in giving effect to each New Project which commences operations and records not less than one full fiscal quarter's operations during such period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Issuers in good faith.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"*Fixed Charges*" means, with respect to any Person for any period, the sum, without duplication, of: (1) Consolidated Interest Expense (excluding amortization or write-off of deferred financing costs) of such Person for such period, and (2) all cash dividend payments (excluding items eliminated in consolidation) on any series of Preferred Stock or Disqualified Stock of such Person and its Restricted Subsidiaries.

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

"*FSHCO*" shall mean 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.

"*GAAP*" means generally accepted accounting principles in effect from time to time in the United States set forth in the statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession; *provided, however*, that if the Issuers notify the Trustee that the Issuers request an amendment to any provision hereof to eliminate the effect of any change in accounting principles or change as a result of the adoption or modification of accounting policies occurring after the Issue Date in GAAP or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance with this definition. The Issuers will give notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not (1) be treated as an incurrence of Indebtedness or (2) have the effect of rendering invalid any Restricted Payment, Investment, Incurrence of Indebtedness or Liens or other action made prior to the date of such election (or any other action conditioned on the Issuers and the

Restricted Subsidiaries having been able to incur $1.00 of additional Indebtedness or compliance with any other ratio, basket or covenant set forth herein) if such Restricted Payment, Investment, Incurrence or other action was not in violation of the indenture on the date made, incurred or taken, as the case may be. For the purposes of the indenture, the term "consolidated" with respect to any Person shall mean such Person consolidated with its Restricted Subsidiaries, and shall not include any Unrestricted Subsidiary, but the interest of such Person in an Unrestricted Subsidiary will be accounted for as an Investment.

"*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.

"*Hedge Bank*" shall mean any person that, at the time it enters into a Hedging Agreement, or on the date of the First Lien Credit Agreement, is an agent, an arranger or a lender under the First Lien Credit Agreement or an Affiliate of any such person, in each case, in its capacity as a party to such Hedging Agreement.

"*Hedging Agreement*" shall mean any agreement with respect to any swap, forward, future or derivative transaction, or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or credit spread transaction, repurchase transaction, reserve repurchase transaction, securities lending transaction, weather index transaction, spot contracts, fixed price physical delivery contracts, or any similar transaction or any combination of these transactions, in each case of the foregoing, whether or not exchange traded; *provided*, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings, any Issuer or any of the Subsidiaries shall be a Hedging Agreement.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under:

(1) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

"*holder*" or "*noteholder*" means the Person in whose name a note is registered on the registrar's books.

"*Holdings*" means Prime Security Services Holdings, LLC, a Delaware limited liability company and the parent of the Company.

"*Immaterial Subsidiary*" has the meaning set forth in the definition of "Excluded Subsidiary".

"*Incur*" means issue, assume, guarantee, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary.

"*Indebtedness*" means, with respect to any Person:

(1) the principal of any indebtedness of such Person, whether or not contingent, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof), (c) representing

the deferred and unpaid purchase price of any property (except any such balance that constitutes (i) a trade payable or similar obligation to a trade creditor Incurred in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and (iii) liabilities accrued in the ordinary course of business), which purchase price is due more than twelve months after the date of placing the property in service or taking delivery and title thereto, (d) in respect of Capitalized Lease Obligations, or (e) representing any Hedging Obligations, if and to the extent that any of the foregoing indebtedness would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, the obligations referred to in clause (1) of another Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business); and

(3) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); *provided*, *however*, that the amount of such Indebtedness will be the lesser of: (a) the Fair Market Value (as determined in good faith by the Issuers) of such asset at such date of Incurrence, and (b) the amount of such Indebtedness of such other Person;

provided, *however*, that, notwithstanding the foregoing, Indebtedness shall be deemed not to include (1) Contingent Obligations Incurred in the ordinary course of business and not in respect of borrowed money; (2) deferred or prepaid revenues; (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; (4) Obligations under or in respect of Permitted Securitization Financings; (5) trade and other ordinary course payables, accrued expenses and intercompany liabilities arising in the ordinary course of business; (6) [reserved]; (7) obligations in respect of Third Party Funds; (8) in the case of the Issuers and their Restricted Subsidiaries (x) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (y) intercompany liabilities in connection with cash management, tax and accounting operations of the Issuers and their Restricted Subsidiaries; and (9) any obligations under Hedging Obligations that are not Incurred for speculative purposes.

Notwithstanding anything in the indenture to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Accounting Standards Codification Topic No. 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness; and any such amounts that would have constituted Indebtedness under the indenture but for the application of this sentence shall not be deemed an Incurrence of Indebtedness under the indenture.

"*Independent Financial Advisor*" means an accounting, appraisal or investment banking firm or consultant, in each case of nationally recognized standing, that is, in the good faith determination of the Issuers, qualified to perform the task for which it has been engaged.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's or BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality thereof (other than Cash Equivalents),

(2) securities that have a rating equal to or higher than Baa3 (or equivalent) by Moody's and BBB- (or equivalent) by S&P, but excluding any debt securities or loans or advances between and among the Issuers and their Subsidiaries,

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment and/or distribution, and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments and in each case with maturities not exceeding two years from the date of acquisition.

