UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2017

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File Number: 001-38352



ADT Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-4116383**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1501 Yamato Road
Boca Raton, Florida 33431
(561) 322-7235

(Address of principal executive offices, including zip code, Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐ Emerging growth company ☐

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's common stock, $0.01 par value, was 749,131,653 (excluding 17,767,101 unvested shares of common stock) as of March 8, 2018 .

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report ("Annual Report") contains certain information that may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that all statements contained in this report that are not clearly historical in nature, including statements regarding anticipated financial performance, management's plans and objectives for future operations, business prospects, market conditions, and other matters are forward-looking. Forward-looking statements are contained principally in the sections of this report entitled "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Without limiting the generality of the preceding sentence, any time we use the words "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

Forward-looking information involves risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements, including without limitation, the risks and uncertainties disclosed in Item 1.A of this report under the heading "Risk Factors." Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. Much of the information in this report that looks toward future performance of our Company is based on various factors and important assumptions about future events that may or may not actually occur. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements included in the Annual Report. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Definitions

Unless otherwise indicated or the context otherwise requires, references in the Annual Report to (i) "we," "our," "us," "ADT," and the "Company" refer to ADT Inc., a Delaware corporation (formerly named Prime Security Services Parent, Inc.) and each of its consolidated subsidiaries, (ii) "The ADT Corporation" refers to The ADT Security Corporation (formerly named The ADT Corporation) and each of its consolidated subsidiaries prior to the consummation of the ADT Acquisition described below under "Item 1. Business—Our Formation," (iii) "ASG" refers to ASG Intermediate Holding Corp. and each of its consolidated subsidiaries prior to the consummation of the ASG Acquisition described below under "Item 1. Business— Our Formation," (iv) "Protection One" refers to Protection One, Inc. and each of its consolidated subsidiaries prior to the consummation of the Protection One Acquisition described below under "Item 1. Business— Our Formation," (v) "Holdings" refers to Prime Security Services Holdings, LLC, (vi) "Prime Borrower" refers to Prime Security Services Borrower, LLC, (vii) "Ultimate Parent" refers to Prime Security Services TopCo Parent, LP, our direct parent company, (viii) "Parent GP" refers to Prime Security Services TopCo Parent GP, LLC, the general partner of Ultimate Parent, which is controlled by affiliates of our Sponsor (as defined below), and (ix) our "Sponsor" refers to certain investment funds directly or indirectly managed by Apollo Global Management, LLC, its subsidiaries, and its affiliates ("Apollo").

PART I

ITEM 1. BUSINESS.

Our Company

We are the leading provider of monitored security, interactive home and business automation, and related monitoring services in the United States (or "U.S.") and Canada. Our mission is to help our customers protect and connect to what matters most—their families, homes, and businesses. The ADT brand is synonymous with security and, as the most recognized and trusted brand in the industry, is a key driver of our success. Excluding contracts monitored but not owned, we currently serve approximately 7.2 million residential and business customers, making us the largest company of our kind in the United States and Canada. We are one of the largest full-service companies with a national footprint providing both residential and commercial monitored security. We deliver an integrated customer experience by maintaining the industry's largest sales, installation, and service field force, as well as a 24/7 professional monitoring network, all supported by approximately 18,000 employees. We handle approximately 15 million alarms annually. We provide support from over 200 sales and service locations and through our 12 monitoring centers listed by Underwriters Laboratories ("U.L.").

Our Formation

On July 1, 2015, we consummated two acquisitions that were instrumental in the formation of our company. First, we acquired Protection One (the "Protection One Acquisition"). Second, on July 1, 2015, we acquired ASG (the "ASG Acquisition" and collectively with the Protection One Acquisition, referred to as the "Formation Transactions"). Prior to the Formation Transactions, on July 1, 2015, ADT Inc. was a holding company with no assets or liabilities. Protection One is the predecessor of ADT Inc. for accounting purposes.

On May 2, 2016, we acquired The ADT Corporation (the "ADT Acquisition"). The ADT Acquisition significantly increased our market share in the security industry making us the largest monitored security company in the United States and Canada.

All of the aforementioned acquisitions were funded by a combination of equity invested by certain investment funds directly or indirectly affiliated with or managed by our Sponsor and new and/or assumed borrowings. In addition, concurrently with the consummation of the ADT Acquisition, ADT Inc. issued 750,000 shares of Series A preferred securities (the "Koch Preferred Securities") and Ultimate Parent issued 7,620,730 detachable warrants for the purchase of Class A-1 Units in Ultimate Parent to an affiliate of Koch Industries, Inc. (the "Koch Investor") for an aggregate amount in cash of $750 million.

On January 23, 2018, we consummated an initial public offering of 105,000,000 shares of our common stock at an initial public offering price of $14.00 per share pursuant to a Registration Statement on Form S-1 (Registration No. 333-222233), which was declared effective by the U.S. Securities and Exchange Commission ("SEC") on January 18, 2018 (the "IPO" or the "Initial Offering"). The aggregate gross proceeds from the IPO were approximately $1,470 million, or $1,415 million after reflecting underwriting discounts of approximately $55 million. Upon consummation of the IPO, we deposited $750 million of the net proceeds into a separate account, which amount will be used to redeem the Koch Preferred Securities. In addition, on February 21, 2018, we used approximately $649 million of the proceeds to redeem $594 million aggregate principal amount of the Prime Notes and to pay the related call premium (See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Prime Notes"). The remaining proceeds from the IPO will be used to pay IPO related fees and expenses and for general corporate purposes.

After the completion of the IPO, our Sponsor owned approximately 85.6% of our outstanding common stock, which excludes unvested common shares.

Information about Segment and Geographic Revenue

We report financial and operating information in one segment. Our operating segment is also our reportable segment. For the results of our operations outside of the United States, which consist of our operations in Canada, refer to Note 15 "Geographic Data" to the accompanying consolidated financial statements for further discussion.

Brands and Services

Our key brands are ADT and the Protection One brand, which is being maintained in select channels. We believe these brands are among the most respected, trusted, and well-known brands in the monitored security industry. The strength of our brands is built upon a long-standing record of providing high-quality and reliable monitored security services and commitment to best-in-class customer care and service expertise. Due to the importance that customers place on reputation and trust when purchasing monitored security, we believe the strength of our brands is a key competitive advantage and contributor to our success.

Our monitored security and automation offerings involve the installation and monitoring of residential and business security and premises automation systems designed to detect intrusion, control access, and react to movement, smoke, carbon monoxide, flooding, temperature, and other environmental conditions and hazards, as well as to address personal emergencies such as injuries, medical emergencies, or incapacitation. Upon the occurrence of a triggering event, our monitored security systems connect to one of our U.L. listed monitoring centers. Depending upon the type of service contract and recorded customer preferences, our monitoring center personnel respond to alarms by relaying appropriate information to local police or fire departments and notifying the customer or others on the customer's emergency contact list. Additional action may be taken by our monitoring center personnel as needed, depending on the specific situation and recorded customer preferences. The breadth of our solutions allows us to meet a wide variety of customer needs.

Additionally, using our interactive technologies, our customers can remotely monitor and manage their residential and commercial environments by adding automation capabilities to our monitored security systems. This is done in a way that maintains the separate network integrity and redundancy of a customer's life safety and security signals. Depending on the service plan purchased and the type and level of product installation, customers are able to remotely access information regarding the security of their residential or commercial environment, arm and disarm their security system, adjust lighting or thermostat levels, or view real-time video from cameras covering different areas of their premises, all via secure access from web-enabled devices (such as smart phones, laptops, and tablet computers) and a customized web portal. Additionally, our interactive automation solutions enable customers to create customized schedules or automation for managing lights, thermostats, appliances, and garage doors. The system can also be programmed to perform additional functions such as recording and viewing live video and sending text messages based on triggering events.

Customers' increasingly mobile and active lifestyles have created new opportunities for us in the fast-growing market for self-monitored, or do-it-yourself, products and services. Our technology allows customers to access our professional monitoring services via various connected and wearable devices, enabling us to service our customers whether they are home or on-the-go.

Many of our residential customers are driven to purchase monitored security and automation services due to a perceived or actual increase in crime, life safety concerns in their neighborhood, or other significant life events. In addition, we believe many of our customers purchase monitored security and automation services as a result of their insurance carriers, who may offer lower insurance premium rates if a security system is installed or may require that a system be installed as a condition of coverage.

Reasons for purchasing monitored security and automation systems vary for our commercial customers. Most commercial customers require a basic security system for insurance purposes. However, as internet protocol ("IP") video solutions have become more affordable and interactive, businesses view these solutions for applications beyond just security, and leverage them for operational purposes as well, including employee safety, theft prevention, and inventory management.

Some of our customers use traditional land-line telephone service as the primary communication method for alarm signals from their sites. As the use of land-line telephone service has decreased, the ability to provide alternative communication methods from a customer's control panel to our central monitoring centers has become increasingly important. We currently offer, and recommend, a variety of alternate and back-up alarm transmission methods, including cellular and broadband Internet.

Additionally, we offer personal emergency response system products and services to our customers, which are supported by our monitoring centers, and leverage our security monitoring infrastructure to provide customers with solutions that help sustain independent living, encourage better self-care activities, and improve communication of critical health information.

In addition to monitoring services, we provide our customers with other services such as routine maintenance and the installation of upgraded or additional equipment. A majority of our customer base is enrolled in a service plan, which provides additional value to the customer and generates incremental recurring monthly revenue. Our customers typically contract for both monitoring and maintenance services at the time of initial equipment installation.

Most of the monitoring services, and a large portion of the maintenance services, we provide to our customers, are governed by multi-year contracts with automatic renewal provisions that provide us with contractually committed recurring monthly revenue. Under our typical customer contract (three-year initial term for residential and five years or longer initial term for commercial and national accounts), the customer pays an upfront fee and is then obligated to make monthly payments for the remainder of the initial contract term. In the residential channel, the standard contract term is three years (two years in California), with automatic

renewals for successive 30-day periods, unless canceled by either party. If a customer cancels or is otherwise in default under the contract prior to the end of the initial contract term, we have the right under the contract to receive a termination payment from the customer in an amount equal to a designated percentage of all remaining monthly payments. Monitoring services are generally billed monthly or quarterly in advance. More than 70% of our residential customers pay us through automated payment methods, with a significantly higher percentage of new residential customers opting for these payment methods. We periodically adjust the standard monthly monitoring rate charged to new and existing customers.

Our Markets

We operate in the following three markets: Residential, Commercial, and Growth Markets.

- *Residential:* Residential customers are typically owners of single-family homes who have purchased monitored security and automation services as a result of having moved to a new residence, in response to changes in the perceived threat of crime or life safety concerns in their neighborhood, or in conjunction with other significant life events, such as the birth of a child.
- *Commercial:* Commercial customers generally include small and large retail businesses, food and beverage service providers, medical offices, financial institutions, service businesses, and multi-site customers with locations around the country. The market is characterized by higher penetration rates, which are driven by insurance requirements and regulations, and by a higher degree of complexity with respect to system installations. As IP video solutions have become more affordable and interactive, businesses increasingly view these solutions for applications beyond just security, and leverage them for operational purposes as well, including employee safety, theft prevention, and inventory management.
- *Growth Markets:* New customer types and new offerings present opportunities for us to leverage our brand name, our core focus on security, and our high degree of trust among our customer base to pursue complementary markets such as smart home technologies, network and cyber security, and mobile security. We also leverage our security monitoring infrastructure to provide customers with solutions that help sustain independent living, encourage better self-care activities, and improve communications of critical health information.

Customers and Marketing

We serve approximately 7.2 million customers (excluding contracts monitored but not owned) throughout the United States and Canada. Our residential customers are typically owners of single-family homes, while our business customers include retail businesses, food and beverage service providers, medical offices and clinics, mechanical and auto-body shops, professional service providers, and commercial facilities, among others. Our commercial customers range from smaller businesses to multi-site, national companies. We manage our existing customer base to maximize customer lifetime value, which includes continually evaluating our product offerings, pricing, and service strategies, managing our costs to provide service to customers, upgrading existing customers to our interactive services, IP video solutions for businesses, or other upgraded solutions, and achieving long customer tenure. Our ability to increase our average selling prices for individual customers is dependent on a number of factors including the quality of our service as well as our continued introduction of additional features and services that increase the value of our offerings to customers and the competitive environment in which we operate.

To support the growth of our customer base and to improve awareness of our brands, we market our monitored security and automation systems and services through national television and radio advertisements, as well as through Internet advertising, including national search engine marketing, email, online video, local search, direct mail, and social media. We continually work to optimize our marketing spend through a lead modeling process, whereby we flex and shift our spending based on lead flow and measured marketing channel effectiveness. In addition to traditional and digital marketing, we have several affinity partnerships with organizations whereby they promote our services to their customer bases.

We continually consider and evaluate new customer lead methods and channels to increase our customer base and drive greater market penetration without sacrificing customer quality. We also explore opportunities to expand our market presence by providing branded solutions through various third parties, including telecommunications companies, broadband and cable companies, retailers, public and private utilities, and software service providers.

Sales and Distribution Channels

We utilize a network of complementary distribution channels that includes a mix of direct and indirect. Our direct channel customers are generated through our internal sales force, including our phone and field teams, supported by our direct response marketing efforts. Our indirect channel customers are generated mainly through our ADT Authorized Dealer Program, and to a smaller extent, through agreements with leading homebuilders and related partners. As opportunities arise, we may also engage in selective bulk account purchases, which typically involve the purchase of a set of customer accounts from other security service providers.

New customers typically require us to make an upfront investment, consisting primarily of installation costs, including direct materials and labor, direct and indirect sales costs, marketing costs, and administrative costs related to the installation activities, which are partially offset by fees received in connection with the initiation of a monitoring contract. While the economics of our installation business can vary depending on the customer acquisition channel, we operate our business with the goal of retaining customers for long periods of time to recoup our initial investment in new customers, generally achieving revenue break-even in approximately three years.

Direct Channel

Our national sales call centers (inbound and outbound) close sales from prospective customers generated through national marketing efforts and lead generation channel partners. Our telephone sales associates work to understand customer needs and then direct customers to the most suitable sales approach. We close a sale over the phone, if appropriate, while balancing the opportunity for up-sales and customer education that occurs when a sales representative works with the customer in their home or business to fully understand their individual needs. When the sale is best handled in the customer's home or business, the sales center associate can schedule a field sales consultant appointment in real-time.

The approximately 2,900 sales consultants that make up our field sales force generate sales from customers through company-generated leads, as well as customer referrals and other lead methods. Our field sales consultants undergo an in-depth screening process prior to hire. Each field sales consultant completes comprehensive centralized training prior to conducting customer sales presentations and participates in ongoing training in support of new offerings and the use of our structured model sales call. We utilize a highly structured sales approach, which includes, in addition to the structured model sales call, daily monitoring of sales activity and effectiveness metrics and regular coaching by our sales management teams.

Indirect Channel

Our authorized dealer network, which we acquired in May 2016 in connection with the ADT Acquisition, consists of approximately 300 authorized dealers operating across the United States and Canada, and extends our reach by aligning us with select independent security sales and installation companies. These authorized dealers generally have exclusivity arrangements with us for security related services. We monitor each authorized dealer to help ensure the dealer's financial stability, use of sound and ethical business practices, and delivery of reliable and consistent high-quality sales and installation methods. Authorized dealers are required to adhere to the same high-quality standards for sales and installation as our own field offices.

Typically, our authorized dealers are contractually obligated to offer exclusively to us all qualified security service accounts they generate, but we are not obligated to accept these accounts. We pay our authorized dealers for the services they provide in generating qualified monitored accounts. In certain instances, in which we reject an account, we generally still indirectly provide monitoring services for that account through a monitoring services agreement with the authorized dealer. Like our direct sales contracts, dealer generated customer contracts typically have an initial term of three years with automatic renewals for successive 30-day periods, unless canceled by either party. If an accepted security services account is canceled during the charge-back period, which is generally twelve to fifteen months, the dealer is required to provide an account with equivalent economic characteristics or to refund our payment for their services for generating the account.

Field Operations

We serve our customer base from approximately 200 sales and service offices located throughout the United States and Canada. From these locations, our staff of approximately 4,600 installation and service technicians provides monitored security and automation system installations and field service and repair. We staff our field offices to efficiently and effectively make sales calls, install systems, and provide service support based on customer needs and our evaluation of growth opportunities in each market. We utilize third-party subcontract labor when appropriate to assist with these efforts. We maintain the relevant and necessary licenses related to the provision of installation of security and related services in the jurisdictions in which we operate. Our objective is to provide a differentiated service experience by providing same-day or next-day service to the majority of our customers.

Monitoring Centers and Support Services

We operate 12 monitoring centers that are listed by U.L. across the United States and Canada. We employ approximately 4,200 customer care professionals who are required to complete extensive initial training, as well as receive ongoing training and coaching. To obtain and maintain a U.L. listing, a security system monitoring center must be located in a building meeting U.L.'s structural requirements, have back-up computer and power systems, and meet U.L. specifications for staffing and standard operating procedures. Many jurisdictions have laws requiring that security systems for certain buildings be monitored by U.L.-listed centers. In addition, a U.L. listing is required by insurers of certain customers as a condition of insurance coverage. Our monitoring centers are fully redundant, which means that in the event of an emergency at one of our monitoring centers such as fire, tornado, major interruption in telephone or computer service, or any other event affecting the functionality of the center, all monitoring operations can be automatically transferred to another monitoring center. All of our monitoring centers operate 24 hours a day on a year-round basis.

We serve our largest multi-site customers from our call center in Irving, Texas. Our multi-site customers may call one location to resolve all customer support issues, including billing, installations, service calls, upgrades, or other service-related assistance. This concept is unique in our industry and is a strong selling point for national accounts choosing us for their security needs.

Newark, Delaware is home to our Network Operations Center ("NOC"). The NOC houses a group of highly experienced certified engineers capable of designing and provisioning broadband networks for our customers. These employees are Cisco Certified and Meraki Certified, and our NOC earned the Cisco Cloud and Managed Services Express Partner Certification, which makes us one of the few security companies in the industry with this designation.

Three of our monitoring centers provide monitoring under the CMS brand, which is a wholesale monitoring company providing services to independent alarm companies.

Customer Care

We believe that the fastest and most profitable way to grow our company is by keeping the customers we already have. To maintain our high standard of customer service, we provide ongoing high-quality training to call center and field employees and to dealer personnel. We also continually measure and monitor key performance metrics that drive a high-value customer experience, including customer satisfaction oriented metrics across each customer touch point.

Our call center operations provide support 24 hours a day on a year-round basis. Customer care specialists answer non-emergency inquiries regarding service, billing, and alarm testing and support, while our monitoring centers primarily handle inbound alarms and dispatch of alarms. To ensure that technical service requests are handled promptly and professionally, all requests are routed through our customer contact centers. Customer care specialists help customers resolve minor service and operating issues; and in many cases, the specialists can remotely resolve customer concerns. We continue to implement new customer self-service tools via interactive voice response systems and the Internet, thereby providing customers additional choices in managing their services.

Suppliers

We purchase equipment and components of our products from a limited number of suppliers and distributors. Inventory is held in our regional distribution center at levels we believe are sufficient to meet current and anticipated customer needs. We also maintain inventory of equipment and components at each field office and in technicians' vehicles. Generally, our third-party distributors maintain a safety stock of certain key items to cover any minor supply chain disruptions. We also utilize dual sourcing methods to minimize the risk of a disruption from a single supplier. We do not anticipate any major interruptions in our supply chain.

Competition

Technology trends are creating significant change in our industry. Innovation has lowered the barriers to entry in the interactive services and automation market, and new business models and competitors have emerged. We believe that a combination of increasing customer interest in lifestyle and business productivity and technology advancements will support the increasing penetration of the interactive services and automation industry. We are focused on extending our leadership position in the monitored security industry while also growing our share of the fast-growing interactive automation industry. The security systems market in the United States and Canada remains highly competitive and fragmented, with a number of major firms and thousands of smaller regional and local companies. The high fragmentation of the industry is primarily the result of relatively low barriers to entering the business in local geographies and the availability of wholesale monitoring (whereby smaller companies outsource their monitoring to operations that provide monitoring services but do not maintain the customer relationship). We believe that

our principal competitors within the security systems market are Johnson Controls International plc.; Vivint, Inc.; Stanley Security Solutions, a subsidiary of Stanley Black and Decker; MONI, a subsidiary of Ascent Capital Group, Inc.; and Comcast Corporation.

Success in acquiring new customers is dependent on a variety of factors, including brand and reputation, market visibility, service and product capabilities, quality, price, and the ability to identify and sell to prospective customers. Competition is often based primarily on price in relation to the value of the solutions and service. Rather than compete purely on price, we emphasize the quality of our services, which we believe is distinguished by superior-class customer service, the reputation of our industry-leading brands, and our knowledge of customer needs, which we believe collectively enable us to deliver an outstanding experience. In addition, we are increasingly offering added features and functionality, such as those in our interactive services offering, which provide new services and capabilities that serve to further differentiate our offering and support a pricing premium.

We believe our focus on safety and security, coupled with our field sales force, and including our nationwide team of in-home sales consultants, our solid reputation for and expertise in providing reliable security and monitoring services through our in-house network of redundant monitoring centers, our reliable product solutions, and our highly skilled installation and service organization, position us well to compete with traditional and new competitors.

Seasonality

Our business experiences a certain level of seasonality. Since more household moves take place during the second and third calendar quarters of each year, our disconnect rate and new customer additions are typically higher in those quarters than in the first and fourth calendar quarters. There is also a slight seasonal effect on our new customer installation volume and related cash expenses incurred in investments in new customers; however, other factors such as the level of marketing expense and relevant promotional offers can mitigate the effects of seasonality. In addition, we may see increased servicing costs related to higher alarm signals and customer service requests as a result of customer power outages and other issues due to weather-related incidents.

Intellectual Property

Patents, trademarks, copyrights, and other proprietary rights are important to our business; thus, we continuously refine our intellectual property strategy to maintain and improve our competitive position. We register new intellectual property to protect our ongoing technological innovations and strengthen our brand, and we take appropriate action against infringements or misappropriations of our intellectual property rights by others. We review third-party intellectual property rights to help avoid infringement and to identify strategic opportunities. We typically enter into confidentiality agreements to further protect our intellectual property.

We own a portfolio of patents and patent applications that relate to a variety of monitored security and automation technologies utilized in our business, including security panels and sensors as well as video and information management solutions. We also own a portfolio of trademarks and trademark applications in the United States and Canada, including, but not limited to, ADT; ADT Pulse; ADT Canopy; ADT Always There; Protection One; in Canada only, Creating Customers for Life; and, in the United States only, ASG Security, and are a licensee of various intellectual property, including from our third-party suppliers and technology partners. Due to the importance that customers place on reputation and trust when deciding on a security provider, our brand is critical to our business. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Trademark rights may potentially extend for longer periods of time and are dependent upon national laws and use of the marks.

In particular, certain trademarks associated with the ADT brand, including “ADT” and the blue octagon, are owned or licensed in all territories outside of the United States and Canada by Johnson Controls International plc (as successor to Tyco International Ltd., “Tyco”), which recently acquired and merged with and into Johnson Controls. In certain instances, such trademarks are licensed in certain territories outside the United States and Canada by Johnson Controls and certain third parties. Pursuant to the Tyco Trademark Agreement entered into between The ADT Corporation and Tyco in connection with the separation of The ADT Corporation from Tyco in 2012, our Company is prohibited from ever registering, attempting to register, or using such trademarks outside the United States (including Puerto Rico and the US Virgin Islands) and Canada. As a result, if our Company chooses to sell products or services or otherwise do business outside the United States and Canada, it will have to do so using a brand other than “ADT” and may not use the blue octagon to promote its products and services. See “Item 1A. Risk Factors—Risks Related to Our Business—Third parties hold rights to certain key brand names outside of the United States and Canada.”

Government Regulation and Other Regulatory Matters

Our operations are subject to numerous federal, state, provincial, and local laws and regulations in the United States and Canada in areas such as consumer protection, occupational licensing, environmental protection, labor and employment, tax, permitting, and other laws and regulations. Most states and provinces in which we operate have licensing laws directed specifically toward the monitored security industry. In certain jurisdictions, we must obtain licenses or permits to comply with standards governing employee selection, training, and business conduct.

We also currently rely extensively upon the use of both wireline and wireless telecommunications to communicate signals, and wireline and wireless telephone companies in the United States and Canada are regulated by federal, state, provincial, and local governments. The operation and use of wireless telephone and radio frequencies is regulated in the United States by the Federal Communications Commission ("FCC") and state public utilities commissions and in Canada by the Canada Radio-television and Telecommunications Commission ("CRTC"). Although the use of wireline phone service has been decreasing, we believe we are well positioned to respond to these trends with alternate transmission methods that we already employ, including cellular and broadband Internet technologies. Our advertising and sales practices are regulated by the U.S. Federal Trade Commission ("FTC"), the Canadian Competition Bureau, the CRTC, and state and provincial consumer protection laws. In addition, we are subject to certain administrative requirements and laws of the jurisdictions in which we operate. These laws and regulations may include restrictions on the manner in which we promote the sale of our security services and require us to provide most purchasers of our services with three-day or longer rescission rights. We must also comply with applicable laws governing telemarketing and email marketing in both the United Stated and Canada. See "Item 1A. Risk Factors—Risks Related to Our Business—Increasing government regulation of telemarketing, email marketing, door-to-door sales, and other marketing methods may increase our costs and restrict the operation and growth of our business."

Some local government authorities have adopted or are considering various measures aimed at reducing false alarms. Such measures include requiring permits for individual alarm systems, revoking such permits following a specified number of false alarms, imposing fines on customers or alarm monitoring companies for false alarms, limiting the number of times police will respond to alarms at a particular location after a specified number of false alarms, requiring additional verification of an alarm signal before the police respond, or providing no response to residential system alarms. See "Item 1A. Risk Factors—Risks Related to Our Business—We could be assessed penalties for false alarms" and "Item 1A. Risk Factors—Risks Related to Our Business—Police departments could refuse to respond to calls from monitored security service companies" for further discussion. The monitored security industry is also subject to requirements, codes, and standards imposed by various insurance, approval and listing, and standards organizations. Depending upon the type of customer, security service provided, and requirements of the applicable local governmental jurisdiction, adherence to the requirements, codes, and standards of such organizations is mandatory in some instances and voluntary in others. Changes in laws and regulations can affect our operations, both positively and negatively, and impact the manner in which we conduct our business. See "Item 1A. Risk Factors—Risks Related to Our Business—Our business operates in a regulated industry."

Employees

As of December 31, 2017 , we employed approximately 18,000 people. Approximately 10% of our employees are covered by collective bargaining agreements. We believe that our relations with our employees and labor unions have generally been good.

Available Information

Our website is located at www.adt.com. Our investor relations website is located at http://investors.adt.com. We make available free of charge on our investor relations website under "Financials" our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, reports filed pursuant to Section 16, and any amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding our filings at http://www.sec.gov .

From time to time, ADT may use its website as a channel of distribution of material Company information. Financial and other material information regarding our Company is routinely posted on and accessible at http://investors.adt.com.

ITEM 1A. RISK FACTORS.

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to our industry and the Company could have a material and adverse impact on our business, financial condition, results of operations and cash flows. You should carefully consider the risks described below and in our subsequent periodic filings with the SEC. The following risk factors should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in this Annual Report on Form 10-K.

Risks Related to Our Business

Our future growth is dependent upon our ability to keep pace with rapid technological and industry changes in order to develop or acquire new technologies for our products and service introductions that achieve market acceptance with acceptable margins.

Our business operates in markets that are characterized by rapidly changing technologies, evolving industry standards, potential new entrants, and changes in customer needs and expectations. For example, a number of cable and other telecommunications companies and large technology companies with home automation solutions offer interactive security services that are competitive with our products and services. If these services gain greater market acceptance and traction, our ability to grow our business, in particular our interactive service offerings, could be materially and adversely affected. Accordingly, our future success depends in part on our ability to accomplish the following: identify emerging technological trends in our target end-markets; develop, acquire, and maintain competitive products and services that capitalize on existing and emerging trends; enhance our existing products and services by adding innovative features on a timely and cost-effective basis that differentiates us from our competitors; sufficiently capture intellectual property rights in new inventions and other innovations; and develop or acquire and bring products and services, including enhancements, to market quickly and cost-effectively. Our ability to develop or acquire new products and services that are technologically innovative requires the investment of significant resources and can affect our competitive position. These acquisition and development efforts divert resources from other potential investments in our businesses, and they may not lead to the development of new commercially successful technologies, products, or services on a timely basis. Moreover, as we introduce new products and services, we may be unable to detect and correct defects in the product or in its installation, which could result in loss of sales or delays in market acceptance. New or enhanced products and services may not satisfy customer preferences and potential product failures may cause customers to reject our products. As a result, these products and services may not achieve market acceptance and our brand image could suffer. In addition, our competitors may introduce superior products or business strategies, impairing our brand and the desirability of our products and services, which may cause customers to defer or forego purchases of our products and services, and impacting our ability to charge monthly service fees. If our competitors implement new technologies before we are able to implement them, those competitors may be able to provide more effective products than ours, possibly at lower prices. Any delay or failure in the introduction of new or enhanced solutions could harm our business, results of operations and financial condition. In addition, the markets for our products and services may not develop or grow as we anticipate. The failure of our technology, products, or services to gain market acceptance, the potential for product defects, or the obsolescence of our products and services could significantly reduce our revenue, increase our operating costs, or otherwise materially adversely affect our business, financial condition, results of operations and cash flows.

In addition to developing and acquiring new technologies and introducing new offerings, we may need, from time to time, to phase out outdated and unsuitable technologies and services. See "—Shifts in our customers' choice of, or telecommunications providers' support for, telecommunications services and equipment could materially adversely affect our business and require significant capital expenditures." If we are unable to do so on a cost-effective basis, we could experience reduced profits.

We sell our products and services in highly competitive markets, including the home automation market, which may result in pressure on our profit margins and limit our ability to maintain or increase the market share of our products and services.

The monitored security industry is highly fragmented and subject to significant competition and pricing pressures. We experience significant competitive pricing pressures on installation, monitoring, and service fees. Several competitors offer installation fees that match or are lower than ours. Other competitors charge significantly more for installation, but in many cases, less for monitoring. In addition, cable and telecommunications companies have expanded into the monitored security industry and are bundling their existing offerings with monitored security services.

In many cases, we face competition for direct sales from our independent, third-party authorized dealers, who may offer installation for considerably less than we do in particular markets. We believe that the monitoring and service fees we offer are generally competitive with rates offered by other security service providers. We face competition from other providers such as cable and telecommunications companies that may have existing access to and relationship with subscribers and highly recognized brands, which may drive increased awareness of their security/automation offerings relative to ours, have access to greater capital

and resources than us, and may spend significantly more on advertising, marketing, and promotional resources, any of which could have a material adverse effect on our ability to drive awareness and demand for our products and services. In particular, these companies may be able to offer subscribers a lower price by bundling their services. We also face potential competition from DIY products, which enable customers to self-monitor and control their environments without third-party involvement through the Internet, text messages, emails, or similar communications, but with the disadvantage that alarm events may go unnoticed. Some DIY providers may also offer professional monitoring with the purchase of their systems and equipment without a contractual commitment, which may be attractive to some customers and put us at a competitive disadvantage. Other DIY providers may offer new IoT devices and services with automated features and capabilities that may be appealing to customers. Shifts in customer preferences toward DIY systems could increase our attrition rates over time and the risk of accelerated amortization of customer contracts resulting from a declining customer base. It is possible that one or more of our competitors could develop a significant technological advantage over us that allows them to provide additional service or better-quality service or to lower their price, which could put us at a competitive disadvantage. Continued pricing pressure, improvements in technology, and shifts in customer preferences toward self-monitoring or DIY could adversely impact our customer base and/or pricing structure and have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We rely on a significant number of our customers remaining with us as customers for long periods of time.

We operate our business with the goal of retaining customers for long periods of time to recoup our initial investment in new customers, and we generally recoup our initial investment in less than three years. Accordingly, our long-term profitability is dependent on long customer tenure. This requires that we minimize our rate of customer disconnects, or attrition. One reason for disconnects is when customers relocate and do not reconnect. Customer relocations are impacted by changes in the housing market. See " — General economic conditions can affect our business, and we are susceptible to changes in the business economy, housing market, and business and consumer discretionary income, which may inhibit our ability to sustain customer base growth rates and impact our results of operations." Other factors that can increase disconnects include problems experienced with our product or service quality, customer service, customer non-pay, unfavorable general economic conditions, and the preference for lower pricing of competitors' products and services over ours. If we fail to keep our customers for a sufficiently long period of time, our profitability, business, financial condition, results of operations and cash flows could be materially adversely affected.

If we experience significantly higher rates of customer revenue attrition than we anticipate, we may be required to change the estimated useful lives and/or the accelerated the method of depreciation and amortization related to accounts associated with our security monitoring customers, increasing our depreciation and amortization expense or causing asset impairment.

We amortize the costs of our acquired and dealer-generated contracts and related customer relationships based on the estimated life of the customer relationships. We similarly depreciate the cost of our direct channel subscriber system assets and deferred subscriber acquisition costs. If attrition rates rise significantly, we may be required to accelerate the amortization of expenses related to such contracts and the depreciation/amortization of our subscriber system assets/deferred subscriber acquisition costs or to impair such assets, which could cause a material adverse effect on our business, financial condition and results of operations.

Our reputation as a service provider of high quality security offerings may be materially adversely affected by product defects or shortfalls in customer service.

Our business depends on our reputation and ability to maintain good relationships with our subscribers, dealers and local regulators, among others. Our reputation may be harmed either through product defects, such as the failure of one or more of our subscribers' alarm systems, or shortfalls in customer service. Subscribers generally judge our performance through their interactions with the staff at the monitoring and customer care centers, dealers, and technicians who perform on-site maintenance services. Any failure to meet subscribers' expectations in such customer service areas could cause an increase in attrition rates or make it difficult to recruit new subscribers. Any harm to our reputation or subscriber relationships caused by the actions of our dealers, personnel, or third-party service providers or any other factors could have a material adverse effect on our business, financial condition, and results of operations.

General economic conditions can affect our business, and we are susceptible to changes in the business economy, housing market, and business and consumer discretionary income, which may inhibit our ability to sustain customer base growth rates and impact our results of operations.

Demand for alarm monitoring services and home automation systems is affected by the general economy, the business environment, and the turnover in the housing market, among other things. Downturns in the rate of the sale of new and existing homes, which we believe drives a substantial portion of our new customer volume in any given year, would reduce opportunities to make sales of new security and home automation systems and services and reduce opportunities to take over existing security and home automation systems. Recoveries in the housing market increase the occurrence of relocations, which may lead to customers disconnecting service and not contracting with us in their new homes.

Further, the alarm monitoring business is dependent, in part, on national, regional, and local economic conditions. In particular, where disposable income available for discretionary spending is reduced (such as by higher housing, energy, interest or other costs, or where the actual or perceived wealth of customers has decreased as a result of circumstances such as lower residential real estate values, increased foreclosure rates, inflation, increased tax rates or other economic disruptions), the alarm monitoring business could experience increased attrition rates and reduced customer demand. No assurance can be given that we will be able to continue acquiring quality alarm monitoring contracts or that we will not experience higher attrition rates. Changes in individualized economic circumstances could cause current security alarm and home automation customers to disconnect our services to reduce their monthly spending, or such customers could default on their remaining contractual obligations to us. Our long-term revenue growth rate depends on installations and new contracts exceeding disconnects. If customer disconnects and defaults increase, our business, financial condition, results of operations, and cash flows could be materially adversely affected. See " — We rely on a significant number of our customers remaining with us as customers for long periods of time."

We are subject to credit risk and other risks associated with our subscribers.

A substantial part of our revenues is derived from the recurring monthly revenue due from subscribers under the alarm monitoring contracts. Therefore, we are dependent on the ability and willingness of subscribers to pay amounts due under the alarm monitoring contracts on a monthly basis in a timely manner. Although subscribers are contractually obligated to pay amounts due under an alarm monitoring contract, and are generally contractually obligated to pay early cancellation fees if they prematurely cancel the alarm monitoring contract during the initial term of the alarm monitoring contract (typically between three and five years), subscribers' payment obligations are unsecured, which could impair our ability to collect any unpaid amounts from our subscribers. To the extent payment defaults by subscribers under the alarm monitoring contracts are greater than anticipated, our business, financial condition and results of operations could be materially adversely affected. We are also exploring different pricing plans for our products and services, including larger up-front payments and consumer financing options for residential equipment purchases. We currently have arrangements with a third-party financing company to provide financing to small business and commercial customers who wish to finance their equipment purchases from us. We also recently launched a pilot program in a small number of markets for residential customers to pay for equipment purchases through installments to our Company under a consumer financing arrangement. These lending services could increase the credit risks associated with our subscribers. While we intend to manage such credit risk by monitoring the credit quality of our financing portfolios, our efforts to mitigate risk may not be sufficient to prevent an adverse effect on our business, financial condition and results of operations.

If the insurance industry changes its practice of providing incentives to homeowners for the use of alarm monitoring services, we may experience a reduction in new customer growth or an increase in our subscriber attrition rate.

It has been common practice in the insurance industry to provide a reduction in rates for policies written on homes that have monitored alarm systems. There can be no assurance that insurance companies will continue to offer these rate reductions. If these incentives were reduced or eliminated, new homeowners who otherwise might not feel the need for alarm monitoring services would be removed from our potential customer pool, which could hinder the growth of our business, and existing subscribers may choose to disconnect or not renew their service contracts, which could increase our attrition rates. In either case, our results of operations and growth prospects could be materially adversely affected.

We have and will continue to invest in new businesses, services, and technologies outside the traditional security and interactive services market, which is inherently risky and could disrupt our current operations.

We have invested and will continue to invest in new businesses, products, services, and technologies beyond traditional security and interactive services. Our investments may involve significant risks and uncertainties, including capital loss on some or all of our investments, insufficient revenues from such investments to offset any new liabilities assumed and expenses associated with these new investments, distraction of management from current operations, and issues not identified during pre-investment planning and due diligence that could cause us to fail to realize the anticipated benefits of such investments and incur unanticipated liabilities. Since these investments are inherently risky, these new businesses, products, services, and technologies may not be successful and as a result, may materially adversely affect our reputation, financial condition, and results of operations.

Failure to successfully upgrade and maintain the security of our information and technology networks, including personally identifiable information and other data, could materially adversely affect us.

We are dependent on information technology networks and systems, including Internet and Internet-based or "cloud" computing services, to collect, process, transmit, and store electronic information. We are currently implementing modifications and upgrades to these information technology systems, including making changes to legacy systems, replacing legacy systems with successor systems with new functionality, and implementing new systems. There are inherent costs and risks associated with replacing and changing these systems and implementing new systems, including potential disruption of our sales, operations and customer service functions, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, our information technology system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. The implementation of new information technology systems may also cause disruptions in our business operations and have a material adverse effect on our business, cash flows, and results of operations.

If we fail to comply with constantly evolving laws, regulations, and industry standards addressing information and technology networks, privacy and data security, we could face substantial penalties, liability, and reputational harm, and our business, operations, and financial condition could be materially adversely affected.

Along with our own confidential data and information in the normal course of our business, we or our partners collect and retain significant volumes of certain types of data, some of which are subject to certain laws and regulations. Our ability to analyze this data to present the subscriber with an improved user experience is a valuable component of our services, but we cannot assure you that the data we require will be available from these sources in the future or that the cost of such data will not increase. If the data that we require is not available to us on commercially reasonable terms or at all, we may not be able to provide certain parts of our current or planned products and services, and our business and financial condition could be materially adversely affected.

For example, the data that we collect and retain includes personally identifiable information related to our consumers and employees and may be protected health information subject to certain requirements under the Health Insurance Portability Accountability Act ("HIPAA") and its implementing regulations, which regulate the use, storage, and disclosure of personally identifiable health information. We may change our processes or modify our product and service offerings in a manner that requires us to adopt additional or different policies and procedures to meet our obligations under HIPAA. Becoming fully HIPAA compliant involves adopting and implementing privacy and security policies and procedures as well as administrative, physical, and technical safeguards. Additionally, HIPAA compliance requires certain agreements with contracting partners to be in place. Endeavoring to become fully HIPAA compliant may be costly both financially and in terms of administrative resources. It may take substantial time and require the assistance of external resources, such as attorneys, information technology, and/or other consultants. We would have to be HIPAA compliant to provide services pursuant to which we are required to collect or manage patient information for or on behalf of a health care provider or health plan. Thus, if we do not become fully HIPAA compliant, our expansion opportunities may be limited. Furthermore, it is possible that HIPAA may be expanded in the future to apply to certain of our current products or services.

In addition, we may also collect and retain other sensitive types of data, including audio recordings of telephone calls and video images of customer sites. We must comply with applicable federal and state laws and regulations governing the collection, retention, processing, storage, disclosure, access, use, security, and privacy of such information in addition to our own posted information security and privacy policies and applicable industry standards. The legal, regulatory, and contractual environment surrounding the foregoing continues to evolve, and there has been an increasing amount of focus on privacy and data security issues with the potential to affect our business. These privacy and data security laws and regulations, as well as contractual requirements, could increase our cost of doing business, and failure to comply with these laws, regulations and contractual requirements could result in government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity. In the event of a breach of personal information that we hold, we may be subject to governmental fines, individual and class action claims, remediation expenses, and/or harm to our reputation. Further, if we fail to comply with applicable privacy and security laws, regulations, policies and standards; properly protect the integrity and security of our facilities and systems and the data located within them; or defend against cybersecurity attacks, or if our third-party service providers, partners, or vendors fail to do any of the foregoing with respect to data and information assessed, used, stored, or collected on our behalf, our business, reputation, results of operations, and cash flows could be materially adversely affected.

Due to the ever-changing threat landscape, our products may be subject to potential vulnerabilities of wireless and IoT devices and our services may be subject to certain risks, including hacking or other unauthorized access to control or view systems and obtain private information.

Companies that collect and retain sensitive and confidential information are under increasing attack by cyber-criminals around the world. While we implement security measures within our products, services, operations and systems, those measures may not prevent cybersecurity breaches; the access, capture or alteration of information by criminals; the exposure or exploitation of potential security vulnerabilities; distributed denial of service attacks; the installation of malware or ransomware; acts of vandalism; computer viruses; or misplaced data or data loss that could be detrimental to our reputation, business, financial condition, and results of operations. Third parties, including our partners and vendors, could also be a source of security risk to us in the event of a failure of their own products, components, networks, security systems, and infrastructure. In addition, we cannot be certain that advances in criminal capabilities, new discoveries in the field of cryptography, or other developments will not compromise or breach the technology protecting the networks that access our products and services.

A significant actual or perceived (whether or not valid) theft, loss, fraudulent use or misuse of customer, employee, or other personally identifiable data, whether by us, our partners and vendors, or other third parties, or as a result of employee error or malfeasance or otherwise, non-compliance with applicable industry standards or our contractual or other legal obligations regarding such data, or a violation of our privacy and information security policies with respect to such data, could result in costs, fines, litigation, or regulatory actions against us. Such an event could additionally result in unfavorable publicity and therefore materially and adversely affect the market's perception of the security and reliability of our services and our credibility and reputation with our customers, which may lead to customer dissatisfaction and could result in lost sales and increased customer revenue attrition.