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees of loans), advances or capital contributions (excluding accounts receivable, trade credit and advances to customers and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet of such Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "—Certain Covenants—Limitation on Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the applicable Issuer's equity interest in such Subsidiary) of the Fair Market Value (as determined in good faith by the Issuers) of the net assets of a Subsidiary of an Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, such Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to:

   (a) such Issuer's "Investment" in such Subsidiary at the time of such redesignation less

   (b) the portion (proportionate to such Issuer's equity interest in such Subsidiary) of the Fair Market Value (as determined in good faith by the Issuers) of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value (as determined in good faith by the Issuers) at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

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

"*Junior Lien Obligations*" means Obligations with respect to other Indebtedness permitted to be incurred under the indenture, which is by its terms intended to be secured by Liens on the Collateral that rank junior to the Liens thereon securing the notes.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement or any lease in the nature thereof); *provided* that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

"*Management Group*" means the group consisting of the directors, executive officers and other management personnel of the Issuers or any direct or indirect parent of the Issuers, as the case may be, on May 2, 2016 together with (1) any new directors whose election by such boards of directors or whose nomination for election by the shareholders of the Issuers or any direct or indirect parent of the Issuers, as applicable, was approved by a vote of a majority of the directors of the Issuers or any direct or indirect parent of the Issuers, as applicable, then still in office who were either directors on May 2, 2016 or whose election or nomination was previously so approved and (2) executive officers and other management personnel of the Issuers or any direct or indirect

parent of the Issuers, as applicable, hired at a time when the directors on May 2, 2016 together with the directors so approved constituted a majority of the directors of the Issuers or any direct or indirect parent of the Issuers, as applicable.

"*Material Real Property*" shall mean any parcel or parcels of Real Property located in the United States now or hereafter owned in fee by any Issuer or any Subsidiary Guarantor and having a fair market value (on a per-property basis) of at least $5 million as of (x) July 5, 2015, for Real Property owned as of such date or (y) the date of acquisition, for Real Property acquired after July 5, 2015, in each case as determined by the Company in good faith; *provided*, that "Material Real Property" shall not include (i) any Real Property in respect of which any Issuer or a Subsidiary Guarantor does not own the land in fee simple or (ii) any Real Property which the Issuers or a Subsidiary Guarantor leases to a third party.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Mortgaged Properties*" means the Material Real Property owned in fee by any Issuer or any Subsidiary 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.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"*Net Proceeds*" means the aggregate cash proceeds received by an Issuer or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received in respect of or upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale and any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding the assumption by the acquiring person of Indebtedness relating to the disposed assets or other consideration received in any other non-cash form), net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration (including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions), and any relocation expenses Incurred as a result thereof, taxes paid or payable as a result thereof (including Tax Distributions and after taking into account any available tax credits or deductions and any tax sharing arrangements related solely to such disposition), amounts required to be applied to the repayment of principal, premium (if any) and interest on Indebtedness required (other than pursuant to the second paragraph of the covenant described under "—Certain Covenants—Asset Sales") to be paid as a result of such transaction, and any deduction of appropriate amounts to be provided by the Issuers as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuers after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

Notwithstanding the foregoing or anything to the contrary in the covenant described under "—Certain Covenants—Asset Sales", to the extent that the Issuers have determined in good faith that repatriation (i) of any or all of the Net Proceeds of any Asset Sales by a Foreign Subsidiary is prohibited, restricted or delayed by applicable local law or (ii) of any or all of the Net Proceeds of any Asset Sales by a Foreign Subsidiary that could result in a material adverse tax consequence, the portion of such Net Proceeds so affected will not constitute Net Proceeds or be required to be applied in compliance with the covenant described under "—Certain Covenants—

Asset Sales"; *provided* that, in any event, the Issuers shall use their commercially reasonable efforts to take actions within their reasonable control that are reasonably required to eliminate such tax effects.

"*New Project*" means (x) each plant, facility, branch or store which is either a new plant, facility, branch or store or an expansion, relocation, remodeling, or substantial modernization of an existing plant, facility, branch or store owned by the Issuers or the Restricted Subsidiaries which in fact commences operations and (y) each creation (in one or a series of related transactions) of a business unit (including, without limitation, individual facilities or branches) to the extent such business unit commences operations or each expansion (in one or a series of related transactions) of business into a new market.

"*Notes Obligations*" means Obligations in respect of the notes, the indenture and the Subsidiary Guarantees and the Security Documents.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness (including interest, fees, expenses, indemnity claims and other monetary obligations accrued during the pendency of an insolvency proceeding, whether or not constituting an allowed claim in such proceeding); *provided* that Obligations with respect to the notes shall not include fees or indemnifications in favor of third parties other than the Trustee.

"*Officer*" means the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of an Issuer.

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

"*Opinion of Counsel*" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuers.

"*Other First Lien Facility Obligations*" means other Indebtedness or Obligations of the Issuers and their Restricted Subsidiaries that are secured by Liens on the Collateral that rank senior to the Liens thereon securing the notes, including Indebtedness under the ADT First Lien Notes and the First-Priority Notes.

"*Other Second Lien Obligations*" means other Indebtedness of the Issuers and the Restricted Subsidiaries secured by Liens on the Collateral that rank pari passu with the Liens thereon securing the notes as permitted by the indenture and is designated by the Issuers as an Other Second Lien Obligation in an Officer's Certificate delivered to the Trustee, provided that an authorized representative of the holders of such Indebtedness shall have executed a joinder to the Security Documents.

"*Pari Passu Indebtedness*" means: (a) with respect to the Issuers, the notes and any Indebtedness which ranks *pari passu* in right of payment to the notes; and (b) with respect to any Subsidiary Guarantor, its Subsidiary Guarantee and any Indebtedness which ranks *pari passu* in right of payment to such Subsidiary Guarantor's Subsidiary Guarantee.

"*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 the Company, any direct or indirect parent of the Company and other Permitted Holders and, directly or indirectly, holds or acquires 100% of the total voting power of the Voting Stock of the Company, 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 any New

Parent and its subsidiaries, (iv) any Person who is acting solely as an underwriter in connection with a public or private offering of Equity Interests of the Company or any of its direct or indirect parent companies, acting in such capacity and (v) 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), (iii) and (iv) above and that, directly or indirectly, hold or acquire beneficial ownership of the Voting Stock of the Company (a "*Permitted Holder Group*"), so long as (1) no member of the Permitted Holder Group (other than Permitted Holders specified in clauses (i), (ii), (iii) and (iv) above) has the right to elect a number of directors that is greater than such member's proportional share of directors (with such member's proportional share of directors being determined based on the total number of directors on the applicable board of directors multiplied by the percentage of Voting Stock held or acquired by such member) and (2) no Person or other "group" (other than Permitted Holders specified in clauses (i), (ii), (iii) and (iv) 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.