In addition, we depend on our information technology infrastructure for business-to-business and business-to-consumer electronic commerce. Security breaches of, or sustained attacks against, this infrastructure could create system disruptions and shutdowns that could negatively impact our operations. Increasingly, our products and services are accessed through the Internet, and security breaches in connection with the delivery of our services via the Internet may affect us and could be detrimental to our reputation, business, operating results, and financial condition. We continue to invest in new and emerging technology and other solutions to protect our network and information systems, but there can be no assurance that these investments and solutions will prevent any of the risks described above. While we maintain cyber liability insurance that provides both third-party liability and first-party insurance coverages, our insurance may not be sufficient to protect against all of our losses from any future disruptions or breaches of our systems or other event as described above.

We depend on third-party providers and suppliers for components of our security and automation systems, third-party software licenses for our products and services, and third-party providers to transmit signals to our monitoring facilities and provide other services to our subscribers. Any failure or interruption in products or services provided by these third parties could harm our ability to operate our business.

The components for the security and automation systems that we install are manufactured by third parties. We are therefore susceptible to interruptions in supply and to the receipt of components that do not meet our standards. Any financial or other difficulties our providers face may have negative effects on our business. We exercise little control over our suppliers, which increases our vulnerability to problems with the products and services they provide. While we strive to utilize dual-sourcing methods to allow similar hardware components for our security systems to be interchangeable to minimize the risk of a disruption from a single supplier, any interruption in supply could cause delays in installations and repairs and the loss of current and potential customers. Also, if a previously installed component were found to be defective, we might not be able to recover the costs associated with its repair or replacement across our installed customer base, and the diversion of technical personnel to address the defect could materially adversely affect our business, financial condition, results of operations, and cash flows.

We rely on third-party software for key automation features in certain of our offerings, and on the interoperation of that software with our own, such as our mobile applications and related platform. We could experience service disruptions if customer usage patterns for such offerings exceed, or are otherwise outside of, design parameters for the system and the ability for us or our third-party provider to make corrections. Such interruptions in the provision of services could result in our inability to meet customer demand, damage our reputation and customer relationships, and materially and adversely affect our business. We also rely on certain software technology that we license from third parties and use in our products and services to perform key functions and provide critical functionality. For example, we license the software platform for our monitoring operations from third parties. Because a number of our products and services incorporate technology developed and maintained by third parties, we are, to a certain extent, dependent upon such third parties' ability to update, maintain, or enhance their current products and services, to ensure that their products are free of defects or security vulnerabilities, to develop new products and services on a timely and cost-effective basis, and to respond to emerging industry standards, customer preferences, and other technological changes. Further, these third-party technology licenses may not always be available to us on commercially reasonable terms, or at all. If our agreements with third-party vendors are not renewed or the third-party software becomes obsolete, is incompatible with future

versions of our products or services, or otherwise fails to address our needs, we cannot provide assurance that we would be able to replace the functionality provided by the third-party software with technology from alternative providers. Furthermore, even if we obtain licenses to alternative software products or services that provide the functionality we need, we may be required to replace hardware installed at our monitoring centers and at our customers' sites, including security system control panels and peripherals, in order to execute our integration of or migration to alternative software products. Any of these factors could materially adversely affect our business, financial condition, results of operations, and cash flows.

We also rely on various third-party telecommunications providers and signal processing centers to transmit and communicate signals to our monitoring facility in a timely and consistent manner. These telecommunications providers and signal processing centers could fail to transmit or communicate these signals to the monitoring facility for many reasons, including disruptions from fire, natural disasters, weather, transmission interruption, malicious acts, or terrorism. The failure of one or more of these telecommunications providers or signal processing centers to transmit and communicate signals to the monitoring facility in a timely manner could affect our ability to provide alarm monitoring, home automation, and interactive services to our subscribers. We also rely on third-party technology companies to provide home automation and interactive services to our subscribers. These technology companies could fail to provide these services consistently, or at all, which could result in our inability to meet customer demand and damage our reputation. There can be no assurance that third-party telecommunications providers, signal processing centers, and other technology companies will continue to transmit and communicate signals to the monitoring facility or provide home automation and interactive services to subscribers without disruption. Any such disruption, particularly one of a prolonged duration, could have a material adverse effect on our business. See also "—Shifts in our customers' choice of, or telecommunications providers' support for, telecommunications services and equipment could materially adversely affect our business and require significant capital expenditures" with respect to risks associated with changes in signal transmissions.

An event causing a disruption in the ability of our monitoring facilities to operate could materially adversely affect our business.

A disruption in our ability to provide security monitoring services and otherwise serve our customers could have a material adverse effect on our business. A disruption could occur for many reasons, including fire, natural disasters, weather, health epidemics or pandemics, transportation interruption, extended power outages, human or other error, war, terrorism, sabotage, or other conflicts, or as a result of disruptions to internal and external networks or third-party transmission lines. Monitoring could also be disrupted by information systems and network-related events or cybersecurity attacks, such as computer hacking, computer viruses, worms or other malicious software, distributed denial of service attacks, malicious social engineering, or other destructive or disruptive activities that could also cause damage to our properties, equipment, and data. While our monitoring systems are redundant, a failure of our back-up procedures or a disruption affecting multiple monitoring facilities could disrupt our ability to provide security monitoring services to our customers. These events could also make it difficult or impossible to receive equipment from suppliers or impair our ability to deliver products and services to customers on a timely basis. If we experience such disruptions, we may experience customer dissatisfaction and potential loss of confidence, and liabilities to customers or other third parties, each of which could harm our reputation and impact future revenues from these customers. We could also be subject to claims or litigation with respect to losses caused by such disruptions. Our property and business interruption insurance and our cyber liability insurance may not be sufficient to fully cover our losses or may not cover a particular event at all. Any of these outcomes could have a material adverse effect on our business, results of operations, and financial condition.

Our independent, third-party authorized dealers may not be able to mitigate certain risks such as information technology breaches, data security breaches, product liability, errors and omissions, and marketing compliance.

We generate a portion of our new customers through our authorized dealer network. We rely on independent, third-party authorized dealers to implement mitigation plans for certain risks they may experience, including, but not limited to, information technology breaches, data security breaches, product liability, errors and omissions, and marketing compliance. If our authorized dealers experience any of these risks, or fail to implement mitigation plans for their risks, or if such implemented mitigation plans are inadequate or fail, we may be susceptible to risks associated with our authorized dealers on which we rely to generate customers. Any interruption or permanent disruption in the generation of customer accounts or services provided by our authorized dealers could materially adversely affect our business, financial condition, results of operations, and cash flows.

We may pursue business opportunities that diverge from our current business model, which may materially adversely affect our business results.

We may pursue business opportunities that diverge from our current business model, including expanding our products or service offerings, investing in new and unproven technologies, adding customer acquisition channels, and forming new alliances with companies to market our services. We can provide no assurance that any such business opportunities will prove to be successful. Among other negative effects, our pursuit of such business opportunities could cause our cost of investment in new customers to grow at a faster rate than our recurring revenue and fees collected at the time of installation. We recently acquired DataShield,

LLC, a provider of cybersecurity services for mid-sized companies, which expands our suite of services. We are also currently exploring the option of offering certain of our monitoring and cybersecurity services under non-ADT brands to international markets outside of the United States and Canada. Additionally, any new alliances or customer acquisition channels could require developmental investments or have higher cost structures than our current arrangements, which could reduce operating margins and require more working capital. In the event that working capital requirements exceed operating cash flow, we could be required to draw on our revolving credit facilities, which are described in Note 5 "Debt" to the accompanying consolidated financial statements and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," or pursue other external financing, which may not be readily available. Any of these factors could materially adversely affect our business, financial condition, results of operations and cash flows.

We continue to integrate the acquisition of The ADT Corporation with our business, which may divert management's attention from our ongoing operations. We may not achieve all of the anticipated benefits, synergies, and cost savings from the acquisition.

Our acquisition of The ADT Corporation in May 2016 involves the integration of two companies that have previously operated independently. While the integration of The ADT Corporation with our business is ongoing, the anticipated financial and operational benefits, including increased revenues, synergies, and cost savings from the acquisition of The ADT Corporation, depends in part on our ability to successfully continue to combine and integrate The ADT Corporation with our other business. Since the integration is not yet complete, there can be no assurance regarding the extent to which we will be able to realize these increased revenues, synergies, cost savings, or other benefits. These benefits may not be achieved within the anticipated time frame and we may not realize all of these anticipated benefits.

The continued integration of The ADT Corporation's operations, products, and personnel will continue to require the attention of our management and place demands on other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could materially adversely affect our business, financial condition and results of operations. In addition, the overall continued integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of customer relationships. The difficulties of combining the operations of the companies may generally include, among others:

- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from the combination;
- difficulties in the integration of operations and systems;
- difficulties in replacing numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll, data privacy, and security and regulatory compliance, many of which may be dissimilar;
- conforming standards, controls, procedures, accounting and other policies, business cultures, and compensation structures between the two companies;
- difficulties in the assimilation of employees, including possible culture conflicts and different opinions on technical decisions and product roadmaps;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- challenges in keeping existing customers and obtaining new customers;
- challenges in attracting and retaining key personnel; and
- coordinating a geographically dispersed organization.

While we have not experienced any material difficulties to date in connection with the integration, many of these factors are outside our control and any one of them could result in increased costs, decreases in the amount of expected revenues, and further diversion of management's time and energy, which could materially adversely affect our business, financial condition, and results of operations.

Our customer generation strategies through third parties, including our authorized dealer and affinity marketing programs, and the competitive market for customer accounts may affect our future profitability.

An element of our business strategy is the generation of new customer accounts through third parties, including our authorized dealers, which accounted for approximately half of our new customer accounts for 2017. Our future operating results will depend in large part on our ability to continue to manage this business generation strategy effectively. Although we currently generate

accounts through hundreds of independent third parties, including authorized dealers, a significant portion of our accounts originate from a smaller number of such third parties, including an authorized premier provider that signed a nine-year renewal agreement with us in December 2017 and accounted for approximately 25% of all our new accounts in 2017. We experience loss of third-party sales partnerships, including authorized dealers from our authorized dealer program, due to various factors, such as dealers and third parties becoming inactive or discontinuing their electronic security business, non-renewal of our dealer and sales generation contracts, and competition from other alarm monitoring companies. If we experience a loss of authorized dealers or third-party sellers representing a significant portion of our customer account generation, or if we are unable to replace or recruit authorized dealers, other third-party sellers, or alternate distribution channel partners in accordance with our business strategy, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

In addition, successful promotion of our brands depends on the effectiveness of our marketing efforts and on our ability to offer member discounts and special offers for our products and services to our partners. We have actively pursued affinity marketing programs, which provide members of participating organizations with special offers on our products and services. The organizations with which we have affinity marketing programs typically closely monitor their relationships with us, as well as their members' satisfaction with our products and services. These organizations may require us to pay higher fees to them, decrease our pricing for their members, introduce additional competitive options, or otherwise alter the terms of our participation in their marketing programs in ways that are unfavorable to us. These organizations may also terminate their relationships with us if we fail to meet member satisfaction standards, among other things. If any of our affinity or marketing relationships is terminated or altered in an unfavorable manner, we may lose a source of sales leads, and our business, financial condition, results of operations, and cash flows could be materially adversely affected.

We may not be able to continue to develop and execute a competitive yet profitable pricing structure.

We face competition from cable and telecommunications companies that are actively targeting the home automation and monitored security market, as well as from large technology companies that are expanding into the connected home market either through the development of their own solutions or the acquisition of other companies with home automation solution offerings. This increased competition could result in pricing pressure, a shift in customer preferences toward the services of these companies, reduce our market share and make it more difficult for us to compete on brand-name recognition and reputation. Continued pricing pressure from these competitors or failure to achieve pricing based on the competitive advantages previously identified above could prevent us from maintaining competitive price points for our products and services resulting in lost customers or in our inability to attract new customers and have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We face risks in acquiring and integrating customer accounts.

An element of our business strategy may involve the bulk acquisition of customer accounts. Acquisitions of customer accounts involve a number of special risks, including the possibility of unexpectedly high rates of attrition and unanticipated deficiencies in the accounts and systems acquired despite our investigations prior to acquisition. We face competition from other alarm monitoring companies, including companies that may offer higher prices and more favorable terms for customer accounts purchased, and/or lower minimum financial or operational qualification or requirements for purchased accounts. This competition could reduce the acquisition opportunities available to us, slowing our rate of growth, and/or increase the price we pay for such account acquisitions, thus reducing our return on investment and negatively impacting our revenue and results of operations. We can provide no assurance that we will be able to purchase customer accounts on favorable terms in the future.

The purchase price we pay for customer accounts is affected by the recurring revenue historically generated by such accounts, as well as several other factors, including the level of competition, our prior experience with accounts purchased in bulk from specific sellers, the geographic location of accounts, the number of accounts purchased, the customers' credit scores, and the type of security or automation equipment or platform used by the customers. In purchasing accounts, we have relied on management's knowledge of the industry, due diligence procedures, and representations and warranties of bulk account sellers. We can provide no assurance that in all instances the representations and warranties made by bulk account sellers are true and complete or, if the representations and warranties are inaccurate, that we will be able to recover damages from bulk account sellers in an amount sufficient to fully compensate us for any resulting losses. If any of these risks materialize, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Shifts in our customers' choice of, or telecommunications providers' support for, telecommunications services and equipment could materially adversely affect our business and require significant capital expenditures.

Certain elements of our operating model have historically relied on our customers' continued selection and use of traditional land-line telecommunications to transmit alarm signals to our monitoring centers. There is a growing trend for customers to switch

to the exclusive use of cellular, satellite, or Internet communication technology in their homes and businesses, and telecommunication providers may discontinue their land-line services in the future. Some older installed security systems use technology that is not compatible with the newer cellular, satellite or Internet communication technology, such as 3G and 4G networks, and will not be able to transmit alarm signals on these networks. The discontinuation of land-line, older cellular technologies, and any other services by telecommunications providers, and the switch by customers to the exclusive use of cellular, satellite, or Internet communication technology, may require system upgrades to alternative, and potentially more expensive, technologies to transmit alarm signals and for systems to function properly. This could increase our customer revenue attrition and slow new customer generation. In January 2017, most major wireless network providers had fully retired their 2G networks. To maintain our customer base that uses security and automation system components that communicate over 2G networks, we substantially completed a conversion program to replace 2G cellular technology used in many of our security systems at little or no additional cost to our customers. Certain existing subscribers chose not to replace their 2G cellular technology, thereby increasing our attrition rates. We continue to incur additional costs associated with upgrades and modifications to subscribers' cellular technology resulting from the retirement of 2G networks. In December 2017, as part of the Federal Communication Commission's (the "FCC") efforts to facilitate the transition from traditional copper-based wireline networks to IP-based fiber broadband networks, the FCC repealed its rules requiring telecommunications carriers to provide direct advanced public notice to consumers of the retirement of copper-based wireline networks used for traditional land-line telecommunications. Many of our customers rely solely on copper-based telephone networks to transmit alarm signals from their premises to our monitoring stations. In response to changes to existing network technology such as the eventual retirement of 3G and copper-based wireline networks, we will be required to upgrade or implement other new technologies in the future, including offering to subsidize the replacement of customers' outdated systems at our expense. The FCC's changes to copper-based wireline network retirement rules could lead to customer confusion and impede our ability to timely transfer customers to new network technologies. Any technology upgrades or implementations could require significant capital expenditures, may increase our attrition rates, and may also divert management's attention and other important resources away from our customer service and sales efforts for new customers. In the future, we may not be able to successfully implement new technologies or adapt existing technologies to changing market demands. If we are unable to adapt in a timely manner to changing technologies, market conditions or customer preferences, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

In addition, we use broadband Internet access service, including video streaming services, to support our product offerings, and we may choose to implement broadband Internet access in our intrusion panels as a communications option for our services. Video streaming services use significantly more bandwidth than non-video Internet activity. As utilization rates and penetration of these services increase, our high-speed customers may use more bandwidth than in the past. If this occurs, we could be required to make significant capital expenditures to increase network capacity to avoid service disruptions or reduced capacity for customers and potentially increase our cost for the corresponding network usage. See "—Our future growth is dependent upon our ability to keep pace with rapid technological and industry changes to develop or acquire new technologies for our products and service introductions that achieve market acceptance with acceptable margins."

Unauthorized use of our brand names by third parties, and the expenses incurred in developing and preserving the value of our brand names, may materially adversely affect our business.

Our brand names are critical to our success. Unauthorized use of our brand names by third parties may materially adversely affect our business and reputation, including the perceived quality and reliability of our products and services. We rely on trademark law, company brand name protection policies, and agreements with our employees, customers, business partners, and others to protect the value of our brand names. Despite our precautions, we cannot provide assurance that those procedures are sufficiently effective to protect against unauthorized third-party use of our brand names. In particular, in recent years, various third parties have used our brand names to engage in fraudulent activities, including unauthorized telemarketing conducted in our names to induce our existing customers to switch to competing monitoring service providers, lead generation activities for competitors, and obtaining personally identifiable or personal financial information. Third parties sometimes use our names and trademarks, or other confusingly similar variances thereof, in other contexts that may impact our brands. We may not be successful in detecting, investigating, preventing, or prosecuting all unauthorized third-party use of our brand names. Future litigation with respect to such unauthorized use could also result in substantial costs and diversion of our resources. These factors could materially adversely affect our reputation, business, financial condition, results of operations and cash flows.

Third parties hold rights to certain key brand names outside of the United States and Canada.

Our success depends in part on our continued ability to use trademarks to capitalize on our brands' name-recognition and to further develop our brands in the U.S. and Canadian markets, as well as in other international markets should we choose to expand our business in the future. Not all of the trademarks that are used by our brands have been registered in all of the countries in which we may do business in the future, and some trademarks may never be registered in any or all of these countries. Rights in trademarks are generally territorial in nature and are obtained on a country-by-country basis by the first person to obtain protection

through use or registration in that country in connection with specified products and services. Some countries' laws do not protect unregistered trademarks at all, or make them more difficult to enforce, and third parties may have filed for "ADT," "ASG SECURITY," "PROTECTION ONE," or similar marks in countries where we have not registered these brands as trademarks. Accordingly, we may not be able to adequately protect our brands everywhere in the world, and use of such brands may result in liability for trademark infringement, trademark dilution, or unfair competition.

In particular, certain trademarks associated with the ADT brand, including "ADT" and the blue octagon, are owned in all territories outside of the United States and Canada by Johnson Controls International plc, which recently acquired and merged with and into Tyco International plc ("Johnson Controls" or "Tyco"). In certain instances, such trademarks are licensed in certain territories outside the United States and Canada by Johnson Controls to third parties. Pursuant to a trademark agreement entered into between The ADT Corporation and Tyco (the "Tyco Trademark Agreement") in connection with the separation of The ADT Corporation from Tyco in 2012, which endures in perpetuity, The ADT Corporation and its affiliates are prohibited from ever registering, attempting to register or using such trademarks outside the United States (including Puerto Rico and the US Virgin Islands) and Canada, and The ADT Corporation may not challenge Tyco's rights in such trademarks outside the United States and Canada. Additionally, under the Tyco Trademark Agreement, each of The ADT Corporation and Tyco has the right to propose new secondary source indicators (e.g., 'Pulse') to become designated source indicators of such party. To qualify as a designated source indicator, certain specified criteria must be met, including that the indicator has not been used as a material indicator by the non-proposing party or its affiliates over the previous seven years. If The ADT Corporation were unable to object to Tyco's proposal for a new designated source indicator by successfully asserting that the new indicator did not meet the requisite criteria, The ADT Corporation would subsequently be precluded from using, registering, or attempting to register such indicator in any jurisdiction, including the United States and Canada, whether alone or in connection with an ADT brand. While The ADT Corporation and Tyco are each required to (i) adhere to specified quality control standards with respect to the use of the subject trademarks in their respective jurisdictions, (ii) cooperate with respect to enforcement in their respective territories, and (iii) cooperate to avoid and correct any potential or actual customer confusion over the proper ownership of the ADT brand in any particular territory, it is nonetheless possible that dilution, infringement, or customer confusion may result from the arrangement.

Infringement of our intellectual property rights could negatively affect us.

We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions, and licensing arrangements to establish and protect our proprietary rights. We cannot guarantee, however, that the steps we have taken to protect our intellectual property rights will be adequate to prevent infringement of our rights or misappropriation of our intellectual property or technology. Adverse events affecting the use of our trademarks could affect our use of those trademarks and negatively impact our brands. In addition, if we expand our business outside of the United States and Canada in the future, effective patent, trademark, copyright, and trade secret protection may be unavailable or limited in some jurisdictions. Furthermore, while we enter into confidentiality agreements with certain of our employees and third parties to protect our intellectual property, such confidentiality agreements could be breached or otherwise may not provide meaningful protection for our confidential information, trade secrets and know-how related to the design, manufacture, or operation of our products and services. If it becomes necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome and costly, and we may not prevail. Further, adequate remedies may not be available in the event of an unauthorized use or disclosure of our confidential information, trade secrets, or know-how. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer, which could materially adversely affect our business, financial condition, results of operations, and cash flows.

Allegations that we have infringed upon the intellectual property rights of third parties could negatively affect us.