"*Permitted Investments*" means:

(1) any Investment in an Issuer or any Restricted Subsidiary;

(2) any Investment in Cash Equivalents or Investment Grade Securities;

(3) any Investment by an Issuer or any Restricted Subsidiary in a Person if as a result of such Investment (a) such Person becomes a Restricted Subsidiary, including by means of a Delaware LLC Division, or (b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or divided with, or transfers or conveys all or substantially all of its assets to, or is liquidated into, an Issuer or a Restricted Subsidiary;

(4) any Investment in securities or other assets not constituting Cash Equivalents and received in connection with an Asset Sale made pursuant to the provisions of "—Certain Covenants—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date or (y) as otherwise permitted under the indenture;

(6) loans and advances to officers, directors, employees or consultants of the Issuers or any of their Subsidiaries (i) in the ordinary course of business in an aggregate outstanding amount (valued in good faith by the Issuers at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed the greater of $150.0 million and 5.0% of Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters, (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) in connection with such person's purchase of Equity Interests of the Company or any direct or indirect parent of the Company solely to the extent that the amount of such loans and advances shall be contributed to the Company in cash as common equity;

(7) any Investment acquired by an Issuer or any Restricted Subsidiary (a) in exchange for any other Investment or accounts receivable held by such Issuer or such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable, or (b) as a result of a foreclosure by an Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Hedging Obligations permitted under clause (j) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(9) any Investment by an Issuer or any Restricted Subsidiary in a Similar Business in an aggregate outstanding amount (valued in good faith by the Issuers at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof), taken together with all other Investments made pursuant to this clause (9) that are at that time outstanding, not to exceed the sum of (x) the greater of (i) $150.0 million and (ii) 5.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters plus (y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided*, *however*, that if any Investment pursuant to this clause (9) is made in any Person that is not an Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes an Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (9) for so long as such Person continues to be an Issuer or a Restricted Subsidiary;

(10) additional Investments by an Issuer or any Restricted Subsidiary in an aggregate outstanding amount (valued in good faith by the Issuers at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof), taken together with all other Investments made pursuant to this clause (10) that are at that time outstanding, not to exceed the sum of (x) the greater of (i) $350.0 million and (ii) 12.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters plus (y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided*, *however*, that if any Investment pursuant to this clause (10) is made in any Person that is not an Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes an Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (10) for so long as such Person continues to be an Issuer or a Restricted Subsidiary;

(11) loans and advances to officers, directors or employees for business-related travel expenses, moving expenses and other similar expenses, in each case Incurred in the ordinary course of business or consistent with past practice or to fund such person's purchase of Equity Interests of the Company or any direct or indirect parent of the Company;

(12) Investments the payment for which consists of Equity Interests of the Company (other than Disqualified Stock) or any direct or indirect parent of the Company, as applicable; *provided*, *however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the definition of Cumulative Credit contained in "—Certain Covenants—Limitation on Restricted Payments";

(13) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (4), (6), (9)(b) and (16) of such paragraph);

(14) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing or other arrangements with other Persons;

(15) guarantees issued in accordance with the covenants described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Certain Covenants—Future Subsidiary Guarantors," including, without limitation, any guarantee or other obligation issued or incurred under the First Lien Credit Agreement in connection with any letter of credit issued for the account of the Issuers or any of their Subsidiaries (including with respect to the issuance of, or payments in respect of drawings under, such letters of credit);

(16) Investments consisting of or to finance purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property;

(17) any Investment in a Special Purpose Securitization Subsidiary or any Investment by a Special Purpose Securitization Subsidiary in any other Person in connection with a Permitted Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Permitted Securitization Financing or any related Indebtedness;

(18) any Investment in an entity which is not a Restricted Subsidiary to which a Restricted Subsidiary sells Securitization Assets pursuant to a Permitted Securitization Financing;

(19) additional Investments in joint ventures not to exceed, at any one time in the aggregate outstanding under this clause (19), the sum of (x) the greater of (i) $150.0 million and (ii) 5.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters plus (y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment (with the Fair Market Value of each Investment being measured at the time such Investment is made and without giving effect to subsequent changes in value); *provided*, *however*, that an Issuer or any Restricted Subsidiary may make additional Investments in joint ventures if the Total Indebtedness Leverage Ratio for the most recently ended four fiscal quarters for which financial statements have been made available immediately preceding such Investment is not greater than 3.40 to 1.00 on a *pro forma* basis after giving effect to such Investment as if it had occurred at the beginning of such four fiscal quarters; *provided*, *further*, *however*, that if any Investment pursuant to this clause (19) is made in any Person that is not an Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes an Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (19) for so long as such Person continues to be an Issuer or a Restricted Subsidiary;

(20) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged into, amalgamated with, or consolidated with an Issuer or a Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "—Certain Covenants—Merger, Amalgamation, Consolidation or Sale of All or Substantially All Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(21) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(22) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Issuers or their Restricted Subsidiaries;

(23) any Investment in any Subsidiary of the Issuers or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;

(24) guarantees of Indebtedness under customer financing lines of credit in the ordinary course of business;

(25) any Investment so long as immediately after giving effect to such Investment, the Total Indebtedness Leverage Ratio for the most recently ended four fiscal quarters for which financial statements have been made available immediately preceding such Investment is not greater than 3.40 to 1.00; and

(26) Investments in any First Lien Notes, ADT First Lien Notes or the notes including any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any First Lien Notes, ADT First Lien Notes or the notes.

"*Permitted Liens*" means, with respect to any Person:

(1) pledges or deposits and other Liens granted by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds, performance and return of money bonds, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, construction or other like Liens securing obligations that are not overdue by more than 30 days or that are being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(3) Liens for taxes, assessments or other governmental charges not yet overdue by more than 30 days or that are being contested in good faith by appropriate proceedings;

(4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit, bankers' acceptances or similar obligations issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, trackage rights, special assessments, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) (A) Liens on assets of a Subsidiary that is not a Subsidiary Guarantor securing Indebtedness of a Subsidiary that is not a Subsidiary Guarantor permitted to be Incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(B) Liens (including Liens securing First Priority Lien Obligations) securing obligations in respect of (x) Indebtedness permitted to be Incurred pursuant to clauses (a) and (aa) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (y) any Indebtedness permitted to be Incurred under the indenture if, as of the date such Indebtedness was Incurred, and after giving *pro forma* effect thereto and the application of the net proceeds therefrom, the Senior Secured Leverage Ratio of the Issuers does not exceed 3.20 to 1.00 (*provided* that for purposes of determining the amount of Liens that may be Incurred under this clause (6)(B)(y), all such Indebtedness shall be

treated as Secured Indebtedness constituting First Priority Lien Obligations); *provided* that if such Liens secure First Priority Lien Obligations or Second Priority Lien Obligations, such Liens shall be subject to the First Lien/Second Lien Intercreditor Agreement;

(C) Liens (other than Liens securing First Priority Lien Obligations) securing obligations in respect of (x) Indebtedness permitted to be Incurred pursuant to clause (b) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (including Liens securing the Notes Obligations) and (y) any Indebtedness permitted to be Incurred under the indenture if, as of the date such Indebtedness was Incurred, and after giving *pro forma* effect thereto and the application of the net proceeds therefrom, the Secured Leverage Ratio of the Issuers does not exceed 3.60 to 1.00, *provided* that if such Liens secure Second Priority Obligations, such Liens shall be subject to the First Lien/Second Lien Intercreditor Agreement;

(D) Liens securing Obligations in respect of Indebtedness permitted to be Incurred pursuant to clause (d), (l) (or (n) to the extent it guarantees any such Indebtedness), (p) or (t) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (*provided* that (i) in the case of clause (p), Liens securing First Priority Lien Obligations in respect of Indebtedness Incurred pursuant to clause (p) shall only be permitted under this clause (D) if, on a pro forma basis after giving effect to the Incurrence of such Indebtedness and Liens, the Senior Secured Leverage Ratio of the Issuers does not exceed 3.20 to 1.00 or the Senior Secured Leverage Ratio of the Issuers would be no greater than immediately prior to such Incurrence, (ii) in the case of clause (p), Liens (other than Liens securing First Priority Obligations) in respect of Indebtedness Incurred pursuant to clause (p) shall only be permitted under this clause (D) if, on a pro forma basis after giving effect to the Incurrence of such Indebtedness and Liens, the Secured Leverage Ratio of the Issuers does not exceed 3.60 to 1.00 or the Secured Leverage Ratio of the Issuers would be no greater than immediately prior to such Incurrence and (iii) in the case of clause (t), such Lien does not extend to the property or assets of any Subsidiary of an Issuer other than a Restricted Subsidiary that is not a Subsidiary Guarantor).

(7) Liens existing on the Issue Date (other than Liens in favor of (w) holders of the notes, (x) the lenders under the First Lien Credit Agreement, (y) holders of the ADT First Lien Notes or (z) holders of the First-Priority Notes);

(8) Liens on assets, property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided*, *however*, that such Liens (other than Liens to secure Indebtedness Incurred pursuant to clause (p) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") are not created or Incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided*, *further*, *however*, that such Liens (other than Liens to secure Indebtedness Incurred pursuant to clause (p) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") may not extend to any other property owned by an Issuer or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(9) Liens on assets or property at the time an Issuer or a Restricted Subsidiary acquired the assets or property, including any acquisition by means of a merger, amalgamation or consolidation with or into an Issuer or any Restricted Subsidiary; *provided*, *however*, that such Liens (other than Liens to secure Indebtedness Incurred pursuant to clause (p) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") are not created or Incurred in connection with, or in contemplation of, such acquisition; *provided*, further, *however*, that the Liens (other than Liens to secure Indebtedness

Incurred pursuant to clause (p) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") may not extend to any other property owned by an Issuer or any Restricted Subsidiary (other than pursuant to after-acquired property clauses in effect with respect to such Lien at the time of acquisition on property of the type that would have been subject to such Lien notwithstanding the occurrence of such acquisition);

(10) Liens securing Indebtedness or other obligations of an Issuer or a Restricted Subsidiary owing to another Issuer or another Restricted Subsidiary permitted to be Incurred in accordance with the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Liens securing Hedging Obligations not incurred in violation of the indenture; *provided* that, with respect to Hedging Obligations relating to Indebtedness, such Lien extends only to the property securing such Indebtedness (other than Hedging Obligations constituting Secured Bank Indebtedness);

(12) Liens on inventory or other goods and proceeds of any Person securing such Person's obligations in respect of documentary letters of credit, bank guarantees or bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of an Issuer or any of the Restricted Subsidiaries;

(14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases or other obligations not constituting Indebtedness;

(15) Liens in favor of an Issuer or any Subsidiary Guarantor;

(16) Liens in respect of Permitted Securitization Financings that extend only to the assets subject thereto;

(17) pledges and deposits and other Liens made in the ordinary course of business to secure liability to insurance carriers;

(18) Liens on the Equity Interests of Unrestricted Subsidiaries;

(19) leases or subleases, and licenses or sublicenses (including with respect to intellectual property) granted to others in the ordinary course of business;