We may be subject to claims of intellectual property infringement by third parties. In particular, as our services have expanded, we have become subject to claims alleging infringement of intellectual property, including litigation brought by special purpose or so-called "non-practicing" entities that focus solely on extracting royalties and settlements by alleging infringement and threatening enforcement of patent rights. These companies typically have little or no business or operations, and there are few effective deterrents available to prevent such companies from filing patent infringement lawsuits against us. In addition, we rely on licenses and other arrangements with third parties covering intellectual property related to the products and services that we market. Notwithstanding these arrangements, we could be at risk for infringement claims from third parties. Additionally, while The ADT Corporation is party to a patent agreement with Tyco, which generally includes a covenant by Tyco not to bring an action against The ADT Corporation alleging that the manufacture, use, or sale of any products or services in existence as of the date of The ADT Corporation's separation from Tyco infringes any patents owned or controlled by Tyco and used by The ADT Corporation on or prior to such date, such agreement does not protect the Company, including The ADT Corporation, from infringement claims for future product or service expansions. In general, if a court determines that one or more of our services infringes on intellectual property rights owned by others, we may be required to cease marketing those services, to obtain licenses from the holders of the intellectual property at a material cost or on unfavorable terms, or to take other potentially costly or burdensome actions to avoid infringing third-party intellectual property rights. The litigation process is costly and subject to

inherent uncertainties, and we may not prevail in litigation matters regardless of the merits of our position. Intellectual property lawsuits or claims may become extremely disruptive if the plaintiffs succeed in blocking the trade of our products and services and may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We are subject to credit risk and other risks associated with our dealers.

Under the standard alarm monitoring contract acquisition agreements that we enter into with our dealers, if a subscriber terminates their service with us during the first twelve months after the alarm monitoring contract has been acquired, the dealer is typically required to elect between substituting another alarm monitoring contract for the terminating alarm monitoring contract or compensating us in an amount based on the original acquisition cost of the terminating alarm monitoring contract. We are subject to the risk that dealers will breach their obligation to provide a comparable substitute alarm monitoring contract for a terminating alarm monitoring contract or compensate us in an amount based on the original acquisition cost of the terminating alarm monitoring contract. Although we withhold specified amounts from the acquisition cost paid to dealers for alarm monitoring contracts ("holdback"), which may be used to satisfy or offset these and other applicable dealer obligations under the alarm monitoring contract acquisition agreements, there can be no guarantee that these amounts will be sufficient to satisfy or offset the full extent of the default by a dealer of its obligations under its agreement. If the holdback does prove insufficient to cover dealer obligations, we are also subject to the credit risk that the dealers may not have sufficient funds to compensate us or that any such dealer will otherwise breach its obligation to compensate us for a terminating alarm monitoring contract. To the extent defaults by dealers of the obligations under their agreements are greater than anticipated, our business, financial condition, and results of operations could be materially adversely affected.

Our dealers may expose us to additional risks.

We are subject to reputational risks that may arise from the actions of our dealers and their employees, independent contractors, and other agents that are wholly or partially beyond our control, such as violations of our marketing policies and procedures as well as any failure to comply with applicable laws and regulations. If our dealers engage in marketing practices that are not in compliance with local laws and regulations, we may be in breach of such laws and regulations, which may result in regulatory proceedings and potential penalties that could materially impact our financial results, and results of operations. In addition, unauthorized activities in connection with sales efforts by employees, independent contractors, and other agents or our dealers, including calling consumers in violation of the Telephone Consumer Protection Act and predatory door-to-door sales tactics and fraudulent misrepresentations, could subject us to governmental investigations and class action lawsuits for, among others, false advertising and deceptive trade practice damage claims, against which we will be required to defend. Such defense efforts will be costly and time-consuming, there can be no assurance that such defense efforts will be successful, and could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We may be subject to securities class actions and other lawsuits which may harm our business and results of operations.

We have previously been subject to securities class actions in connection with issues that arose prior to our acquisition of The ADT Corporation while it was still a publicly traded company. Following certain periods of volatility in the market price of The ADT Corporation's securities, The ADT Corporation became the subject of securities litigation as described in The ADT Corporation's filings with the SEC. We may be subject to additional suits in the future in connection with volatility in the market price for our securities or in connection with issues that may have arisen prior to our acquisition of The ADT Corporation. This type of litigation may be lengthy, and may result in substantial costs and a diversion of management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in such litigation could result in monetary damages or injunctive relief that could materially adversely affect our business, results of operations, financial condition and cash flows.

In addition, we are currently and may in the future become subject to legal proceedings and commercial or contractual disputes. These are typically claims that arise in the normal course of business, including, without limitation, commercial or contractual disputes with our suppliers; intellectual property matters; third-party liability, including product liability claims; and employment claims. There is a possibility that such claims may have a material adverse effect on our results of operations that is greater than we anticipate and/or negatively affect our reputation.

Increasing government regulation of telemarketing, email marketing, door-to-door sales and other marketing methods may increase our costs and restrict the operation and growth of our business.

We rely on telemarketing, email marketing, door-to-door sales, and other marketing methods conducted internally and through third parties to generate a substantial number of leads for our business. The telemarketing and email marketing services industries are subject to an increasing amount of regulation in the United States and Canada. Regulations have been issued in the FTC and the FCC and in Canada by the CRTC that place restrictions on unsolicited telephone calls to residential and wireless

telephone subscribers, whether direct dial or by means of automatic telephone dialing systems, prerecorded, or artificial voice messages and telephone fax machines, and require us to maintain a "do not call" list and to train our personnel to comply with these restrictions. In the United States, the FTC regulates sales practices generally and email marketing and telemarketing specifically and has broad authority to prohibit a variety of advertising or marketing practices that may constitute "unfair or deceptive acts or practices." Most of the statutes and regulations in the United States applicable to telemarketing and email marketing allow a private right of action for the recovery of damages or provide for enforcement by the FTC and FCC, state attorneys general, or state agencies permitting the recovery of significant civil or criminal penalties, costs and attorneys' fees if regulations are violated. In Canada, the CRTC enforces the Unsolicited Telecommunications Rules restricting unsolicited communications from telemarketers using direct dial, automatic dialing and announcing devices and fax. The CRTC also enforces the Canadian Anti-Spam Law ("CASL"), which prohibits the sending of commercial emails without prior consent of the consumer or an existing business relationship and sets forth rules governing the sending of commercial emails. Rules have been approved under CASL to allow private rights of action for the recovery of damages, which rules may come into force at any time. CASL also allows the CRTC to recover significant civil penalties, costs, and legal fees if email or telemarketing regulations are violated. We strive to comply with all such applicable regulations, but provide no assurance that we, our authorized dealers or third parties that we rely on for telemarketing, email marketing, and other lead generation activities will be in compliance with all applicable regulations at all times. Although our contractual arrangements with our authorized dealers, affinity marketing partners, and other third parties generally require them to comply with all such regulations and to indemnify us for damages arising from their failure to do so, we can provide no assurance that the FTC, FCC, CRTC, private litigants, or others will not attempt to hold us responsible for any unlawful acts conducted by our authorized dealers, affinity marketing partners and other third parties or that we could successfully enforce or collect upon any indemnities. Additionally, certain FCC rulings and FTC enforcement actions may support the legal position that we may be held vicariously liable for the actions of third parties, including any telemarketing violations by our independent, third-party authorized dealers that are performed without our authorization or that are otherwise prohibited by our policies. The FCC, the FTC, and the CRTC have relied on certain actions to support the notion of vicarious liability, including, but not limited to, the use of the company brand or trademark, the authorization or approval of telemarketing scripts, or the sharing of consumer prospect lists. Changes in such regulations or the interpretation thereof that further restrict such activities could result in a material reduction in the number of leads for our business and could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our business operates in a regulated industry.

Our operations and employees are subject to various federal, state, provincial, and local laws and regulations in the United States and Canada in such areas as consumer protection, occupational licensing, environmental protection, labor and employment, tax, and other laws and regulations. Most states and provinces in which we operate have licensing laws directed specifically toward the security services industry. Our business relies heavily upon the use of both wireline and wireless telecommunications to communicate signals, and telecommunications companies are regulated by federal, state, provincial, and local governments.

In certain jurisdictions, we are required to obtain licenses or permits to comply with standards governing employee selection and training and to meet certain standards in the conduct of our business. The loss of such licenses or permits or the imposition of conditions to the granting or retention of such licenses or permits could have a material adverse effect on us. Furthermore, in certain jurisdictions, certain security systems must meet fire and building codes to be installed, and it is possible that our current or future products and service offerings will fail to meet such codes, which could require us to make costly modifications to our products and services or to forego marketing in certain jurisdictions.

We must also comply with numerous federal, state, provincial, and local laws and regulations that govern matters relating to our interactions with residential customers, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvement contracts, warranties, and door-to-door solicitation. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state, provincial, and local legislative and regulatory bodies may initiate investigations, expand current laws or regulations, or enact new laws and regulations, regarding these matters. As we expand our product and service offerings and enter into new jurisdictions, we may be subject to more expansive regulation and oversight. For example, as a result of our acquisition of DataShield, we are expanding our cybersecurity services and exploring markets outside of United States and Canada, and we will need to identify and comply with laws and regulations that apply to such services in the relevant jurisdictions. In addition, any financing or lending activity will subject us to various rules and regulations, such as the U.S. federal Truth in Lending Act and analogous U.S. state and Canadian federal and provincial legislation.

Changes in these laws or regulations or their interpretation could dramatically affect how we do business, acquire customers, and manage and use information we collect from and about current and prospective customers and the costs associated therewith. We strive to comply with all applicable laws and regulations relating to our interactions with all customers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

Changes in laws or regulations could require us to change the way we operate or to utilize resources to maintain compliance, which could increase costs or otherwise disrupt operations. In addition, failure to comply with any applicable laws or regulations could result in substantial fines or revocation of our operating permits and licenses. If laws and regulations were to change or if we or our products failed to comply with them, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

We could be assessed penalties for false alarms.

Some local governments impose assessments, fines, penalties, and limitations on either customers or the alarm companies for false alarms. Certain municipalities have adopted ordinances under which both permit and alarm dispatch fees are charged directly to the alarm companies. Our alarm service contracts generally allow us to pass these charges on to customers, but we may not be able to collect these charges if customers are unwilling or unable to pay them and such outcome may materially and adversely affect our operating results. Furthermore, our customers may elect to terminate or not renew our services if assessments, fines, or penalties for false alarms become significant. If more local governments were to impose assessments, fines, or penalties, our customer base, financial condition, results of operations, and cash flows could be materially adversely affected.

Police departments could refuse to respond to calls from monitored security service companies.

Police departments in certain U.S. and Canadian jurisdictions do not respond to calls from monitored security service companies unless certain conditions are met, such as video or other verification or eyewitness accounts of suspicious activities, either as a matter of policy or by local ordinance. We offer video verification in certain jurisdictions which increases costs of some security systems, which may increase costs to customers. As an alternative to video cameras in some jurisdictions, we have offered affected customers the option of receiving response from private guard companies, at least as an initial means to verify suspicious activities. In most cases this is accomplished through contracts with private guard companies, which increases the overall cost to customers. If more police departments were to refuse to respond or be prohibited from responding to calls from monitored security service companies unless certain conditions are met, such as video or other verification or eyewitness accounts of suspicious activities, our ability to attract and retain customers could be negatively impacted and our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Adoption of statutes and governmental policies purporting to characterize certain of our charges as unlawful may adversely affect our business.

Generally, if a customer cancels their contract with us prior to the end of the initial contract term, other than in accordance with the contract, we may charge the customer an early cancellation fee. Consumer protection policies or legal precedents could be proposed or adopted to restrict the charges we can impose upon contract cancellation. Such initiatives could compel us to increase our prices during the initial term of our contracts and consequently lead to less demand for our services and increased customer attrition. Adverse judicial determinations regarding these matters could cause us to incur legal exposure to customers against whom such charges have been imposed and expose us to the risk that certain of our customers may seek to recover such charges through litigation, including class action lawsuits. In addition, the costs of defending such litigation and enforcement actions could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

In the absence of regulation, certain providers of Internet access may block our services or charge their customers more for using our services, or government regulations relating to the Internet could change, which could materially adversely affect our revenue and growth.

Our interactive and home automation services are primarily accessed through the Internet and our security monitoring services, including those utilizing video streaming, are increasingly delivered using Internet technologies. Users who access our services through mobile devices, such as smart phones, laptops, and tablet computers must have a high-speed Internet connection, such as Wi-Fi, 3G, or 4G, to use our services. Currently, this access is provided by telecommunications companies and Internet access service providers that have significant and increasing market power in the broadband and Internet access marketplace. In the absence of government regulation, these providers could take measures that affect their customers' ability to use our products and services, such as degrading the quality of the data packets we transmit over their lines, giving our packets low priority, giving other packets higher priority than ours, blocking our packets entirely, or attempting to charge their customers more for using our products and services. To the extent that Internet service providers implement usage-based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks, we could incur greater operating expenses and customer acquisition and retention could be negatively impacted. Furthermore, to the extent network operators were to create tiers of Internet access service and either charge us for or prohibit our services from being available to our customers through these tiers, our business could be negatively impacted. Some of these providers also offer products and services that directly compete with our own offerings, which could potentially give them a competitive advantage. While actions like these by Canadian providers would

violate the net neutrality rules adopted by the CRTC described below, the FCC recently rolled back net neutrality protections in the United States as described below and most other countries have not adopted formal net neutrality or open Internet rules.

In 2009, the CRTC adopted Internet traffic management practices aimed at providing stronger net neutrality protections, and preventing Canadian Internet service providers from engaging in traffic shaping that are "unjustly discriminatory" or "unduly preferential." On February 26, 2015, the FCC reclassified broadband Internet access services in the United States as a telecommunications service subject to some elements of common carrier regulation, including the obligation to provide service on just and reasonable terms, and adopted specific net neutrality rules prohibiting the blocking, throttling or "paid prioritization" of content or services. However, in May 2017, the FCC issued a notice of proposed rulemaking to roll back net neutrality rules and return to a "light touch" regulatory framework. Consistent with this notice, on December 14, 2017, the FCC once again classified broadband Internet access service as an unregulated information service and repealed the specific rules against blocking, throttling or "paid prioritization" of content or services. It retained a rule requiring Internet service providers to disclose their practices to consumers, entrepreneurs and the FCC. A number of parties have already stated they would appeal this order and it is possible Congress may adopt legislation restoring some net neutrality requirements. The elimination of net neutrality rules and any changes to the rules could affect the market for broadband Internet access service in a way that impacts our business. For example, if Internet access providers provide better Internet access for their own alarm monitoring or interactive services that compete with ADT's services or limit the bandwidth and speed for the transmission of data from ADT equipment, the demand for our services could be depressed or the costs of services we provide could increase.

Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets.

As of December 31, 2017 , we had approximately $13 billion of goodwill and identifiable intangible assets, excluding deferred financing costs. Goodwill and other identifiable intangible assets are recorded at fair value on the date of acquisition. We review such assets for impairment at least annually. Impairment may result from, among other things, deterioration in performance; adverse market conditions; adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services we offer; challenges to the validity of certain registered intellectual property; reduced sales of certain products or services incorporating registered intellectual property; increased attrition; and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. Any future determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on our financial condition and results of operations.

We have significant deferred tax assets, and any impairments of or valuation allowances against these deferred tax assets in the future could materially adversely affect our results of operations, financial condition, and cash flows.

We are subject to income taxes in the United States and Canada and in various state, territorial, provincial, and local jurisdictions. The amount of income taxes we pay is subject to our interpretation and application of tax laws in jurisdictions in which we file. Changes in current or future laws or regulations, the imposition of new or changed tax laws or regulations or new related interpretations by taxing authorities in the jurisdictions in which we file could materially adversely affect our financial condition, results of operations, and cash flows.

Our future consolidated federal and state income tax liability may be significantly reduced by tax credits and tax net operating loss ("NOL") carryforwards available to us under the applicable tax codes. Each of ASG, Protection One, and The ADT Corporation had material NOL carryforwards prior to our acquisition of such entity. Our ability to fully utilize these deferred tax assets, however, may be limited for various reasons, such as if projected future taxable income becomes insufficient to recognize the full benefit of our NOL carryforwards prior to their expirations. If a corporation experiences an "ownership change," Sections 382 and 383 of the Code (as defined herein) provide annual limitations with respect to the ability of a corporation to utilize its NOL (as well as certain built-in losses) and tax credit carryforwards against future U.S. taxable income. In general, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of the corporation by more than 50 percentage points over a three-year testing period.

Our acquisitions of The ADT Corporation, ASG, and Protection One resulted in an ownership change of each of those entities. Our ability to fully utilize the NOL carryforwards of those entities is subject to the limitations under Section 382 of the Code. We do not expect that this limitation will impact our ability to utilize these tax attributes (NOLs). However, it is possible that future changes in the direct or indirect ownership in our equity might result in additional ownership changes that may trigger the imposition of additional limitations under Section 382 of the Code with respect to these tax attributes.

In addition, audits by the U.S. Internal Revenue Service ("IRS") as well as state, territorial, provincial, and local tax authorities could reduce our tax attributes and/or subject us to tax liabilities if tax authorities make adverse determinations with respect to our

NOL or tax credits carryforwards. The Company is currently subject to federal income tax audits covering the 2010-2013 tax years. During the third quarter of 2017, the Company was notified by the IRS of its intent to disallow amortization deductions claimed on the Company's $987 million trademark. The Company intends to challenge this decision before the Appeals Division of the IRS. If the Company were to lose the dispute, it would result in minimal cash tax liabilities to ADT, no impact to the Company's income statement, but material loss to the Company's NOL deferred tax asset. The Company strongly disagrees with the IRS's position and maintains that the deductions claimed are appropriate. The Company intends to vigorously defend its originally filed tax return position. There can be no assurance that adjustments that would reduce the Company's tax attributes or otherwise affect the Company's tax liability will not be proposed by the IRS with respect to these tax years. Further, any future disallowance of some or all of our tax credits or NOL carryforwards as a result of legislative change could materially adversely affect our tax obligations. Accordingly, there can be no assurance that in the future we will not be subject to increased taxation or experience limitations with respect to recognizing the benefits of our NOL carryforwards and other tax attributes. Any such increase in taxation or limitation of benefits could have a material adverse effect on our financial condition, results of operations, or cash flows. Finally, in 2016, the IRS commenced an audit of the Company related to the 2013 tax year. The issue discussed above related to the amortization of the Company's trademark being disputed with the IRS would have a carryforward impact into ADT's 2013 tax year and forward. As of the date of this report, we do not believe this audit will impair the Company's tax attributes.

U.S. federal income tax reform could adversely affect us.

On December 22, 2017, President Trump signed into law the "Tax Cuts and Jobs Act" legislation ("Tax Reform"), which significantly reforms the U.S. Internal Revenue Code. The new legislation, among other things, includes changes to U.S. federal tax rates, imposes significant limitations on the deductibility of interest, allows for the full expensing of capital expenditures, and puts into effect the migration from a "worldwide" system of taxation to a modified territorial system. In response to Tax Reform, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") that allows companies to record provisional estimates of the effects of the legislative change, and a one-year measurement period to finalize the accounting of those effects. Our net deferred tax assets and liabilities have been revalued at the newly enacted U.S. corporate rate, and provisional amounts associated with the legislation have been recognized in our tax benefit for the year ended December 31, 2017. Tax Reform includes complex changes, which are subject to interpretation by various tax authorities such as the Treasury Department and the IRS, and may differ from our preliminary interpretations and analysis. State and local tax authorities also need to assess the impacts to their jurisdictions, and may enact changes to their existing laws in response to the changes that have been enacted at the federal level. We expect the various tax authorities to issue their respective interpretations and guidance, and we will continue to assess the impact to our business accordingly. Adjustments may be needed to the provisional amounts recorded in our 2017 financial statements, and these adjustments may materially impact our financial statements in the period in which the adjustments are made. We do not expect Tax Reform to have a material impact to our projection of minimal cash taxes or to our NOLs.

We are exposed to greater risks of liability for employee acts or omissions or system failures than may be inherent in other businesses.

If a customer or third party believes that it has suffered harm to person or property due to an actual or alleged act or omission of one of our authorized dealers, employees, independent contractors, or other agents, or a security or interactive system failure, they (or their insurers) may pursue legal action against us, and the cost of defending the legal action and of any judgment against us could be substantial. In particular, because our products and services are intended to help protect lives and real and personal property, we may have greater exposure to litigation risks than businesses that provide other commercial, consumer, and small business products and services. Our standard customer contracts contain a series of risk-mitigation provisions that serve to limit our liability and/or limit a claimant's ability to pursue legal action; however, in the event of litigation with respect to such matters, it is possible that these risk-mitigation provisions may be deemed not applicable or unenforceable and, regardless of the ultimate outcome, we may incur significant costs of defense that could materially adversely affect our business, financial condition, results of operations, and cash flows, and there can be no assurance that any such defense efforts will be successful.

If we are unable to recruit and retain key personnel, including an effective sales force, our ability to manage our business could be materially and adversely affected.

Our success will depend in part upon the continued services of our management team and sales representatives. Our ability to recruit and retain key personnel for management positions and effective sales representatives could be impacted adversely by the competitive environment for management and sales talent. The loss, incapacity, or unavailability for any reason of key members of our management team and the inability or delay in hiring new key employees, including sales force personnel, could materially adversely affect our ability to manage our business and our future operational and financial results.

The loss of our senior management could disrupt our business.

Our senior management is important to the success of our business because there is significant competition for executive personnel with experience in the security and home automation industry. As a result of this need and the competition for a limited pool of industry-based executive experience, we may not be able to retain our existing senior management. In addition, we may not be able to fill new positions or vacancies created by expansion or turnover. Moreover, we do not currently have and do not expect to have in the future "key person" insurance on the lives of any member of our senior management. The loss of any member of our senior management team without retaining a suitable replacement (either from inside or outside our existing management team) could have a material adverse effect on our business, financial condition, and results of operations.

Adverse developments in our relationship with our employees could materially and adversely affect our business, results of operations, and financial condition.

As of December 31, 2017 , approximately 1,800 of our employees at various sites, or approximately 10% of our total workforce, were represented by unions and covered by collective bargaining agreements. We are currently party to approximately 38 collective bargaining agreements in the United States and Canada. Almost one-third of these agreements are up for renewal in any given year. We cannot predict the outcome of negotiations of the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns, or other labor actions, which could materially disrupt our ability to provide services. New labor agreements or the renewal of existing agreements may impose significant new costs on us, which could materially adversely affect our financial condition and results of operations in the future.

We may be required to make indemnification payments relating to The ADT Corporation's separation from Tyco.

In connection with its separation from Tyco, The ADT Corporation entered into a tax sharing agreement (the "2012 Tax Sharing Agreement") with Tyco and Pentair Ltd., formerly Tyco Flow Control International, Ltd. ("Pentair"), which governs the rights and obligations of The ADT Corporation, Tyco, and Pentair for certain pre-separation tax liabilities. The 2012 Tax Sharing Agreement provides that The ADT Corporation, Tyco, and Pentair will share (i) certain pre-separation income tax liabilities that arise from adjustments made by tax authorities to The ADT Corporation's, Tyco's, and Pentair's U.S. and certain non-U.S. income tax returns, and (ii) payments required to be made by Tyco in respect of a tax sharing agreement it entered into in connection with a 2007 spinoff transaction (collectively, "Shared Tax Liabilities"). Tyco is responsible for the first $500 million of Shared Tax Liabilities. The ADT Corporation and Pentair share 58% and 42%, respectively, of the next $225 million of Shared Tax Liabilities. The ADT Corporation, Tyco, and Pentair share 27.5%, 52.5%, and 20.0%, respectively, of Shared Tax Liabilities above $725 million. In addition, The ADT Corporation retained sole liability for certain specified U.S. and non-U.S. income and non-income tax items. In 2010, The ADT Corporation acquired Broadview Security, a business formerly owned by The Brink's Company. In connection with Broadview Security's separation from The Brink's Company, in 2008 it entered into a tax sharing agreement, which allocates historical and separation related tax liabilities between Broadview Security and The Brink's Company (the "2008 Tax Sharing Agreement"). Under the 2012 Tax Sharing Agreement, The ADT Corporation bears 100% of all tax liabilities related to Broadview Security, including any tax liability that may be asserted under the 2008 Tax Sharing Agreement. To our knowledge, no such tax liability has been asserted to date.

Under the terms of the 2012 Tax Sharing Agreement, Tyco controls all U.S. income tax audits relating to the pre-separation taxable period (including the separation itself). Tyco has been subject to federal income tax audits for the 1997—2009 tax years, and has resolved all aspects of its disputes before the U.S. Tax Court and before the Appeals Division of the IRS for audit cycles 1997 through 2009. The resolution had an immaterial impact on the Company's financial position, results of operations, and cash flows. The 2010 through 2012 tax years are still under review with the IRS.

In addition, under the terms of the 2012 Tax Sharing Agreement, in the event the distribution of The ADT Corporation's common shares to the Tyco stockholders, the distribution of Pentair common shares to the Tyco stockholders, or certain internal transactions undertaken in connection therewith were determined to be taxable as a result of actions taken by The ADT Corporation, Pentair, or Tyco after the distributions, the party responsible for such failure would be responsible for all taxes imposed on The ADT Corporation, Pentair, or Tyco as a result thereof. If such failure is not the result of actions taken after the distributions by The ADT Corporation, Pentair, or Tyco, then The ADT Corporation, Pentair, and Tyco would be responsible for any distribution taxes imposed on The ADT Corporation, Pentair, or Tyco as a result of such determination in the same manner and in the same proportions as the Shared Tax Liabilities.

See Note 7 "Income Taxes" and Note 8 "Commitments and Contingencies" to the accompanying consolidated financial statements for further discussion.

We may be subject to liability for obligations of The Brink's Company under the Coal Act or other coal-related liabilities of The Brink's Company.

On May 14, 2010, The ADT Corporation acquired Broadview Security, a business formerly owned by The Brink's Company. Under the Coal Industry Retiree Health Benefit Act of 1992, as amended (the "Coal Act"), The Brink's Company and its majority-owned subsidiaries as of July 20, 1992 (including certain legal entities acquired in the Broadview Security acquisition) are jointly and severally liable with certain of The Brink's Company's other current and former subsidiaries for health care coverage obligations provided for by the Coal Act. A Voluntary Employees' Beneficiary Association ("VEBA") trust has been established by The Brink's Company to pay for these liabilities, although the trust may have insufficient funds to satisfy all future obligations. We cannot rule out the possibility that certain legal entities acquired in the Broadview Security acquisition may also be liable for other liabilities in connection with The Brink's Company's former coal operations. At the time of the separation of Broadview Security from The Brink's Company in 2008, Broadview Security entered into an agreement pursuant to which The Brink's Company agreed to indemnify it for any and all liabilities and expenses related to The Brink's Company's former coal operations, including any health care coverage obligations. The Brink's Company has agreed that this indemnification survives The ADT Corporation's acquisition of Broadview Security. We in turn agreed to indemnify Tyco for such liabilities in our separation from it. We have evaluated Broadview Security's potential liability under the Coal Act and otherwise with respect to The Brink's Company's former coal operations as a contingency in light of all known facts, including the funding of the VEBA, indemnification provided by The Brink's Company and the absence of any such claims against us to date. We have concluded that no accrual is necessary due to the existence of the indemnification and our belief that The Brink's Company and VEBA will be able to satisfy all future obligations under the Coal Act and any other coal-related liabilities of The Brink's Company. However, if The Brink's Company and the VEBA are unable to satisfy all such obligations, we could be held liable, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Risks Related to our Indebtedness

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 making debt service payments.

As of December 31, 2017 , on a consolidated basis, we had $10.4 billion face value of outstanding indebtedness (excluding capital leases) and $795 million accumulated stated value of the Koch Preferred Securities. The dividend obligation on the Koch Preferred Securities is recorded in interest expense.

During the year ended December 31, 2017 , excluding borrowings and payments under our Revolving Credit Facilities (as defined in Note 5 "Debt" to the accompanying consolidated financial statements) and capital lease obligations, our cash flow used for debt service totaled $682 million, which includes scheduled quarterly principal payments of the First Lien Term B-1 Loan of $27 million, interest payments on our debt of $614 million, and dividend payments of $41 million associated with the Koch Preferred Securities. Furthermore, we repaid $140 million of borrowings under our Revolving Credit Facilities and paid $6 million of other interest payments primarily related to our Revolving Credit Facilities and capital lease obligations.

During the year ended December 31, 2017 , our cash flows from operating activities totaled $1,592 million , which includes interest paid on our debt of $620 million described above as well as dividends of $41 million related to the Koch Preferred Securities. As such, our cash flows from operating activities (before giving effect to the payment of interest and dividends) amounted to $2,253 million . Cash payments used to service our debt represented approximately 30% of our net cash flows from operating activities (before giving effect to the payment of interest).

Our substantial indebtedness and the restrictive covenants under the agreements governing such indebtedness 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, 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 agreements governing our 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; or
- expose us to the risk of increased interest rates, as certain of our borrowings are at variable rates of interest.

In addition, the agreements governing our indebtedness contain restrictive covenants that may 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.

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 agreements governing our indebtedness contain certain restrictions on our and our subsidiaries' ability to incur additional 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. Additionally, the covenants under any 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 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."

We may not be able to generate sufficient cash to service all of our indebtedness 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 satisfy our debt obligations depends 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; and
- our future ability to borrow under our Revolving Credit Facilities, 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 our Revolving Credit Facilities or otherwise, in an amount sufficient to fund our liquidity needs.

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. 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 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. Our Sponsor and its affiliates 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 our indebtedness.

If we cannot make scheduled payments on our indebtedness, we will be in default and holders of the Prime Notes and the ADT Notes could declare all outstanding principal and interest to be due and payable, the lenders under our Revolving Credit Facilities could terminate their commitments to loan money, our secured lenders (including the lenders under our First Lien Credit Facilities (as defined herein) and the holders of the Notes) could foreclose against the assets securing the indebtedness owing to them, and we could be forced into bankruptcy or liquidation.

If our indebtedness is accelerated, we may need to repay or refinance all or a portion of our indebtedness 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.

Our debt agreements contain restrictions that limit our flexibility.

Our debt agreements contain, and any 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.

As a result of these covenants, we will 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.

We have pledged a significant portion of our assets as collateral under our debt agreements. If any of the holders of our indebtedness accelerate the repayment of such indebtedness, there can be no assurance that we will have sufficient assets to repay our indebtedness.

A failure to comply with the covenants under our debt agreements or any 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; or
- could require us to apply all of our available cash to repay these borrowings.

Such actions by the lenders could cause cross-defaults under our other indebtedness. If we are unable to repay those amounts, our secured lenders (including the lenders under our Credit Facilities and the holders of the Prime Notes and the ADT Notes) could proceed against the collateral granted to them to secure that indebtedness.

If any of our outstanding indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

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

Borrowings under our Credit Facilities 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. Assuming our Revolving Credit Facilities are fully drawn, each 0.125% change in assumed blended interest rates under the Credit Facilities would result in a $4 million change in annual interest expense on indebtedness under our Credit Facilities. We currently have entered into, and in the future we may continue to enter into, interest rate swaps that involve the exchange of floating for fixed-rate interest payments to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable-rate indebtedness, and any such swaps may not fully mitigate our interest rate risk, may prove disadvantageous, or may create additional risks.

The certificate of designation and other definitive agreements governing the Koch Preferred Securities contain certain designations, rights, preferences, powers, restrictions and limitations that could materially and adversely affect our business, results of operations, and financial condition.

Under the certificate of designation and other definitive agreements governing the Koch Preferred Securities, the Koch Preferred Securities are required to be redeemed on May 2, 2030. Although we intend to redeem the Koch Preferred Securities in full prior to that time, if the Koch Preferred Securities remain outstanding, we will be required to redeem all remaining Koch Preferred Securities on May 2, 2030. There can be no assurance that we will have sufficient funds available to redeem in full the Koch Preferred Securities at such time.

Upon consummation of our IPO, in January 2018, we deposited $750 million in cash into a separate account (the "Segregated Account"), which may only be used by the Company to redeem the Koch Preferred Securities (in whole or in part, from time to time). In the event that we consummate an underwritten public offering of shares of our common stock following the IPO, but prior to the date that all Koch Preferred Securities have been redeemed in full, we are required to increase the cash amount deposited in the Segregated Account to an amount sufficient to redeem the Koch Preferred Securities as of certain dates. We have agreed with the Koch Investor to maintain at all times the balance of the Segregated Account in an amount equal to at least the Minimum Segregated Account Amount (as defined in Note 6 "Mandatorily Redeemable Preferred Securities" to our audited consolidated financial statements) until the Koch Preferred Securities have been redeemed in full. If we do not maintain the Minimum Segregated Account Amount at any time, we will be required to redeem the Koch Preferred Securities in full. There can be no assurance that we will have sufficient funds available to redeem in full the Koch Preferred Securities at such time.

The certificate of designation and other definitive agreements governing the Koch Preferred Securities also contain certain other designations, rights, preferences, powers, restrictions, and limitations that could require us to redeem all or a portion of the Koch Preferred Securities or require that we obtain the consent of the holders of a majority of the Koch Preferred Securities before taking certain actions or entering into certain transactions. Such designations, rights, preferences, powers, restrictions, and limitations could hinder or delay our operations and materially and adversely affect our business, results of operations, and financial condition. For example, prior to the redemption of the Koch Preferred Securities in full, the Company and its subsidiaries are subject to certain affirmative and negative covenants, such as engaging in transactions with affiliates and paying dividends on our common stock, among other things, under the certificate of designation and other definitive agreements governing the Koch Preferred Securities. See Note 6 "Mandatorily Redeemable Preferred Securities" to the accompanying consolidated financial statements for further discussion.

Risks Related to the Ownership of our Common Stock

Our stock price may fluctuate significantly.

The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The following factors could affect our stock price:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth (if any) of our financial indicators, such as net income per share, net income and revenues;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in operating performance and the stock market valuations of other companies;
- announcements related to litigation;
- our failure to meet revenue or earnings estimates made by research analysts or other investors;

- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- sales of our common stock by us or our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations, or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions;
- domestic and international economic, legal, and regulatory factors unrelated to our performance;
- material weakness in our internal controls over financial reporting; and
- the realization of any risks described under this "Risk Factors" section, or other risks that may materialize in the future.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources, and harm our business, financial condition, and results of operations.

We will incur significant costs and devote substantial management time as a result of operating as a public company.

As a public company, we will continue to incur significant legal, accounting, and other expenses. For example, we will be required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, and the rules of the New York Stock Exchange ("NYSE"), including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and to devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

In addition, we continue to integrate the financial reporting systems of the Protection One, ASG and The ADT Corporation. Successfully implementing our business plan and complying with the Sarbanes-Oxley Act and other regulations described above requires us to be able to prepare timely and accurate financial statements. Any delay in this implementation of, or disruption in, the transition to new or enhanced systems, procedures, or controls, may cause us to present restatements or cause our operations to suffer, and we may be unable to conclude that our internal controls over financial reporting are effective and to obtain an unqualified report on internal controls from our auditors.

We continue to be controlled by Apollo, and Apollo's interests may conflict with our interests and the interests of other stockholders.

As of the date of this report, Apollo has the power to elect a majority of our directors. Therefore, individuals affiliated with Apollo will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including entering into significant corporate transactions such as mergers, tender offers, and the sale of all or substantially all of our assets and issuance of additional debt or equity. The interests of Apollo and its affiliates, including funds affiliated with Apollo, could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by funds affiliated with Apollo could delay, defer, or prevent a change in control of our company or impede a merger, takeover, or other business combination which may otherwise be favorable for us. Additionally, Apollo and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Apollo and its affiliates may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to

us. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor. So long as funds affiliated with Apollo continue to directly or indirectly own a significant amount of our equity, even if such amount is less than 50%, Apollo and its affiliates will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions. In addition, we have an executive committee that serves at the discretion of our board of directors and is composed of two Apollo designees and our CEO, who are authorized to exercise all of the powers of our board of directors (subject to certain exceptions) when the board of directors is not in session that the executive committee reasonably determines are appropriate. See "Item 10. Directors, Executive Officers and Corporate Governance—Board Committees—Executive Committee" for further discussion.

We are a "controlled company" within the meaning of the NYSE rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

Apollo controls a majority of the voting power of our outstanding voting stock, and as a result, we are a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

We intend to utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

Our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium on their shares.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our board of directors. These provisions include:

- providing that our board of directors will be divided into three classes, with each class of directors serving staggered three-year terms;
- providing for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if less than 50.1% of our outstanding common stock is beneficially owned by funds affiliated with Apollo;
- empowering only the board to fill any vacancy on our board of directors (other than in respect of a Sponsor Director (as defined below)), whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorizing the issuance of "blank check" preferred stock without any need for action by stockholders;
- prohibiting stockholders from acting by written consent if less than 50.1% of our outstanding common stock is beneficially owned by funds affiliated with Apollo;
- to the extent permitted by law, prohibiting stockholders from calling a special meeting of stockholders if less than 50.1% of our outstanding common stock is beneficially owned by funds affiliated with Apollo; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

Additionally, Section 203 of the Delaware General Corporation Law (the "DGCL") prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, unless the business combination is approved in a prescribed manner. An interested stockholder includes a person, individually or together with any other interested stockholder, who within the last three years has owned 15% of our voting stock. However, our amended and restated certificate of incorporation, which became effective on the consummation of the IPO, includes a provision that restricts us from engaging in any business

combination with an interested stockholder for three years following the date that person becomes an interested stockholder. Such restrictions shall not apply to any business combination between our Sponsor and any affiliate thereof or their direct and indirect transferees, on the one hand, and us, on the other.

Our issuance of shares of preferred stock could delay or prevent a change in control of the Company. Following the expected redemption of the Koch Preferred Securities, our board of directors shall have the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value $0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices, and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring, or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares.

In addition, as long as funds affiliated with or managed by Apollo beneficially own a majority of our outstanding common stock, Apollo will be able to control all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, and certain corporate transactions. Together, these charter, bylaw and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by funds affiliated with Apollo and its right to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquisitions of the Company, thereby reducing the likelihood that holders of our common stock could receive a premium for their common stock in an acquisition.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, or agents to us or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the DGCL or of our amended and restated certificate of incorporation or our amended and restated bylaws; or (d) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

In connection with the ADT Acquisition in May 2016, funds affiliated with or managed by Apollo and certain other investors in our indirect parent entities (the "Co-Investors") received certain rights, including the right to designate one person to serve as a director (such director, the "Co-Investor Designee") as long as such Co-Investor's ownership exceeds a specified threshold. As of March 8, 2018, one Co-Investor has the right to designate a Co-Investor Designee. In addition, the Koch Investor has the right, so long as the Koch Investor holds at least 25% of the Koch Preferred Securities, to (i) designate one director to our board (the "Koch Investor Designee") and (ii) designate up to two observers to our board. Under the Stockholders Agreement (see "Certain Relationships and Related Transactions and Director Independence—Stockholders Agreement"), Ultimate Parent has the right, but not the obligation, to nominate the Co-Investor Designee, and the Koch Investor Designee to serve as members of our board of directors. Ultimate Parent's right to nominate the Co-Investor Designee and the Koch Investor Designee is in addition to Ultimate Parent's right to nominate a specified percentage of the directors (the "Apollo Designees") based on the percentage of our outstanding common stock beneficially owned by the Sponsor (see "Certain Relationships and Related Transactions and Director Independence - Stockholders Agreement").

Under our amended and restated certificate of incorporation, none of Apollo, the one Co-Investor that maintains a right to appoint a director, the Koch Investor, or any of their respective portfolio companies, funds, or other affiliates, or any of their officers, directors, agents, stockholders, members, or partners have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer,

director, employee, managing director, or other affiliate of Apollo, the Co-Investor, or the Koch Investor will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Apollo, the Co-Investor, or the Koch Investor, as applicable, instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director, or other affiliate has directed to Apollo, the Co-Investor, or the Koch Investor, as applicable. For instance, a director of our company who also serves as a director, officer, or employee of Apollo, the Co-Investor, the Koch Investor, or any of their respective portfolio companies, funds, or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. As of the date of this report, this provision of our amended and restated certificate of incorporation relates only to the Apollo Designees, the Co-Investor Designee, and the Koch Investor Designee. There are currently eleven directors of our Company, six of whom are Apollo Designees, one of which is a Co-Investor Designee, and one of which is a Koch Investor Designee. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by Apollo, the Co-Investor, or the Koch Investor to itself or their respective portfolio companies, funds, or other affiliates instead of to us.

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." 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. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

You may be diluted by the future issuance of additional common stock or convertible securities in connection with our incentive plans, acquisitions or otherwise, which could adversely affect our stock price.

Our amended and restated certificate of incorporation authorizes us to issue shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. Refer to Note 12 "Share-Based Compensation" to the accompanying consolidated financial statements for details of the number of options outstanding, which are exercisable into shares of our common stock, and "Item 11. Executive Compensation" for details of shares reserved and issuable under our new equity incentive plan. Any common stock that we issue, including under our new equity incentive plan or other equity incentive plans that we may adopt in the future, as well as under outstanding options would dilute the percentage ownership held by holders of our common stock. From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. Our issuance of additional shares of our common stock or securities convertible into our common stock would dilute the percentage ownership of the Company held by holders of our common stock and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.

The number of outstanding shares of common stock includes shares beneficially owned by Apollo and certain of our employees, that are "restricted securities," as defined under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), and eligible for sale in the public market subject to the requirements of Rule 144. We, each of our officers and directors, Apollo, and substantially all of our existing stockholders have agreed that (subject to certain exceptions), for a lock-up period of 180 days after the IPO, we and they will not, without the prior written consent of certain underwriters dispose of any shares of common stock or any securities convertible into or exchangeable for our common stock. Following the expiration of the applicable lock-up period, all of the issued and outstanding shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding periods, and other limitations of Rule 144. Certain underwriters may, in their sole discretion, release all or any portion of the shares subject to lock-up agreements at any time and for any reason. In addition, Apollo has certain rights to require us to register the sale of common stock held by Apollo, including in connection with underwritten offerings. Sales of significant amounts of stock in the public market upon expiration of lock-up agreements, the perception that such sales may occur, or early release of any lock-up agreements, could adversely affect prevailing market prices of our common stock or make it more difficult for you to sell your shares of common stock at a time and price that you deem appropriate. See "Item 12. Security

Ownership of Certain Beneficial Owners and Management" for further details on the number of shares of our common stock beneficially owned by Apollo and certain of our employee.

There can be no assurances that a viable public market for our common stock will be maintained.

Prior to the IPO, our common stock was not traded on any market. An active, liquid, and orderly trading market for our common stock may not be maintained. Active, liquid, and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. We cannot predict the extent to which investor interest in our common stock will result in an ongoing active trading market on the NYSE or otherwise or how liquid that market will be. If an active public market for our common stock is not sustained, it may be difficult for holders of our common stock to sell their shares at a price that is attractive or at all.

If securities or industry analysts do not publish research or reports about our business or publish negative reports, our stock price could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock or if our operating results do not meet their expectations, our stock price could decline.

We may issue preferred securities, the terms of which could adversely affect the voting power or value of our common stock.

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred securities having such designations, preferences, limitations, and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred securities could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred securities the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred securities could affect the residual value of the common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We currently operate through a network of over 200 sales and service offices, 12 U.L.-listed monitoring centers, seven customer and field support locations, two national sales call centers, and two regional distribution centers, located throughout the United States and Canada.

The majority of the properties described above are leased. We lease approximately 2.5 million square feet of space in the United States, including approximately 150 thousand square feet of office space for our corporate headquarters located in Boca Raton, Florida. We lease this property under a long-term operating lease with a third party. We also own approximately 478 thousand square feet of space throughout the United States.

We lease approximately 250 thousand square feet of space in Canada in support of our Canadian operations.

We believe our properties are adequate and suitable for our business as presently conducted and are adequately maintained.