(20) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancings, refundings, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in clauses (6), (7), (8), (9), (10), (11), (15) and (25) of this definition; *provided*, *however*, that (x) such new Lien shall be limited to all or part of the same property (including any after acquired property to the extent it would have been subject to the original Lien) that secured the original Lien (plus improvements on and accessions to such property, proceeds and products thereof, customary security deposits and any other assets pursuant to the after-acquired property clauses to the extent such assets secured (or would have secured) the Indebtedness being refinanced, refunded, extended, renewed or replaced), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount (or accreted value, if applicable) or, if greater, committed amount of the applicable Indebtedness described under clauses (6), (7), (8), (9), (10), (11), (15) and (25) at the time the original Lien became a Permitted Lien under the indenture, (B) unpaid accrued interest and premiums (including tender premiums), and (C) an amount necessary to pay any underwriting discounts, defeasance costs, commissions, fees and expenses related to such refinancing, refunding, extension, renewal or replacement; *provided further, however,* that in the case of any Liens to secure any refinancing, refunding, extension or renewal of Indebtedness secured by a Lien referred to in clause (6)(B), (6)(C) or (6)(D), the principal amount of any Indebtedness Incurred for such refinancing, refunding,

extension or renewal shall be deemed secured by a Lien under clause (6)(B), (6)(C) or (6)(D) and not this clause (20) for purposes of determining the principal amount of Indebtedness outstanding under clause (6)(B), (6)(C) or (6)(D);

(21) Liens on equipment of an Issuer or any Restricted Subsidiary granted in the ordinary course of business to such Issuer's or such Restricted Subsidiary's client at which such equipment is located;

(22) judgment and attachment Liens not giving rise to an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(23) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into in the ordinary course of business;

(24) Liens incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business;

(25) other Liens securing obligations the outstanding principal amount of which does not, taken together with the principal amount of all other obligations secured by Liens incurred under this clause (25) and any Liens to secure any refinancing, refunding, extension or renewal in respect thereof incurred pursuant to clause (20) above, that are at that time outstanding, exceed the greater of $425.0 million and 15.0% of the Pro Forma EBITDA of the Issuers for the most recently ended four full fiscal quarters for which financial statements have been made available immediately preceding such event and giving *pro forma* effect thereto as if such event occurred at the beginning of such four fiscal quarters;

(26) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement securing obligations of such joint venture or pursuant to any joint venture or similar agreement;

(27) any amounts held by a trustee in the funds and accounts under an indenture securing any revenue bonds issued for the benefit of an Issuer or any Restricted Subsidiary, under any indenture issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture pursuant to customary discharge, redemption or defeasance provisions;

(28) Liens (i) arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business or (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(29) Liens (i) in favor of credit card companies pursuant to agreements therewith and (ii) in favor of customers;

(30) Liens disclosed by the title insurance policies delivered on (with respect to all mortgages delivered on the Issue Date) or subsequent to the Issue Date and pursuant to the First Lien Credit Agreement, the ADT First Lien Notes, the First-Priority Notes and any replacement, extension or renewal of any such Lien; *provided* that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; *provided*, *further*, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted under the indenture;

(31) Liens that are contractual rights of set-off or rights of pledge (a) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (b) relating to pooled deposit or sweep accounts of the Issuers or any of their Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuers and their Restricted Subsidiaries or (c) relating to purchase orders and other agreements entered into

with customers, suppliers or service providers of an Issuer or any Restricted Subsidiary in the ordinary course of business;

(32) in the case of real property that constitutes a leasehold interest, any Lien to which the fee simple interest (or any superior leasehold interest) is subject;

(33) Liens in respect of Third Party Funds;

(34) agreements to subordinate any interest of an Issuer or any Restricted Subsidiary in any accounts receivable or other prices arising from inventory consigned by an Issuer or any Restricted Subsidiary pursuant to an agreement entered into in the ordinary course of business;

(35) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents under clause (4) of the definition thereof;

(36) Liens securing insurance premium financing arrangements; *provided* that such Liens are limited to the applicable unearned insurance premiums; and

(37) Liens on the Collateral securing Junior Lien Obligations; *provided* that the notes are secured by Liens on the Collateral that rank senior to such Obligations until such time as such obligations are no longer secured by a Lien; and *provided*, *further* that such Liens shall be subject to a customary intercreditor agreement.

"*Permitted Securitization Financing*" means one or more transactions pursuant to which (i) Securitization Assets or interests therein are sold to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance their acquisition of such Securitization Assets or interests therein, or the financing thereof, by selling or borrowing against Securitization Assets and any hedging agreements entered into in connection with such Securitization Assets; *provided*, that recourse to an Issuer or any Restricted Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by an Issuer in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with respect to any transfer by an Issuer or any Restricted Subsidiary (other than a Special Purpose Securitization Subsidiary)).

"*Person*" or "*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.

"*Preferred Stock*" means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding up.

"*Pre-Opening Expenses*" means, with respect to any fiscal period, the amount of expenses (other than interest expense) incurred with respect to branches which are classified as "pre-opening rent," "pre-opening expenses" or "branch-opening costs" (or any similar or equivalent caption).

"*Pro Forma EBITDA*" means, with respect to any Person, at any date, the EBITDA of such Person for the full four fiscal quarters for which financial statements have been made available immediately preceding such date, subject to the following adjustments. In the event that an Issuer or any Restricted Subsidiary Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which Pro Forma EBITDA is being calculated but prior to the event for which the calculation of Pro Forma EBITDA is made (the "*Pro Forma EBITDA Calculation Date*"), then Pro Forma EBITDA shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations that an Issuer or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Pro Forma EBITDA Calculation Date (each, for purposes of this definition, a "*pro forma event*") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into an Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, New Project, restructuring or reorganization that would have required adjustment pursuant to this definition, then Pro Forma EBITDA shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, New Project, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then Pro Forma EBITDA shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuers. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuers, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event, and (2) all adjustments of the nature used in connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Pro Forma EBITDA Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuers may designate.

For purposes of making the computation referred to above, in giving effect to each New Project which commences operations and records not less than one full fiscal quarter's operations during such period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Issuers in good faith.

"*Public Company Compliance*" means compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the

Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors' and officers' insurance, legal and other professional fees, and listing fees.