ITEM 3. LEGAL PROCEEDINGS.

We are subject to various claims and lawsuits in the ordinary course of business, including from time to time, contractual disputes, employment matters, product and general liability claims, claims that the Company has infringed on the intellectual property rights of others, claims related to alleged security system failures, and consumer and employment class actions. In the ordinary course of business, we are also subject to regulatory and governmental examinations, information requests and subpoenas, inquiries, investigations, and threatened legal actions and proceedings. In connection with such formal and informal inquiries, we receive numerous requests, subpoenas, and orders for documents, testimony, and information in connection with various aspects of our activities. We have recorded accruals for losses that we believe are probable to occur and are reasonably estimable. Refer to Note 8 "Commitments and Contingencies" to the accompanying consolidated financial statements for further discussion.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information for our Common Stock

On January 23, 2018, we consummated an IPO of 105,000,000 shares of our common stock at an initial public offering price of $14.00 per share pursuant to a Registration Statement on Form S-1 (Registration No. 333-222233), which was declared effective by the SEC on January 18, 2018. We are listed on the NYSE under the symbol "ADT." Prior to that time, there was no public market for our common stock.

Stockholders of Record

As of March 8, 2018 , there were 62 shareholders of record of our common stock. This does not include the number of stockholders who hold our common stock through banks, brokers and other financial institutions.

Dividend Policy

On February 16, 2017, we paid a dividend in an aggregate amount of $550 million to our equity holders and Ultimate Parent, which primarily included distributions to our Sponsor. On April 18, 2017, we paid an additional dividend of $200 million to our equity holders and Ultimate Parent, which primarily included distributions to our Sponsor. We did not declare any dividends during the year ended December 31, 2016.

We intend to declare and pay dividends on our common stock in the foreseeable future, although any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earning levels, cash flows, capital requirements, levels of indebtedness, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements and the restrictions in the Koch Preferred Securities, and any other factors deemed relevant by our board of directors. While the certificate of designation of the Koch Preferred Securities restricts the Company from paying dividends on its common stock, the Koch Investor has consented to a one-time distribution in an aggregate amount not to exceed $50 million, in the event the Company elects to declare and pay a dividend on its common stock prior to June 30, 2018. See Note 6 "Mandatorily Redeemable Preferred Securities" to the accompanying consolidated financial statements.

As a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries. Our ability to pay dividends will therefore be restricted as a result of restrictions on their ability to pay dividends to us under the Credit Facilities, the Prime Notes, the ADT Notes, and under future indebtedness that we or they may incur. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Note 13 "Equity" to the accompanying consolidated financial statements.

Equity Compensation Plans

The following table provides information as of December 31, 2017 with respect to ADT's common shares issuable under its equity compensation plan. All numbers in the following table are presented before giving effect to the 1.681-for-1 stock split of our common stock (the "Stock Split") that was effected on January 4, 2018.

	Equity Compensation Plan		
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights [a]**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) [b]**
Equity compensation plans approved by stockholders:			
2016 Equity Incentive Plan [1]	2,880,920	$ 11.41	22,116,580
Equity compensation plans not approved by stockholders	—		—
Total	2,880,920		22,116,580

(1) The ADT Inc. 2016 Equity Incentive Plan provides for the award of stock options, restricted stock units, and other equity and equity-based awards to our board of directors, officers, and non-officer employees. Amount shown in column denoted by (a) includes 1,429,904 of service-based and 1,451,016 of performance-based shares that may be issued upon the exercise of stock options.

Recent Sales of Unregistered Securities

Set forth below is information regarding securities sold or granted by us during the year ended December 31, 2017 that were not registered under the Securities Act. Also included is the consideration, if any, received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed for such sales and grants. Such information is rounded to the nearest whole number, except per share data.

All share numbers regarding recent sales of unregistered securities are presented before giving effect to the Stock Split that was effected on January 4, 2018, unless otherwise noted in this section.

Options

- On March 27, 2017, we issued 855,556 options to acquire shares of our common stock to certain employees pursuant to our 2016 Equity Incentive Plan.
- On June 29, 2017, we issued 279,253 options to acquire shares of our common stock to certain employees pursuant to our 2016 Equity Incentive Plan.
- On August 21, 2017, we issued 50,000 options to acquire shares of our common stock to certain employees pursuant to our 2016 Equity Incentive Plan.

Common Stock

- On June 28, 2017, we issued 24,217 shares of our common stock to Ultimate Parent for total proceeds of approximately $290 thousand.
- On October 17, 2017, we issued 3,771 shares of our common stock to Ultimate Parent.
- On October 18, 2017, we issued 1,111 shares of our common stock to a former employee upon such former employee's exercise of his vested options.
- On October 27, 2017, we issued 12,108 shares of our common stock to Ultimate Parent for total proceeds of approximately $200 thousand.
- On November 3, 2017, we issued 1,389 shares of our common stock to a former employee upon such former employee's exercise of his vested options.
- On January 4, 2018, we effected a stock split whereby our issued and outstanding shares of common stock were reclassified as 641,118,571 shares of our common stock.

  Furthermore, on January 22, 2018, we issued 20,636,766 shares of our common stock to Ultimate Parent.

Except as otherwise noted above, these transactions were exempt from registration pursuant to Section 4(a)(2) of the Securities Act, as they were transactions by an issuer that did not involve a public offering of securities.

Use of Proceeds from Registered Securities

In January 2018, in connection with the IPO, we received gross proceeds of approximately $1,470 million, or $1,415 million after reflecting underwriting discounts of approximately $55 million. On February 21, 2018, we used approximately $649 million from the IPO to redeem $594 million aggregate principal amount of the Prime Notes and paid the related call premium. In addition, upon consummation of the IPO, we deposited $750 million of the net proceeds into the Segregated Account, which amount will be used to redeem the Koch Preferred Securities at a future date. The remaining proceeds will be used to pay other fees and expenses related to the IPO or for general corporate purposes.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the year ended December 31, 2017 .

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data presented in the table below should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying consolidated financial statements and the related notes included elsewhere in this Annual Report. The selected consolidated balance sheet data as of December 31, 2017 and 2016 (Successor) and the related selected consolidated statements of operations data for the years ended December 31, 2017 and 2016, and for the period from May 15, 2015 ("Inception") through December 31, 2015, and for the Predecessor period from January 1, 2015 through June 30, 2015, have been derived from our audited financial statements included elsewhere in this this Annual Report. The selected consolidated balance sheet data as of December 31, 2015 (Successor), and December 31, 2014 and December 31, 2013 for the Predecessor, and the related selected consolidated statements of operations data for the years ended December 31, 2014 and December 31, 2013, have been derived from our audited financial statements not included in this Annual Report.

Prior to the Formation Transactions on July 1, 2015, ADT Inc. was a holding company with no assets or liabilities, and Protection One is the predecessor of ADT Inc. for accounting purposes. Our historical financial data through June 30, 2015 consists solely of Protection One's historical financial data. From July 1, 2015, which was also the date of the ASG Acquisition, our selected financial data includes ASG's financial data in addition to the financial data of Protection One. Additionally, on May 2, 2016, we acquired The ADT Corporation. Our selected financial data beginning May 2, 2016 also includes The ADT Corporation's selected financial data. Historical results are not necessarily indicative of the results to be expected in the future.

(in thousands, except per share data)	Successor			Predecessor		
	Year Ended December 31, 2017	Year Ended December 31, 2016 [a]	From Inception through December 31, 2015 [a]	Period from January 1, 2015 through June 30, 2015 [a]	Year Ended December 31, 2014	Year Ended December 31, 2013
Statement of Operations Data:						
Total Revenue	$ 4,315,502	$ 2,949,766	$ 311,567	$ 237,709	$ 466,557	$ 429,277
Operating income (loss)	282,439	(229,315)	(39,774)	11,232	42,302	26,138
Net income (loss)	342,627	(536,587)	(54,253)	(18,591)	(18,488)	(38,585)
Net income (loss) per share:						
Basic	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)	$ (184,880)	$ (385,850)
Diluted	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)	$ (184,880)	$ (385,850)
Weighted-average shares used to compute net income (loss) per share						
Basic [b]	641,074	640,725	640,723	0.1	0.1	0.1
Diluted [b]	641,074	640,725	640,723	0.1	0.1	0.1
Cash dividends declared per common share	$ 1.17	$ —	$ —	$ —	$ —	$ —
Balance Sheet Data (at period end):						
Cash and cash equivalents	$ 122,899	$ 75,891	$ 15,759		$ 89,834	$ 3,365
Total assets [c]	17,014,820	17,176,481	2,319,515		1,099,531	1,011,930
Total debt [c]	10,169,186	9,509,970	1,346,958		872,904	775,910
Mandatorily redeemable preferred securities [d]	682,449	633,691	—		—	—
Total liabilities [c]	13,581,708	13,371,505	1,616,618		1,057,639	955,882
Total stockholders' equity [d][e]	3,433,112	3,804,976	702,897		41,892	56,048

(a) During the third quarter of 2015 and second quarter of 2016, we completed the Formation Transactions and the ADT Acquisition, respectively. The impact of these transactions on our operating results has been included from the dates of these acquisitions. Refer to Note 3 “Acquisitions” to the accompanying consolidated financial statements for further discussion.

(b) The weighted-average share numbers are presented after giving effect to the 1.681-for-1 stock split of our common stock that was effected on January 4, 2018, and have been adjusted retroactively for the Successor periods presented.

(c) Total assets and total liabilities for 2015, 2014, and 2013 were adjusted to reflect the impact of the accounting standards adopted in 2016 related to the presentation of debt issuance costs and income taxes. Total debt for these years was also adjusted to reflect the impact from the accounting standard adoption related to the presentation of debt issuance costs.

(d) On May 2, 2016, ADT Inc. issued 750,000 shares of the Koch Preferred Securities and Ultimate Parent issued the Warrants to the Koch Investor for aggregate consideration of $750 million. Of this amount, $659 million, net of issuance costs of $27 million, was allocated to the Koch Preferred Securities and reflected as a liability in our Consolidated Balance Sheets. The remaining $91 million in proceeds was allocated to the Warrants, and was contributed by Ultimate Parent in the form of common equity to us, net of $4 million in issuance costs. Refer to Note 6 “Mandatorily Redeemable Preferred Securities” to the accompanying consolidated financial statements for additional information. The proceeds from these issuances were used to fund a portion of the ADT Acquisition and to pay related fees and expenses. Dividends of $41 million and $53 million were paid during the years ended December 31, 2017 and 2016 , respectively. Such dividends are recorded in interest expense, net in the Consolidated Statements of Operations. In addition, during the third and fourth quarters of 2017, in lieu of declaring and paying a dividend on the Koch Preferred Securities, we elected to increase the accumulated stated value of such securities, which increased mandatorily redeemable preferred securities on our Consolidated Balance Sheet by approximately $45 million as of December 31, 2017 .

(e) During the year ended December 31, 2017 , we paid $750 million of dividends to our equity holders and Ultimate Parent, which primarily included distributions to our Sponsor. Such dividends are presented on the Consolidated Statement of Stockholders’ Equity for the year ended December 31, 2017 .

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

INTRODUCTION

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report to enhance the understanding of our financial condition, changes in financial condition, and results of operations. The following discussion and analysis contains forward-looking statements about our business, operations, and financial performance based on current plans and estimates that involve risks, uncertainties, and assumptions. Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause such differences are discussed in the sections of this Annual Report titled "Item 1A. Risk Factors" and "Cautionary Statements Regarding Forward-Looking Statements."

OVERVIEW

We are the leading provider of monitored security, interactive home and business automation, and related monitoring services in the United States and Canada. We offer our residential, commercial, and multi-site customers a comprehensive set of burglary, video, access control, fire and smoke alarm, and medical alert solutions. Our core professionally monitored security offering is complemented by a broad set of innovative products and services, including interactive home and business automation solutions that are designed to control access, react to movement, and sense carbon monoxide, flooding, and changes in temperature or other environmental conditions, as well as address personal emergencies, such as injuries, medical emergencies, or incapacitation. These products and services include interactive technologies to enhance our monitored solutions and to allow our customers to remotely manage their residential and commercial environments by adding increased automation through video, access control, and other smart-building functionality. Through our interactive offerings, customers can use their smart phones, tablets, and laptops to arm and disarm their security systems, adjust lighting or thermostat levels, view real-time video of their premises, and program customizable schedules for the management of a range of smart home products.

In addition, we offer professional monitoring of third-party devices by enabling other companies to integrate solutions into our monitoring and billing platform. This allows us to provide monitoring solutions to customers who do not currently have an ADT security system or interactive automation platform installed on premise.

As of December 31, 2017 , we serve approximately 7.2 million customers, excluding contracts monitored but not owned. We are one of the largest full-service companies with a national footprint providing both residential and commercial monitored security. We deliver an integrated customer experience by maintaining the industry's largest sales, installation, and service field force, as well as a 24/7 professional monitoring network, all supported by approximately 18,000 employees.

BASIS OF PRESENTATION

On July 1, 2015, we acquired Protection One (the "Protection One Acquisition"). Additionally, on July 1, 2015, we acquired ASG (the "ASG Acquisition" and together with the Protection One Acquisition, the "Formation Transactions").

On May 2, 2016, we acquired The ADT Corporation (the "ADT Acquisition"). Prior to the ADT Acquisition, The ADT Corporation was a publicly traded corporation listed on The New York Stock Exchange.

Protection One is the predecessor of ADT Inc. for accounting purposes. The period presented prior to the Protection One Acquisition is comprised solely of Predecessor activity and is hereinafter referred to as the "Predecessor." The period presented after the Successor's (as defined herein) inception on May 15, 2015 ("Inception") is comprised of our activity, which is, prior to the ADT Acquisition on May 2, 2016, the collective activity of Protection One and ASG, and after the ADT Acquisition on May 2, 2016, the collective activity of The ADT Corporation, Protection One, and ASG, and is hereinafter referred to as the "Successor."

All financial information presented in this section has been prepared in U.S. dollars in accordance with generally accepted accounting principles in the United States of America ("GAAP").

We report financial and operating information in one segment. Our operating segment is also our reportable segment. We have presented results of operations, including the related discussion and analysis, for the following periods:

- year ended December 31, 2017 compared to year ended December 31, 2016 ; and
- year ended December 31, 2016 compared to the period from Inception through December 31, 2015 (Successor) and the period from January 1, 2015 through June 30, 2015 (Predecessor) (collectively, the "Successor and Predecessor 2015 Periods").

FACTORS AFFECTING OPERATING RESULTS

Our subscriber-based business requires significant upfront investment to generate new customers, which in turn provides predictable contractual recurring revenue generated from our monitoring fees and additional services. We focus on the following key drivers of our business with the intent of optimizing returns on new customer acquisition expenditures and cash flow generation: best-in-class customer service; increased customer retention; disciplined, high-quality customer additions; efficient customer acquisition; and reduced costs incurred to provide ongoing services to customers.

Our ability to add new subscribers depends on the overall demand for our products and solutions, which is driven by a number of external factors. The overall economic condition in the geographies in which we operate can impact our ability to attract new customers and grow our business in all customer channels. Growth in our residential customer base can be influenced by the overall state of the housing market. Growth in our commercial and multi-site customer base can be influenced by the rate at which new businesses begin operating or existing businesses grow. The demand for our products and solutions is also impacted by the perceived threat of crime, as well as the quality of the service of our competitors.

The monthly fees that we generate from any individual customer depend primarily on the customer's level of service. We offer a wide range of services at various price points from basic burglar alarm monitoring to our full suite of interactive services. Our ability to increase monthly fees at the individual customer level depends on a number of factors, including our ability to effectively introduce and market additional features and services that increase the value of our offerings to customers, which we believe drives customers to purchase higher levels of service and supports our ability to make periodic adjustments to pricing.

Attrition has a direct impact on the number of customers we monitor and service, as well as our financial results, including revenues, operating income, and cash flows. A portion of our customer base can be expected to cancel its service every year. Customers may choose not to renew or may terminate their contracts for a variety of reasons, including, but not limited to, relocation, cost, loss to competition, or service issues.

Hurricanes

During the year ended December 31, 2017 , there were three hurricanes impacting certain areas in which we operate that resulted in power outages and service disruptions to certain of our customers. The financial impact from these hurricanes to the year ended December 31, 2017 results was not material. We will continue to evaluate any potential financial and business impacts these hurricanes may have on future periods.

Public Company Costs

As a result of our IPO, we will incur additional legal, accounting, board compensation, and other expenses that we did not previously incur, including costs associated with SEC reporting and corporate governance requirements. These requirements include compliance with the Sarbanes-Oxley Act of 2002, as amended, as well as other rules implemented by the SEC and the national securities exchanges. Our financial statements following our IPO will reflect the impact of these expenses.

SIGNIFICANT EVENTS

The comparability of our results of operations has been significantly impacted by the following:

On July 1, 2015, we consummated the Formation Transactions. The Formation Transactions were funded by a combination of equity invested by our Sponsor and the Predecessor's management of $755 million, as well as borrowings under (i) the first lien credit facilities, which included a $1,095 million term loan facility and a $95 million revolving credit facility, and (ii) a $260 million second lien term loan facility.

On May 2, 2016, we consummated the ADT Acquisition which significantly increased our market share in the security industry, making us the largest monitored security company in the United States and Canada. Total consideration in connection with the ADT Acquisition was $12,114 million , which included the assumption of The ADT Corporation's outstanding debt (inclusive of capital lease obligations) at a fair value of $3,551 million on the acquisition date, and cash of approximately $54 million .

We funded the ADT Acquisition, as well as related transaction costs, using the net proceeds from a combination of the following:

(i) equity proceeds of $3,571 million , net of issuance costs, which resulted from equity issuances by the Company and Ultimate Parent to our Sponsor and certain other investors;

(ii) incremental first lien term loan borrowings of $1,555 million and the issuance of $3,140 million of the Prime Notes; and

(iii) issuance by ADT Inc. of 750,000 shares of the Koch Preferred Securities and issuance by Ultimate Parent of the Warrants to the Koch Investor for an aggregate amount of $750 million. We allocated $659 million to the Koch Preferred Securities, which is reflected net of issuance costs of $27 million as a liability in our Consolidated Balance Sheets. We allocated the remaining $91 million in proceeds to the Warrants, which was contributed by Ultimate Parent in the form of common equity to the Company, net of $4 million in issuance costs.

Refer to the Notes to Consolidated Financial Statements for further discussion.

KEY PERFORMANCE INDICATORS

In evaluating our financial results, we review the following key performance indicators.

Recurring Monthly Revenue ("RMR") . RMR is generated by contractual monthly recurring fees for monitoring and other recurring services provided to our customers, including contracts monitored but not owned. Our computation of RMR may not be comparable to other similarly titled measures reported by other companies. We believe the presentation of RMR is useful because it measures the volume of revenue under contract at a given point in time. Management monitors RMR, among other things, to evaluate our ongoing performance.

Gross Customer Revenue Attrition . Gross customer revenue attrition is defined as the recurring revenue lost as a result of customer attrition, net of dealer charge-backs and reinstated customers, excluding contracts monitored but not owned. 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 recurring revenue lost during the period due to attrition, net of dealer charge-backs and reinstated customers, and the denominator of which is total annualized recurring revenue based on an average of recurring revenue under contract at the beginning of each month during the period. Recurring revenue is generated by contractual monthly recurring fees for monitoring and other recurring services provided to our customers.

Adjusted EBITDA . Adjusted EBITDA is a non-GAAP measure that we believe is useful to investors to measure the operational strength and performance of our business. Our definition of Adjusted EBITDA, a reconciliation of Adjusted EBITDA to net income (loss) (the most comparable GAAP measure), and additional information, including a description of the limitations relating to the use of Adjusted EBITDA, are provided under "—Non-GAAP Measures."

Free Cash Flow . 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. Our definition of Free Cash Flow, a reconciliation of Free Cash Flow to net cash provided by operating activities (the most comparable GAAP measure), and additional information, including a description of the limitations relating to the use of Free Cash Flow, are provided under "—Non-GAAP Measures."

RESULTS OF OPERATIONS

The following table sets forth our consolidated results of operations, summary cash flow data, and key performance indicators for the periods presented.

(in thousands, except as otherwise indicated)	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Results of Operations:				
Monitoring and related services	$ 4,029,279	$ 2,748,222	$ 238,257	$ 189,028
Installation and other	286,223	201,544	73,310	48,681
Total Revenue	4,315,502	2,949,766	311,567	237,709
Cost of revenue (exclusive of depreciation and amortization shown separately below)	895,736	693,430	148,521	100,591
Selling, general and administrative expenses	1,209,200	858,896	84,134	74,977
Depreciation and intangible asset amortization	1,863,299	1,232,967	83,650	41,548
Merger, restructuring, integration, and other costs	64,828	393,788	35,036	9,361
Operating income (loss)	282,439	(229,315)	(39,774)	11,232
Interest expense, net	(732,841)	(521,491)	(45,169)	(29,129)
Other income (expense)	28,716	(51,932)	325	331
Loss before income taxes	(421,686)	(802,738)	(84,618)	(17,566)
Income tax benefit (expense)	764,313	266,151	30,365	(1,025)
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Summary Cash Flow Data:				
Net cash provided by operating activities	$ 1,591,930	$ 617,523	$ 1,754	$ 34,556
Net cash used in investing activities	$ (1,402,191)	$ (9,384,869)	$ (2,062,022)	$ (39,638)
Net cash (used in) provided by financing activities	$ (143,069)	$ 8,828,775	$ 2,076,027	$ (6,212)
Key Performance Indicators: (1)				
RMR	$ 334,810	$ 327,948	$ 40,142	$ 30,598
Gross customer revenue attrition (percent) (2)	13.7%	14.8%	15.9%	N/A
Adjusted EBITDA (3)	$ 2,352,803	$ 1,532,889	$ 104,828	$ 72,326
Free Cash Flow (3)	$ 225,361	$ (336,672)	$ (32,292)	$ 3,934

N/A- Not applicable, or not meaningful in certain cases where combined presentation would be calculated on a different basis

(1) Refer to the "—Key Performance Indicators" section for the definitions of these key performance indicators.