"*Rating Agency*" means (1) each of Moody's and S&P and (2) if Moody's or S&P ceases to rate the notes for reasons outside of the Issuers' control, a "nationally recognized statistical rating organization" within the meaning of Rule 15cs-1(c)(2)(vi)(F) under the Exchange Act selected by an Issuer or any direct or indirect parent of the Company as a replacement agency for Moody's or S&P, as the case may be.

"*Real Property*" means, collectively, all right, title and interests (including any leasehold, mineral or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any Person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all buildings, structures, parking areas and improvements and appurtenant fixtures and equipment, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

"*Receivables Assets*" shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by an Issuer or any Subsidiary.

"*Restricted Cash*" means cash and Cash Equivalents held by Restricted Subsidiaries that would appear as "restricted" on a consolidated balance sheet of the Issuers or any of their Restricted Subsidiaries.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, with respect to any Person, any Subsidiary of such Person other than an Unrestricted Subsidiary of such Person. Unless otherwise indicated in this "Description of Notes," all references to Restricted Subsidiaries shall mean Restricted Subsidiaries of the Issuers.

"*Sale/Leaseback Transaction*" means an arrangement relating to property now owned or hereafter acquired by an Issuer or a Restricted Subsidiary whereby such Issuer or such Restricted Subsidiary transfers such property to a Person and such Issuer or such Restricted Subsidiary leases it from such Person, other than leases between an Issuer and a Restricted Subsidiary or between Issuers or Restricted Subsidiaries.

"*S&P*" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"*SEC* " means the Securities and Exchange Commission.

"*Secured Bank Indebtedness*" means any Bank Indebtedness that is secured by a Permitted Lien incurred or deemed incurred pursuant to clause (6) of the definition of Permitted Liens, as designated by the Issuers to be included in this definition.

"*Second Lien Notes Collateral Agent*" means the Trustee in its capacity as "Collateral Agent" under the indenture and under the Security Documents and any successor thereto in such capacity.

"*Second Lien Secured Parties*" means the means the Persons holding any Second Priority Lien Obligations, including the Trustee, the Second Lien Notes Collateral Agent and the holders of the notes.

"*Second Priority Lien Obligations*" means, collectively, the notes and each series of Other Second Lien Obligations, or any of the foregoing.

"*Secured Indebtedness*" means any Consolidated Total Indebtedness secured by a Lien.

"*Secured Cash Management Agreement*" shall mean any Cash Management Agreement that is entered into by and between Holdings, any Issuer or any Subsidiary Guarantor and any Cash Management Bank, or any Guarantee by Holdings, any Issuer or any Subsidiary Guarantor of any Cash Management Agreement entered into by and between any Subsidiary and any Cash Management Bank, in each case to the extent that such Cash Management Agreement or such Guarantee, as applicable, is not otherwise designated in writing by the Company and such Cash Management Bank to the administrative agent under the First Lien Credit Agreement to not be included as a Secured Cash Management Agreement.

"*Secured Hedge Agreement*" shall mean any Hedging Agreement that is entered into by and between Holdings, any Issuer or any Subsidiary Guarantor and any Hedge Bank, or any Guarantee by Holdings, any Issuer or any Subsidiary Guarantor of any Hedging Agreement entered into by and between any Subsidiary and any Hedge Bank, in each case to the extent that such Hedging Agreement or such Guarantee, as applicable, is not otherwise designated in writing by the Company and such Hedge Bank to the administrative agent under the First Lien Credit Agreement to not be included as a Secured Hedge Agreement.

"*Secured Leverage Ratio*" means, with respect to any Person, at any date, the ratio of (i) Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) less the amount of cash and Cash Equivalents in excess of any Restricted Cash that would be stated on the balance sheet of such Person and its Restricted Subsidiaries and held by such Person and its Restricted Subsidiaries as of such date of determination to (ii) EBITDA of such Person for the four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that an Issuer or any Restricted Subsidiary Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Secured Leverage Ratio is being calculated but prior to the event for which the calculation of the Secured Leverage Ratio is made (the "*Secured Leverage Calculation Date*"), then the Secured Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations that an Issuer or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Secured Leverage Calculation Date (each, for purposes of this definition, a "*pro forma event*") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into an Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, New Project, restructuring or reorganization that would have required adjustment pursuant to this definition, then the Secured Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, New Project, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Secured Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuers. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuers, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event, and (2) all adjustments of the nature used in connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Secured Leverage Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuers may designate.

For purposes of making the computation referred to above, in giving effect to each New Project which commences operations and records not less than one full fiscal quarter's operations during such period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Issuers in good faith.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Securitization Assets*" shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by an Issuer or any Subsidiary or in which an Issuer or any Subsidiary has any rights or interests, in each case, without regard to where such assets or interests are located: (a) Receivables Assets, (b) franchise fee payments and other revenues related to franchise agreements, (c) royalty and other similar payments made related to the use of trade names and other intellectual property, business support, training and other services, (d) revenues related to distribution and merchandising of the products of an Issuer and its Subsidiaries, (e) rents, real estate taxes and other non-royalty amounts due from franchisees, (f) intellectual property rights relating to the generation of any of the foregoing types of assets, (g) parcels of or interests in real property, together with all easements, hereditaments and appurtenances thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof, and (h) any other assets and property to the extent customarily included in securitization transactions of the relevant type in the applicable jurisdictions (as determined by the Issuers in good faith).

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, Mortgages and related agreements, 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 Second Lien Notes Collateral Agent for the benefit of the Trustee and the holders of the notes as contemplated by the indenture.

"*Senior Secured Leverage Ratio*" means, with respect to any Person, at any date, the ratio of (i) Secured Indebtedness of such Person and its Restricted Subsidiaries constituting First Priority Lien Obligations as of such date of calculation (determined on a consolidated basis in accordance with GAAP) less the amount of cash and Cash Equivalents in excess of any Restricted Cash that would be stated on the balance sheet of such Person and its Restricted Subsidiaries and held by such Person and its Restricted Subsidiaries as of such date of determination to (ii) EBITDA of such Person for the four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that an Issuer or any Restricted Subsidiary Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Senior Secured Leverage Ratio is being calculated but prior to the event for which the calculation of the Senior Secured Leverage Ratio is made (the "*Senior Secured Leverage Calculation Date*"), then the Senior Secured Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations that an Issuer or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Secured Leverage Calculation Date (each, for purposes of this definition, a "*pro forma event*") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into an Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, New Project, restructuring or reorganization that would have required adjustment pursuant to this definition, then the Senior Secured Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, New Project, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Senior Secured Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuers. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuers, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event, and (2) all adjustments of the nature used in connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Senior Secured Leverage Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or

accounting officer of the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuers may designate.

For purposes of making the computation referred to above, in giving effect to each New Project which commences operations and records not less than one full fiscal quarter's operations during such period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Issuers in good faith.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Issuers within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC (or any successor provision).

"*Similar Business*" means any business, the majority of whose revenues are derived from (i) the business or activities of the Issuers and their Subsidiaries as of the Issue Date, (ii) any business that is a natural outgrowth or a reasonable extension, development or expansion of any such business or any business similar, reasonably related, incidental, complementary or ancillary to any of the foregoing or (iii) any business that in the Issuers' good faith business judgment constitutes a reasonable diversification of business conducted by the Issuers and their Subsidiaries.

"*Special Purpose Securitization Subsidiary*" means (i) a direct or indirect Subsidiary of an Issuer established in connection with a Permitted Securitization Financing for the acquisition of Securitization Assets or interests therein, and which is organized in a manner (as determined by an Issuer in good faith) intended to reduce the likelihood that it would be substantively consolidated with an Issuer or any of the Restricted Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event such Issuer or any such Retracted Subsidiary becomes subject to a proceeding under the Bankruptcy Code (or other insolvency law) and (ii) any subsidiary of a Special Purpose Securitization Subsidiary.

"*Sponsors*" means (i) one or more investment funds affiliated with Apollo Global Management, Inc. and any of their respective Affiliates other than any 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.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"*Subordinated Indebtedness*" means (a) with respect to an Issuer, any Indebtedness of such Issuer which is by its terms subordinated in right of payment to the notes, and (b) with respect to any Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor which is by its terms subordinated in right of payment to its Subsidiary Guarantee.

"*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.

"*Subsidiary Guarantee*" means any guarantee of the obligations of the Issuers under the indenture and the notes by any Subsidiary Guarantor in accordance with the provisions of the indenture.

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

"*Tax Distributions*" means any distributions described in clause (12) of the covenant entitled "—Certain Covenants—Limitation on Restricted Payments."

"*Third Party Funds*" means any accounts or funds, or any portion thereof, received by either Issuer or any of their Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon either Issuer or one or more of their Subsidiaries to collect and remit those funds to such third parties.

"*TIA*" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of the indenture.

"*Total Assets*" means the total consolidated assets of the Issuers and the Restricted Subsidiaries, as shown on the most recent balance sheet of the Issuers, without giving effect to any impairment or amortization of the amount of intangible assets since the Issue Date, calculated on a pro forma basis after giving effect to any subsequent acquisition or disposition of a Person or business.

"*Total Indebtedness Leverage Ratio*" means, with respect to any Person, at any date, the ratio of (i) Consolidated Total Indebtedness of such Person and its Restricted Subsidiaries as of such date of calculation (determined on a consolidated basis in accordance with GAAP) less the amount of cash and Cash Equivalents in excess of any Restricted Cash that would be stated on the balance sheet of such Person and its Restricted Subsidiaries and held by such Person and its Restricted Subsidiaries as of such date of determination to (ii) EBITDA of such Person for the four full fiscal quarters for which financial statements have been made available immediately preceding such date on which such additional Indebtedness is Incurred. In the event that an Issuer or any Restricted Subsidiary Incurs, repays, repurchases or redeems any Indebtedness subsequent to the commencement of the period for which the Total Indebtedness Leverage Ratio is being calculated but prior to the event for which the calculation of the Total Indebtedness Leverage Ratio is made (the "Total Indebtedness Leverage Calculation Date"), then the Total Indebtedness Leverage Ratio shall be calculated giving pro forma effect to such Incurrence, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and discontinued operations (as determined in accordance with GAAP) and any operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations

that the Issuers or any Restricted Subsidiary has determined to make and/or made during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Total Indebtedness Leverage Calculation Date (each, for purposes of this definition, a "pro forma event") shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, discontinued operations and other operational changes, business realignment projects or initiatives, New Projects, restructurings or reorganizations (and the change of any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into an Issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation, amalgamation, discontinued operation, operational change, business realignment project or initiative, New Project, restructuring or reorganization that would have required adjustment pursuant to this definition, then the Total Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, discontinued operation, merger, amalgamation, consolidation, operational change, business realignment project or initiative, New Project, restructuring or reorganization had occurred at the beginning of the applicable four-quarter period. If since the beginning of such period any Restricted Subsidiary is designated an Unrestricted Subsidiary or any Unrestricted Subsidiary is designated a Restricted Subsidiary, then the Total Indebtedness Leverage Ratio shall be calculated giving pro forma effect thereto for such period as if such designation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to any pro forma event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuers. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Issuers, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from the applicable event, and (2) all adjustments of the nature used in connection with the calculation of "Covenant Adjusted EBITDA (Pre-SAC)" as set forth in the offering memorandum for the notes or otherwise consistent with the indenture to the extent such adjustments, without duplication, continue to be applicable to such four-quarter period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Total Indebtedness Leverage Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuers to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuers may designate.

For purposes of making the computation referred to above, in giving effect to each New Project which commences operations and records not less than one full fiscal quarter's operations during such period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Issuers in good faith.