(2) Gross customer revenue attrition (percent) is presented on a pro forma basis for The ADT Corporation business and ASG, as applicable.

(3) Adjusted EBITDA and Free Cash Flow are non-GAAP measures. Refer to the "—Non-GAAP Measures" section for the definitions of these terms and reconciliations to the most comparable GAAP measures.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Total Revenue

Monitoring and related services revenue increase d by $1,281 million for the year ended December 31, 2017 as compared to 2016 . This increase was largely attributable to incremental revenue in 2017 of approximately $1,168 million associated with The ADT Corporation business, which we acquired on May 2, 2016, and the amortization of deferred revenue as a result of the application of purchase accounting in connection with the ADT Acquisition that reduced revenue by $63 million during the year ended December 31, 2016 .

The remainder of the increase in monitoring and related services revenue was primarily driven by an increase in contractual monthly recurring fees for monitoring and other recurring services, which was favorably impacted by an improvement in average pricing, partially offset by lower customer volume. The improvement in average pricing was driven by the addition of new

customers at higher rates, largely due to an increase in interactive service customers as compared to total customer additions, as well as price escalations on our existing customer base. These factors also were the primary driver for an increase in RMR, which increased to $335 million as of December 31, 2017 from $328 million as of December 31, 2016 . The lower customer volume resulted from negative net customer additions, which reflects improvements in gross customer revenue attrition of 1.1 percentage points. Both the negative net customer additions as well as the improvements in gross customer revenue attrition resulted from our enhanced focus on high quality customer additions through our disciplined customer selection process.

Installation and other revenue increase d by $85 million for the year ended December 31, 2017 as compared to 2016 . This increase primarily resulted from $49 million related to revenue from security equipment sold outright to customers in 2017, which includes approximately $10 million of incremental revenue associated with the operations of The ADT Corporation in 2017. Additionally, the increase in installation and other revenue resulted from $36 million of revenue related to the amortization of deferred installation revenue, which includes approximately $11 million of incremental deferred installation revenue associated with the operations of The ADT Corporation in 2017.

Cost of Revenue

Cost of revenue increase d by $202 million for the year ended December 31, 2017 as compared to 2016 . The increase in cost of revenue was primarily attributable to (i) an increase in field and maintenance service expenses of $89 million primarily associated with the operations of The ADT Corporation, including expenses incurred for service calls for customers who have maintenance contracts, and (ii) an increase in customer care expenses of $75 million. The increase in customer care expenses was primarily attributable to costs associated with the operations of The ADT Corporation, as well as investments associated with enhanced customer revenue attrition improvement initiatives, which was partially offset by reduced software license expenses related to a newly-adopted cloud computing standard. The remainder of the increase in cost of revenue was due to increased installation costs of approximately $38 million associated with a higher volume of sales where security related equipment is sold outright to customers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increase d by $350 million for the year ended December 31, 2017 as compared to 2016 . The increase in selling, general and administrative expenses was primarily attributable to incremental expenses associated with The ADT Corporation business of approximately $324 million. The remainder of the increase, excluding the impact from the incremental expenses associated with The ADT Corporation business, was primarily due to (i) $64 million of financing and consent fees incurred in 2017, and (ii) an increase related to the amortization of deferred subscriber acquisition costs of approximately $25 million. These costs were partially offset by (i) decreases in general and administrative and advertising expenses of $31 million that were primarily the result of synergies associated with the ADT Acquisition, and (ii) a decrease in radio conversion costs of $27 million.

Depreciation and Intangible Asset Amortization

Depreciation and intangible asset amortization expense increase d by $630 million for the year ended December 31, 2017 as compared to 2016 . This increase primarily related to depreciation and intangible asset amortization associated with the fair value of assets acquired in the ADT Acquisition, which primarily includes amortization of definite-lived intangible assets and depreciation of subscriber system assets. Additionally, the increase in depreciation and intangible asset amortization was also attributable to (i) customer contracts acquired under the ADT Authorized Dealer Program of $104 million, (ii) an increase in amortization expense of $42 million primarily associated with the Protection One trade name, which we began amortizing in July 2016, and (iii) amortization of software license expenses of $37 million related to a newly-adopted cloud computing accounting standard.

Merger, Restructuring, Integration, and Other Costs

Merger, restructuring, integration, and other costs decrease d by $329 million for the year ended December 31, 2017 as compared to 2016 . This decrease was primarily due to merger costs of $311 million associated with the ADT Acquisition incurred in 2016 and a decrease in restructuring charges of $33 million as a result of charges incurred in 2016 primarily related to the severance of certain former executives and employees of The ADT Corporation in connection with the ADT Acquisition. These charges were partially offset by an increase in integration expenses primarily associated with the integration of The ADT Corporation business, as well as an increase in impairment charges related to our cost method investments.

Interest Expense, Net

Net interest expense increase d by $211 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016 . Net interest expense is primarily comprised of interest expense on our long-term debt and the dividend obligation associated with the Koch Preferred Securities. The increase in interest expense was primarily the result of an increase in borrowings to fund the ADT Acquisition, including dividends associated with the Koch Preferred Securities that are recorded as interest expense. Refer to "—Liquidity and Capital Resources" section for further discussion regarding our debt and interest.

Other Income (Expense)

Other income (expense) was attributable to net foreign currency gains of $24 million and losses of $16 million for the years ended December 31, 2017 and 2016 , respectively, related to the translation of monetary assets and liabilities that are denominated in Canadian dollars, primarily due to intercompany loans. Also included in other income (expense) are losses on extinguishment of debt of $4 million and $28 million for the years ended December 31, 2017 and 2016 , respectively, primarily related to the write-off of debt discount and issuance costs associated with the amendments and restatements to our First Lien Credit Facilities during 2017 and 2016, and the voluntary paydown of $260 million of the second lien notes, as defined herein, in July and October 2016. Other expense for the year ended December 31, 2016 further includes a net loss on the settlement of derivative contracts that were executed to hedge future cash flows associated with the ADT Acquisition.

Income Tax Benefit

Income tax benefit for the year ended December 31, 2017 was $764 million , resulting in an effective tax rate for the period of 181.3% . The effective tax rate for the year ended December 31, 2017 reflects the favorable impact of Tax Reform offset by the unfavorable impact of permanent tax adjustments.

Tax Reform was signed into law on December 22, 2017. The legislation, among other things, reduces the U.S. federal corporate income tax rate from 35.0% to 21.0%, imposes a mandatory one-time tax on accumulated earnings of foreign subsidiaries, imposes significant limitations on the deductibility of interest, allows for the full expensing of capital expenditures, and puts into effect the migration from a "worldwide" system of taxation to a modified territorial system. In response to Tax Reform, SAB 118 allows companies to record provisional estimates of the effects of the legislative change, and a one-year measurement period to finalize the accounting of those effects. As of December 31, 2017, we have not finalized our analysis of the implications of this legislative change; however, our net deferred tax assets and liabilities have been revalued at the newly enacted U.S. corporate rate, and provisional amounts associated with the legislative changes have been recognized in our tax benefit for the year ended December 31, 2017. The total provisional amount recorded as of December 31, 2017 is $690 million and includes a remeasurement of the Company's net deferred tax assets and liabilities as well as the impact of the mandatory one-time tax on accumulated earnings of foreign subsidiaries. Tax reform includes complex changes that are subject to interpretation by various tax authorities such as the Treasury Department and the IRS, and these interpretations may differ from our preliminary interpretations and analysis. State and local tax authorities also need to assess the impacts to their jurisdictions and may enact changes to their existing laws in response to the changes that have been enacted at the federal level. We expect the various tax authorities to issue their respective interpretations and guidance, and we will continue to assess the impact to our business accordingly. Adjustments may be needed to the provisional amounts recorded in our 2017 financial statements, and these adjustments may materially impact our financial statements in the period in which the adjustments are made.

Income tax benefit for the year ended December 31, 2016 was $266 million , resulting in an effective tax rate for the period of 33.2% . The effective tax rate for the year ended December 31, 2016 primarily reflects the impact of permanent tax adjustments mainly related to non-deductible acquisition costs associated with the ADT Acquisition.

The effective tax rates for the years ended December 31, 2017 and 2016 reflect the tax impact of permanent tax adjustments, state tax expense, changes in tax laws, and non-U.S. net earnings. The effective tax rate can vary from period to period due to permanent tax adjustments, discrete items such as the settlement of income tax audits and changes in tax laws, recurring factors such as changes in the overall effective state tax rate, as well as fluctuations in pre-tax income or loss. Discrete items and permanent tax adjustments will have a greater impact on the effective tax rate when pre-tax income is lower. Refer to Note 7 "Income Taxes" to the accompanying consolidated financial statements for further discussion.

Total Revenue

Monitoring and related services revenue amounted to $2,748 million for the year ended December 31, 2016 as compared to $238 million and $189 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. The increase was primarily attributable to incremental revenue of approximately $2,227 million and $65 million associated with The ADT Corporation business and ASG business, respectively, which we acquired on May 2, 2016 and July 1, 2015, respectively. The increase in monitoring and related services revenue was also attributable to the amortization of deferred revenue as a result of the application of purchase accounting in connection with the Formation Transactions that reduced revenue by $17 million more in 2015 as compared to 2016 .

Installation and other revenue amounted to $202 million for the year ended December 31, 2016 as compared to $73 million and $49 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. The increase was attributable to greater revenue for security related equipment sold outright to customers, and includes incremental revenue of approximately $24 million and $15 million associated with The ADT Corporation business and ASG business, respectively, which we acquired on May 2, 2016 and July 1, 2015, respectively.

Cost of Revenue

Cost of revenue amounted to $693 million for the year ended December 31, 2016 as compared to $149 million and $101 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. The increase was attributable to approximately $370 million and $37 million of incremental costs associated with The ADT Corporation business and ASG business, respectively, from the respective dates of the acquisitions. In addition, the remainder of the increase resulted from higher expenses where security related equipment is sold outright to the customer.

Selling, General and Administrative Expenses

Selling, general and administrative expenses amounted to $859 million for the year ended December 31, 2016 as compared to $84 million and $75 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. This increase primarily relates to approximately $670 million and $13 million of incremental costs associated with the operations of The ADT Corporation business and ASG business, respectively, from the dates of the acquisitions.

Depreciation and Intangible Asset Amortization

Depreciation and intangible asset amortization expense amounted to $1,233 million for the year ended December 31, 2016 as compared to $84 million and $42 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. This increase is primarily related to amortization of definite-lived intangible assets and depreciation of subscriber system assets acquired in the ADT Acquisition, as well as greater amortization of definite-lived intangible assets acquired in connection with the Formation Transactions.

Merger, Restructuring, Integration, and Other Costs

Merger, restructuring, integration, and other costs amounted to $394 million for the year ended December 31, 2016 as compared to $35 million and $9 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. This increase primarily related to $311 million of merger related costs incurred in connection with the ADT Acquisition in 2016, as compared to $23 million of merger related costs incurred in the period from Inception through December 31, 2015 related to the Formation Transactions. The costs associated with the ADT Acquisition consisted of: (i) financing costs associated with unused bridge and backstop credit facilities; (ii) transaction fees paid to Apollo; (iii) incremental stock-based compensation expense as a result of the acceleration of vesting of all unvested stock options and restricted stock units in connection with the ADT Acquisition; and (iv) other merger-related costs such as advisory fees, legal, accounting, and other professional costs. We also incurred restructuring charges of $54 million in 2016 primarily related to severance of certain former executives and employees of The ADT Corporation in connection with the ADT Acquisition. Furthermore, included in other costs in 2016 are certain impairment charges associated with our cost method investments.

Interest Expense, Net

Net interest expense was $521 million for the year ended December 31, 2016 as compared to $45 million and $29 million for the period from Inception through December 31, 2015 , and January 1, 2015 through June 30, 2015 , respectively. Net interest expense is primarily comprised of interest expense on our long-term debt. The increase in interest expense is primarily the result of the increase in borrowings to fund the ADT Acquisition, including dividends associated with the Koch Preferred Securities that are recorded as interest expense. Refer to Note 5 “Debt” to the accompanying consolidated financial statements for further discussion.

Other Income (Expense)

Other expense for the year ended December 31, 2016 primarily included (i) net foreign currency transaction losses of $16 million from the translation of monetary assets and liabilities that are denominated in Canadian dollars, most of which relates to intercompany loans, and (ii) losses on extinguishment of debt of $28 million primarily relating to the write-off of debt discount and issuance costs associated with the voluntary paydown of $260 million of the second lien notes in July and October 2016 and the amendments and restatements to the First Lien Credit Facilities in June and December 2016.

Income Tax Benefit (Expense)

Income tax benefit (expense) was $266 million for the year ended December 31, 2016 as compared to $30 million and $(1) million for the period from Inception through December 31, 2015 and January 1, 2015 through June 30, 2015 , respectively, resulting in effective tax rates of 33.2% , 35.9% , and (5.8)% for those periods, respectively. The change in income tax benefit (expense) and the effective tax rate primarily reflects the impact of permanent items mainly related to non-deductible acquisition costs associated with the ADT Acquisition in 2016.

NON-GAAP MEASURES

To provide investors with additional information in connection with our results as determined by GAAP, we also disclose Adjusted EBITDA and Free Cash Flow as non-GAAP measures which management believes provide useful information to investors. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, operating profit, or any other operating performance measure calculated in accordance with GAAP, and may not be comparable to a similarly titled measure reported by other companies. We use Adjusted EBITDA to measure the operational strength and performance of our business. We use Free Cash Flow as an additional measure of our ability to repay debt, make other investments, and pay dividends.

Adjusted EBITDA

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, 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) purchase accounting adjustments related to the fair value of deferred revenue under GAAP, (vii) merger, restructuring, integration, and other costs, (viii) financing and consent fees, (ix) foreign currency gains/losses, (x) loss on extinguishment of debt, (xi) radio conversion costs, (xii) management fees and other charges, and (xiii) other non-cash items.

We believe that the presentation of Adjusted EBITDA is appropriate 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 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.

There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest expense, income tax expense, and other adjustments which directly affect our net income. 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.

Free Cash Flow

We define Free Cash Flow as cash from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include purchases of property, plant, and equipment; capitalized costs associated with transactions in which we retain ownership of the security system; and accounts purchased through our network of authorized dealers or third parties

outside of our authorized dealer network. These items are subtracted from cash from operating activities because they represent long-term investments that are required for normal business activities. As a result, subject to the limitations described below, Free Cash Flow is a useful measure of our cash available to repay debt, make other investments, and pay dividends.

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 flow results according to GAAP.

Adjusted EBITDA

The table below reconciles Adjusted EBITDA to net income (loss) for the periods presented.

	Successor			Predecessor
(in thousands)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Interest expense, net	732,841	521,491	45,169	29,129
Income tax (benefit) expense [1]	(764,313)	(266,151)	(30,365)	1,025
Depreciation and intangible asset amortization	1,863,299	1,232,967	83,650	41,548
Merger, restructuring, integration and other costs [2]	64,828	393,788	35,036	9,361
Financing and consent fees [3]	63,593	5,302	—	—
Foreign currency (gains) / losses [4]	(23,804)	16,042	—	—
Loss on extinguishment of debt [5]	4,331	28,293	—	—
Purchase accounting deferred revenue fair value adjustment [6]	—	62,845	18,574	—
Other non-cash items [7]	12,899	16,276	—	—
Radio conversion costs [8]	12,244	34,405	4,312	1,014
Amortization of deferred subscriber acquisition costs and revenue, net [9]	5,037	6,052	770	7,578
Share-based compensation expense [10]	11,276	4,625	2,259	781
Management fees and other charges [11]	27,945	13,541	(324)	481
Adjusted EBITDA	$ 2,352,803	$ 1,532,889	$ 104,828	$ 72,326

(1) For 2017, reflects the impact of Tax Reform. Refer to Note 7 "Income Taxes" to the accompanying consolidated financial statements for further discussion.
(2) Represents direct and incremental costs resulting from acquisitions made by the Company, primarily associated with the ADT Acquisition, and certain related restructuring and integration efforts as a result of those acquisitions, as well as certain asset impairment charges related to cost method investments.
(3) For 2017 , includes fees incurred in connection with the Special Dividend and fees incurred in connection with amendments and restatements to our First Lien Credit Facilities and the 2017 Incremental Term B-1 Loan. For 2016 , includes fees incurred in connection with amendments and restatements to our First Lien Credit Facilities.
(4) Foreign currency (gains)/losses are related to the translation of monetary assets and liabilities that are denominated in Canadian dollars, primarily due to intercompany loans.
(5) Loss on extinguishment of debt primarily relates to the write-off of debt discount and issuance costs associated with the amendments and restatements to our First Lien Credit Facilities during 2017 and 2016, and the voluntary paydown of $260 million of the second lien notes, as defined herein, in July and October 2016.
(6) Represents adjustments related to the fair value of deferred revenue under GAAP, primarily related to the ADT Acquisition in 2016 , and the Formation Transactions in 2015 .
(7) Primarily represents non-cash asset write-downs associated with our cost method investments, as well as a net loss on the settlement of derivative contracts that were executed to hedge future cash flows associated with the ADT Acquisition for the year ended December 31, 2016 .
(8) Represents costs associated with our program that began in 2015 to upgrade cellular technology used in many of our security systems.
(9) Represents non-cash amortization expense associated with deferred subscriber acquisition costs, net of non-cash amortization of deferred installation revenue.
(10) Share-based compensation expense represents compensation expense associated with our equity compensation plans. Refer to Note 12 "Share-based Compensation" to the accompanying consolidated financial statements for further discussion.
(11) Primarily represents fees paid under the Management Consulting Agreement as defined in the notes to the consolidated financial statements. Such agreement was terminated in connection with the consummation of the IPO.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

For the year ended December 31, 2017 , Adjusted EBITDA increased by $820 million compared to year ended December 31, 2016 . This increase was primarily due to incremental revenue net of incremental costs associated with The ADT Corporation business. The remainder of this increase was attributable to revenue growth, excluding the impact of purchase accounting, and a decrease in selling, general and administrative expenses, excluding radio conversion costs, financing and consent fees, and other non-cash items that are excluded under our definition of Adjusted EBITDA, partially offset by increase in cost of revenue.

Year Ended December 31, 2016 compared to the period from Inception through December 31, 2015 (Successor) and the period from January 1, 2015 through June 30, 2015 (Predecessor)

Adjusted EBITDA amounted to $1,533 million for the year ended December 31, 2016 as compared to $105 million and $72 million for the period from Inception through December 31, 2015, and January 1, 2015 through June 30, 2015, respectively. This increase was primarily driven by the operations of The ADT Corporation business and the ASG business from the date of the acquisitions.

For further details on the drivers of these changes, refer to the discussions above under "—Results of Operations."

Free Cash Flow

The table below reconciles Free Cash Flow to net cash provided by operating activities for the periods presented.

	Successor			Predecessor
(in thousands)	**Year Ended December 31, 2017**	**Year Ended December 31, 2016**	**From Inception through December 31, 2015**	**Period from January 1, 2015 through June 30, 2015**
Net cash provided by operating activities	$ 1,591,930	$ 617,523	$ 1,754	$ 34,556
Dealer generated customer accounts and bulk account purchases	(653,222)	(407,102)	—	—
Subscriber system assets and deferred subscriber installation costs	(582,723)	(468,594)	(29,556)	(24,527)
Capital expenditures	(130,624)	(78,499)	(4,490)	(6,095)
Free Cash Flow	$ 225,361	$ (336,672)	$ (32,292)	$ 3,934

Operating Activities

Net cash provided by operating activities for the year ended December 31, 2017 resulted from $1,550 million of net income, exclusive of depreciation and intangible assets amortization and other non-cash items, and reflects: (i) cash interest paid of $661 million , (ii) cash paid of $64 million for fees associated with the Special Dividend and fees in connection with the amendments and restatements to the First Lien Credit Facilities and Incremental First Lien Term B-1 Loan, (iii) restructuring payments of $25 million and integration payments of $21 million primarily associated with the ADT Acquisition, (iv) cash paid for fees under the Management Consulting Agreement of $20 million , (v) cash paid for radio conversion costs of $13 million , and (vi) other cash payments of $10 million that are excluded items under our definition of Adjusted EBITDA. The remainder relates to changes in assets and liabilities due to timing of other operating cash receipts and payments.

Net cash provided by operating activities for the year ended December 31, 2016 resulted from $620 million of net income, exclusive of depreciation and intangible assets amortization and other non-cash items, and reflects: (i) cash interest paid of $431 million , (ii) transaction costs of $347 million associated with the ADT Acquisition, (iii) cash paid of $29 million for fees associated with amendment and restatements to the First Lien Credit Facilities, (iv) cash paid for radio conversion costs of $43 million , (v) restructuring payments of $52 million primarily associated with the ADT Acquisition, (iv) other cash payments of $28 million that are primarily related to integration costs of $13 million , management consulting fees of $13 million , and $2 million of other items that are excluded under our definition of Adjusted EBITDA. The remainder relates to changes in assets and liabilities due to timing of other operating cash receipts and payments.

Net cash provided by operating activities for the periods from Inception through December 31, 2015, and January 1, 2015 through June 30, 2015 resulted from $26 million and $36 million , respectively, of net loss exclusive of depreciation and intangible asset amortization and other non-cash items, including cash interest paid of $42 million and $27 million , respectively. In addition, operating activities was impacted by transaction costs associated with the ADT Acquisition and changes in assets and liabilities due to timing of other operating cash receipts and payments.

Refer to the discussions above under "—Results of Operations" for further details.