For purposes of this definition, any amount in a currency other than U.S. dollars will be converted to U.S. dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

"*Transactions"* means the transactions described under "Summary—The Transactions."

"*Treasury Rate*" means, as of the applicable redemption date, as determined by the Issuers, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to , 2023; *provided*, *however*, that if the period from such redemption date to , 2023, as applicable, is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trust Officer*" means any officer:

(1) within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject, and

(2) who shall have direct responsibility for the administration of the indenture.

"*Trustee*" means the party named as such in the indenture until a successor replaces it and, thereafter, means the successor.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of an Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary;

The Issuers may designate any Subsidiary of the Issuers (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless at the time of such designation such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on any property of, an Issuer or any other Restricted Subsidiary of an Issuer that is not a Subsidiary of the Subsidiary to be so designated, in each case at the time of such designation; *provided*, *however*, that (i) the Subsidiary to be so designated and its Subsidiaries do not at the time of designation have and do not thereafter Incur any Indebtedness pursuant to which the lender has recourse to any of the assets of an Issuer or any of the Restricted Subsidiaries unless otherwise permitted under the covenant described under "—Certain Covenants—Limitation on Restricted Payments" and (ii) an Issuer may not designate any Subsidiary of an Issuer to be an Unrestricted Subsidiary during any Suspension Period; *provided*, *further*, *however*, that either:

(a) the Subsidiary to be so designated has total consolidated assets of $1,000 or less; or

(b) if such Subsidiary has consolidated assets greater than $1,000, then such designation would be permitted under the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

The Issuers may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, *however*, that immediately after giving effect to such designation:

(x) (1) the Issuers could Incur $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or (2) the Fixed Charge Coverage Ratio of the Issuers and their Restricted Subsidiaries would be no less than such ratio immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation, and

(y) no Event of Default shall have occurred and be continuing.

Any such designation by the Issuers shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors or any committee thereof of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*U.S. Government Obligations*" means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

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

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness or Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment, by (2) the sum of all such payments.

"*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 defined below) 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 in or 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 (A) 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 (B) 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 a partnership (or other 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, and if the IRS were to challenge this 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, and a Holder might be required 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 Interest

Each payment of qualified 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 note with a term that exceeds one year will constitute a discount note issued with OID if the stated redemption price at maturity of the note exceeds its issue price by more than the de minimis amount of ¼ of 1 percent of the "stated redemption price at maturity" multiplied by the number of complete years from the issue date of the note to its maturity. A note's "issue price" generally is the first price at which a substantial amount of notes included in the issue of which the note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The "stated redemption price at maturity" of a note is the total of all payments provided by the note that are not payments of "qualified stated interest." 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.

It is not expected that the Notes will be issued with OID. If, however, the stated redemption price of a Note exceeds its issue price by more than a de minimis amount, a U.S. Holder will be required to treat such excess amount as OID, which is treated for U.S. federal income tax purposes as accruing over the term of the Note as interest income to such U.S. Holder. A U.S. Holder's adjusted tax basis in a Note would be increased by the amount of any OID included in such U.S. Holder's gross income. In compliance with Treasury regulations, if we determine that the Notes have OID, we will provide certain information to the IRS and/or U.S. Holders that is relevant to determining the amount of OID in each 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, 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 its Note will be equal to its cost; the issue date of such U.S. Holder's 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, retirement or other disposition of a Note, a U.S. Holder will recognize gain or loss in an amount equal to the difference between the sum of 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, decreased (but not below zero) by any payment previously received other than qualified stated interest payments. 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 that are individuals, estates or trusts and whose income exceeds certain thresholds are required to pay an additional 3.8 percent 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 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 any 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 exception 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 of a Note 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 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 to foreign financial institutions that are not in compliance with FATCA. The U.S. Department of the Treasury 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 purchaser 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 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 purchaser 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 Issuers, the initial purchaser 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 purchaser 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 purchaser. 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 Issuers, the guarantors and Barclays Capital Inc., we have agreed to sell to the initial purchaser, and the initial purchaser has agreed to purchase from us all of the Notes.

The Purchase Agreement provides that the obligations of the initial purchaser 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 purchaser has 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 purchaser. The initial purchaser reserves the right to reject an order of Notes in whole or in part.

The Purchase Agreement provides that we will indemnify the initial purchaser against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the initial purchaser 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 Barclays Capital Inc. 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 purchaser has advised us that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The initial purchaser is 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 purchaser. 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 , 2020 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 purchaser has agreed that it 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 purchaser 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.

Notice to Prospective Investors in the European Economic Area ("EEA")

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 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 MiFID II;

(ii) a customer within the meaning of Directive 2016/97/EU (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 the Directive 2003/71/EC (as amended, the "Prospectus Directive").

Consequently no key information document required by 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 Directive from the requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Directive.

Notice to Prospective Investors in the United Kingdom

The Initial Purchaser has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Market Act 200 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the initial purchaser from time to time.

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 purchaser is 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 Issuers have 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 purchaser may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The initial purchaser 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 purchaser 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 purchaser is not required to engage in these activities, and may end these activities at any time.

Other Relationships

The initial purchaser or any of its 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 purchaser or one of its 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 Issuers and/or the Company. The initial purchaser or its 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 the initial purchaser and/or its 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. The initial purchaser and/or its affiliates may hold the Prime Notes, and to the extent the notes are redeemed pursuant to the Prime Notes Redemption, such initial purchaser or its affiliates may receive a portion of the proceeds of this offering that are being used to redeem the Prime Notes. See “Use of Proceeds”.

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 purchaser by Cahill Gordon & Reindel LLP, New York, New York.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, incorporated by reference in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

$1,300,000,000

PRIME SECURITY SERVICES BORROWER, LLC
PRIME FINANCE INC.

$1,300,000,000
% Second-Priority Senior Secured Notes due 2028

OFFERING MEMORANDUM

, 2020

Sole Book-Running Manager

Barclays