Cash Outlays Related to Capital Expenditures

For the years ended December 31, 2017 and 2016 , cash paid for dealer generated customer accounts and bulk account purchases was $653 million and $407 million , respectively, which relates primarily to dealer account purchases under the ADT Authorized Dealer Program. Cash paid for subscriber system assets and deferred subscriber installation costs was $583 million and $469 million , respectively, and cash paid for capital expenditures was $131 million and $78 million , respectively. Capital expenditures for the years ended December 31, 2017 and 2016 include cash payments for integration related capital expenditures of $25 million and $15 million , respectively. Cash paid for subscriber system assets and deferred subscriber installation costs was $30 million and $25 million for the periods from Inception through December 31, 2015, and January 1, 2015 through June 30, 2015, respectively. In addition, cash paid for capital expenditures was $4 million and $6 million , for the periods from Inception through December 31, 2015, and January 1, 2015 through June 30, 2015, respectively. The increases in each of the periods are a result of the larger combined company activity subsequent to the ADT Acquisition in 2016.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our principal liquidity requirements are to finance current operations, investments in internally generated subscriber system assets and dealer generated customer accounts, expenditures for property and equipment, debt service requirements, and potential mergers and acquisitions. Our liquidity requirements are primarily funded by our cash flows from operations, which include cash received from monthly recurring revenue and upfront fees received from customers, less cash costs to provide services to our customers, including general and administrative costs, certain costs associated with acquiring new customers, and interest payments.

We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our Revolving Credit Facilities (as defined below), and the issuance of equity and/or debt securities as appropriate given market conditions. Our future cash needs are expected to include cash for operating activities, working capital, capital expenditures, strategic investments, periodic principal and interest payments on our debt, and potential dividend payments to our stockholders. We believe our cash position, borrowing capacity available under our Revolving Credit Facilities, and cash provided by operating activities are, and will continue to be, adequate to meet our operational and business needs in the next twelve months as well as our long-term liquidity needs.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, as well as make acquisitions, will depend on our future operating performance, which is subject to future general economic, financial, business, competitive, legislative, regulatory, and other conditions, many of which are beyond our control. See "—Risk Factors–Risks Related to Our Business." As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase, or refinance our indebtedness. Changes in our operating plans, material changes in anticipated sales, increased expenses, acquisitions, or other events may cause us to seek equity and/or debt financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and subject us to additional covenants and operating restrictions.

We are a highly leveraged company with significant debt service requirements. As of December 31, 2017 , we had $123 million in cash and cash equivalents and $350 million available under our Revolving Credit Facilities. The carrying value of total debt outstanding (excluding the Koch Preferred Securities) was $10,169 million as of December 31, 2017 .

Long-Term Debt

First Lien Credit Facilities

As of December 31, 2017 , we have the following credit arrangements (referred to as the "First Lien Credit Facilities") that provide senior secured financing in the amount of $3,886 million :

- a first lien term loan facility maturing on May 2, 2022 (the "First Lien Term Loan Facility"), which consists of (i) a term loan facility with an initial aggregate principal amount of $1,095 million maturing on July 1, 2021 (the "First Lien Term B Loan") (all of which has since been reallocated to the First Lien Term B-1 Loan as defined herein), and (ii) a term loan facility with an initial aggregate principal amount of $1,555 million maturing on May 2, 2022 (the "First Lien Term B-1 Loan"), including an incremental term loan facility of $125 million (the "Incremental First Lien Term B-1 Loan") and an incremental first lien term loan facility of $800 million (the "2017 Incremental First Lien Term B-1 Loan");
- a first lien revolving credit facility, in an aggregate principal amount of up to $95 million , maturing on July 1, 2020, including

a letter of credit sub-facility (the "2020 Revolving Credit Facility"); and

- a first lien revolving credit facility, in an aggregate principal amount of up to $255 million , maturing on May 2, 2021, including a letter of credit sub-facility and a swingline loan sub-facility (the "2021 Revolving Credit Facility" and, together with the 2020 Revolving Credit Facility, the "Revolving Credit Facilities").

As of December 31, 2017 , we had borrowings of $3,536 million outstanding under the First Lien Term Loan Facility and no borrowings outstanding under the Revolving Credit Facilities, leaving a total borrowing capacity of $350 million.

2017 First Lien Credit Agreement Amendments

On February 13, 2017, we amended and restated our First Lien Credit Agreement. As a result of this amendment and restatement, we entered into an incremental first lien term loan facility in an aggregate principal amount of $800 million under the First Lien Credit Agreement (the "2017 Incremental First Lien Term B-1 Loan"). The 2017 Incremental First Lien Term B-1 Loan has the same terms as the existing term loans under the First Lien Credit Agreement. Additionally, this amendment and restatement added an exception to the covenant under the First Lien Credit Agreement governing restricted payments to permit us to fund one or more distributions to our equity holders in an aggregate amount not to exceed $795 million (collectively, the "Special Dividend").

On June 29, 2017, we further amended and restated our First Lien Credit Agreement, which decreased the applicable margin utilized in the calculation of interest for all term borrowings under the First Lien Credit Agreement from 3.25% to 2.75%. The applicable margin with respect to borrowing under the Revolving Credit Facilities remained at 4.50%, subject to adjustment to 4.25% pursuant to a leverage-based pricing grid.

As a result of the Special Dividend and the February and June 2017 amendments and restatements to the First Lien Credit Agreement and the 2017 Incremental First Lien Term B-1 Loan, we incurred fees of $64 million during the year ended December 31, 2017 , which are included in selling, general and administrative expenses in the Consolidated Statements of Operations. We also recorded an immaterial loss on extinguishment of debt for the year ended December 31, 2017 .

We refer to all the above amendments collectively as the "2017 First Lien Credit Agreement Amendments."

Prime Notes

As of December 31, 2017, we had $3,140 million in principal amount of 9.250% Second-Priority Senior Secured Notes due 2023 (the "Prime Notes"). The Prime Notes mature on May 15, 2023 and bear interest at a rate of 9.250% per annum, payable semi-annually in arrears on May 15 and November 15 of each year. As discussed below, on February 21, 2018, we redeemed $594 million aggregate principal amount of the Prime Notes using a portion of the net proceeds from the IPO.

ADT Notes

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

- $300 million aggregate principal amount of 5.250% Senior Notes due 2020, which will mature on March 15, 2020. Interest is payable on March 15 and September 15 of each year;
- $1,000 million aggregate principal amount of 6.250% Senior Notes due 2021, which will mature on October 15, 2021. Interest is payable on April 15 and October 15 of each year;
- $1,000 million aggregate principal amount of 3.500% Notes due 2022, which will mature on July 15, 2022. Interest is payable on January 15 and July 15 of each year;
- $700 million aggregate principal amount of 4.125% Senior Notes due 2023, which will mature on June 15, 2023. Interest is payable on June 15 and December 15 of each year;
- $22 million aggregate principal amount of 4.875% Senior Notes due 2042, which will mature on July 15, 2042. Interest is payable on January 15 and July 15 of each year.
- $728 million aggregate principal amount of 4.875% First-Priority Senior Secured Notes due 2032, which mature on July 15, 2032. Interest is payable on January 15 and July 15 of each year.

Koch Preferred Securities

On May 2, 2016, ADT Inc. issued 750,000 shares of the Koch Preferred Securities and Ultimate Parent issued the Warrants to the Koch Investor for an aggregate amount of $750 million. We allocated $659 million to the Koch Preferred Securities, which is reflected net of issuance costs of $27 million as a liability in the historical Consolidated Balance Sheet. We allocated the remaining $91 million in proceeds to the Warrants, which was contributed to us by Ultimate Parent in the form of common equity, net of $4 million in issuance costs. On December 8, 2017, we amended and restated the certificate of designation and investors rights agreement governing the Koch Preferred Securities to provide for certain redemption provisions and to remove certain covenants following an initial public offering. Refer to Note 6 "Mandatorily Redeemable Preferred Securities" to the accompanying consolidated financial statements for further discussion.

Debt Covenants

The credit agreement and indentures associated with our existing borrowings and the borrowings above contain certain covenants and restrictions that limit our ability to, among other things, 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.

We are also subject to a springing financial maintenance covenant under the Revolving Credit Facilities, which requires us to not exceed a specified leverage ratio at the end of each fiscal quarter. The covenant is tested if the outstanding loans under the Revolving Credit Facilities, subject to certain exceptions, exceed 30% of the total commitments under the Revolving Credit Facilities at the testing date (i.e., the last day of any fiscal quarter).

As of December 31, 2017 , we were in compliance with all financial covenant and other maintenance tests for all our debt obligations.

Refer to Note 5 "Debt" and Note 6 "Mandatorily Redeemable Preferred Securities" to the accompanying consolidated financial statements for further discussion.

Dividends

During the first half of 2017, the net proceeds from the 2017 Incremental First Lien Term B-1 Loan, together with cash on hand, were used to fund distributions of $750 million of the Special Dividend to our equity holders and Ultimate Parent, which primarily includes distributions to our Sponsor, and to pay related fees and expenses. Such dividends are presented on the Consolidated Statements of Stockholders' Equity for the year ended December 31, 2017 .

We paid cash of $41 million and $53 million to meet our dividend obligation associated with the Koch Preferred Securities during the years ended December 31, 2017 and 2016 , respectively. In addition, in the third and fourth quarters of 2017, in lieu of declaring and paying a dividend on the Koch Preferred Securities, we elected to increase the accumulated stated value of such securities, which increased mandatorily redeemable preferred securities on our Consolidated Balance Sheet by approximately $45 million as of December 31, 2017 . Dividends on the Koch Preferred Securities are recorded in interest expense on the Consolidated Statements of Operations.

On March 15, 2018, our board of directors declared a cash dividend on our common stock of $0.035 per share to common stockholders of record on March 26, 2018. This dividend will be paid on April 5, 2018.

Initial Public Offering

In January 2018, in connection with the consummation of our IPO, we received net proceeds before expenses of approximately $1,415 million after deducting underwriting discounts and commissions.

On February 21, 2018, we used approximately $649 million of the proceeds from the IPO to redeem $594 million aggregate principal amount of Prime Notes and paid the related call premium. In accordance with definitive documents governing the Koch Preferred Securities, following the consummation of the IPO, the Company is required to maintain cash in a separate account in an amount equal to at least $750 million until the Koch Preferred Securities have been redeemed in full. The Company funded the dedicated restricted cash account with the net proceeds of the IPO. Amounts held in this separate account will be used to redeem the Koch Preferred Securities. The Company is required to increase the amounts held in the separate account in certain circumstances, such as the completion of a subsequent public equity offering. Redemption of the Koch Preferred Securities prior

to maturity will result in a material impact on our consolidated financial statements. The funds deposited in this separate account will be restricted cash on our consolidated balance sheet. Refer to Note 6 “Mandatorily Redeemable Preferred Securities” to the accompanying consolidated financial statements for further discussion.

Cash Flow Analysis

The following table is a summary of our cash flow activity for the periods presented:

	Successor			Predecessor
(in thousands)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Net cash provided by operating activities	$ 1,591,930	$ 617,523	$ 1,754	$ 34,556
Net cash used in investing activities	$ (1,402,191)	$ (9,384,869)	$ (2,062,022)	$ (39,638)
Net cash (used in) provided by financing activities	$ (143,069)	$ 8,828,775	$ 2,076,027	$ (6,212)

Cash Flows from Operating Activities

For the years ended December 31, 2017 and 2016 , and for the periods from Inception through December 31, 2015 and January 1, 2015 through June 30, 2015, net cash provided by operating activities was $1,592 million , $618 million , $2 million , and $35 million , respectively. See discussion of net cash provided by operating activities included in Free Cash Flow under “—Non-GAAP Measures.”

Cash Flows from Investing Activities

We make certain investments in our business that are intended to grow our customer base, enhance the overall customer experience, improve the productivity of our field workforce, and support greater efficiency of our back-office systems and our customer care centers. For the year ended December 31, 2017, our investing activities consisted of subscriber system asset additions and deferred subscriber installation costs of $583 million , cash paid for customer contracts for electronic security services generated under the ADT Authorized Dealer Program and bulk account purchases of $653 million , and capital expenditures of $131 million . Furthermore, we paid $64 million for business acquisitions, net of cash acquired, and received $28 million primarily related to proceeds received from the sale of a cost basis investment.

For the year ended December 31, 2016, the net cash used in investing activities was primarily attributable to cash paid for the ADT Acquisition, net of cash acquired, in the amount of $8,502 million . In addition, our investing activities consisted of subscriber system asset additions and deferred subscriber installation costs of $469 million , cash paid for customer contracts for electronic security services generated under the ADT Authorized Dealer Program and bulk account purchases of $407 million , and capital expenditures of $78 million .

In 2016, we also received net proceeds of $42 million from the termination of derivative financial instruments transactions related to the ADT Acquisition. Furthermore, proceeds received from other investing activities of $29 million is primarily related to the release of restricted cash associated with the Protection One and ASG Acquisitions.

For the periods from Inception through December 31, 2015, and January 1, 2015 through June 30, 2015, the net cash used in investing activities was primarily attributable to cash paid for the Protection One Acquisition and the ASG Acquisition, net of cash acquired, of $1,988 million , and other acquisitions of businesses of $9 million , respectively. Also included in investing activities for each of these periods were costs of $30 million and $25 million associated with the installation of Company-owned security systems. Furthermore, other investing activities included $39 million of payments primarily related to restricted cash associated with the Protection One and ASG Acquisitions.

Cash Flows from Financing Activities

For the year ended December 31, 2017 , the net cash used in financing activities was primarily attributable to dividend payments of $750 million to our equity holders and Ultimate Parent, which primarily included distributions to our Sponsor. Cash flows from financing activities also include net proceeds from long-term borrowings of $619 million , including $800 million of the 2017 Incremental First Lien Term B-1 Loan, offset by repayments of $140 million under our Revolving Credit Facilities,

principal paydowns of $27 million under our 2017 Incremental First Lien Term B-1 Loan, and capital lease payments of $14 million.

For the year ended December 31, 2016 , the net cash provided by financing activities was primarily attributable to proceeds from borrowings and equity capital contributions, as well as proceeds from the issuance of the Koch Preferred Securities, to fund the ADT Acquisition. The proceeds, as well as repayments from long-term borrowings, were also primarily attributable to the amendments to the First Lien Credit Facilities that occurred on May 2, 2016, June 23, 2016, and December 28, 2016. Additionally, repayments from long-term borrowings includes $260 million of voluntary prepayments of the outstanding principal balance on the Second Lien Term B Loan, as well as a $22 million pay down of the outstanding balance on the 2020 Revolving Credit Facility. We also incurred approximately $104 million in deferred financing costs associated with the long-term borrowings and the issuance of the Koch Preferred Securities and paid $35 million primarily associated with escrow payments to former ASG and Protection One shareholders in connection with the Formation Transactions.

For the periods from Inception through December 31, 2015 and January 1, 2015 through June 30, 2015, the net cash provided by financing activities was primarily attributable to the proceeds from borrowings and equity contributions to finance the Formation Transactions, including the associated deferred financing costs.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table provides a summary of our commitments and contractual obligations for debt, minimum lease payment obligations under non-cancelable leases, and other obligations as of December 31, 2017 .

(in thousands)	2018	2019	2020	2021	2022	Thereafter	Total
Debt principal [1]	$ 35,537	$ 35,537	$ 335,537	$ 1,035,537	$ 4,393,778	$ 4,590,178	$ 10,426,104
Interest payments [2]	632,211	642,535	638,807	627,394	448,588	525,430	3,514,965
Koch Preferred Securities, including dividends [3]	91,579	92,887	94,085	94,281	94,411	1,501,908	1,969,151
Operating leases	60,379	51,283	40,303	24,948	16,414	16,643	209,970
Capital leases [4]	14,778	12,546	9,700	5,670	2,514	—	45,208
Purchase obligations [5]	40,620	6,708	—	—	—	—	47,328
Total contractual cash obligations [6]	$ 875,104	$ 841,496	$ 1,118,432	$ 1,787,830	$ 4,955,705	$ 6,634,159	$ 16,212,726

(1) Debt principal consists of short-term and long-term debt obligations, and excludes capital lease obligations, debt discounts, deferred financing costs, and interest. Future obligations related to debt assumed in the ADT Acquisition are based on principal balances due at maturity, and exclude amounts related to the purchase accounting fair value adjustments.

(2) Interest payments represent estimated interest payments on our outstanding debt balance as of December 31, 2017 . The interest payments assume we did not have any outstanding borrowings under our Revolving Credit Facilities for all periods presented above. Interest payments on our variable-rate debt are calculated based on a forward London Interbank Offered Rate ("LIBOR") curve (or floor, whichever is higher) plus the applicable margin in effect at December 31, 2017 . The actual interest rates on the variable indebtedness incurred and the amount of our indebtedness could vary from those used to compute the above interest payments.

(3) The table above includes estimated payments associated with the dividend obligation on the Koch Preferred Securities, and on May 2, 2030, the date of the mandatory redemption, assumes the payment of (i) the aggregate stated value amount of $750 million and (ii) the cash payment of the accumulated dividends of approximately $45 million . Cash dividend payments are calculated based on a rate of the five-year U.S. Treasury yield in effect at December 31, 2017 plus 9.00% per annum, with a floor of 1.25%. Dividends paid on the Koch Preferred Securities are presented as interest expense. Refer to Note 6 "Mandatorily Redeemable Preferred Securities" to the accompanying consolidated financial statements for further information.

(4) Capital leases reflect the principal amount of capital lease obligations, including related interest.

(5) Purchase obligations consist of commitments related to agreements for purchases of goods and services, including purchase orders, entered into in the ordinary course of business. In May 2017, we entered into an agreement with one of our suppliers for the purchase of certain security system equipment and components. Based on certain milestones in the agreement, we could potentially be required to make purchases in aggregate of up to $150 million over a multi-year period. As of December 31, 2017 , we do not have any purchase obligation under this agreement.

(6) Total contractual cash obligations in the table above exclude income taxes as we are unable to make a reasonably reliable estimate of the timing for the remaining payments in future years. As of December 31, 2017 , we had unrecognized tax benefits of $71 million . Accrued interest and penalties related to the unrecognized tax benefits were not material. Refer to Note 7 "Income Taxes" to the accompanying consolidated financial statements for further discussion.

We may also be required to make mandatory prepayments on outstanding term loan borrowings with our excess cash flow, as defined in the First Lien Credit Agreement, if it exceeds certain specified thresholds beginning in 2018.

In January 2018, upon consummation of the IPO, we deposited approximately $750 million of the net proceeds into a segregated account for the purpose of redeeming the Koch Preferred Securities on a date yet to be determined. Additionally, on February 21, 2018, we used approximately $649 million of the IPO proceeds to redeem approximately $594 million aggregate

principal amount of Prime Notes and paid the related call premium. Refer to Note 1 “Basis of Presentation” to the accompanying consolidated financial statements for further discussion.

OFF-BALANCE SHEET ARRANGEMENTS

There were no material off-balance sheet arrangements as of December 31, 2017 .

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements in conformity with GAAP requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management’s estimates are based on the relevant information available at the end of each period. Actual results could differ materially from these estimates under different assumptions or market conditions.

Revenue Recognition

Substantially all of our revenue is generated by contractual monthly recurring fees received for monitoring services provided to customers. Revenue from monitoring services is recognized as those services are provided to customers. Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The balance of deferred revenue is included in current liabilities or long-term liabilities, as appropriate.

For transactions in which we retain ownership of the security system, non-refundable fees (referred to as deferred subscriber acquisition revenue) received in connection with the initiation of a monitoring contract are deferred and amortized over the estimated life of the customer relationship.

Sales of security monitoring systems, whereby ownership of the system is transferred to the customer, may have multiple elements, and can include equipment, installation, monitoring services, and maintenance agreements. We determine the deliverables under such arrangements, as well as the appropriate units of accounting for those deliverables. Revenues associated with the sale of equipment and related installations are recognized once delivery, installation, and customer acceptance is completed. Revenue associated with ongoing monitoring and maintenance services is recognized as those services are rendered.

Early termination of the contract by the customer results in a termination charge in accordance with the customer contract, which is recognized when collectibility is reasonably assured.

Subscriber System Assets, Net and Deferred Subscriber Acquisition Costs, Net

We capitalize certain costs associated with transactions in which we retain ownership of the security system. These costs include equipment, installation costs, and other direct and incremental costs. Subscriber system assets represent capitalized equipment and installation costs incurred in connection with transactions where we retain ownership of the security system. Upon customer termination, we may retrieve such assets. Deferred subscriber acquisition costs primarily represent direct and incremental selling expenses (i.e., commissions) related to acquiring the customer. Commissions paid in connection with the establishment of the monitoring contract generally do not exceed deferred subscriber acquisition revenue.

Subscriber system assets and any related deferred subscriber acquisition costs and deferred subscriber acquisition revenue resulting from customer acquisition are accounted for using pools based on the month and year of acquisition. We amortize our pooled subscriber system assets and related deferred subscriber acquisition costs and deferred subscriber acquisition revenue using an accelerated method over the expected life of the customer relationship, which is 15 years. In cases where deferred subscriber acquisition costs are in excess of deferred subscriber acquisition revenues, we amortize such costs over the initial term of the contract on a straight-line basis. We periodically perform lifing studies to estimate the expected life of the customer relationship and the attrition pattern of our customers. The lifing studies are based on historical customer terminations and are used to establish the amortization rates of our customer account pools in order to reflect the pattern of future benefit. The results of the lifing studies indicate that we can expect attrition to be the greatest in the initial years of asset life; therefore, an accelerated method best matches the future amortization cost with the estimated revenue stream from these customer pools.

Definite-Lived Intangible Assets

Definite-lived intangible assets primarily include customer and dealer relationships that originated from the Formation Transactions and the ADT Acquisition as well as new customers acquired under the ADT Authorized Dealer Program. The amortizable life and method of amortization of our customer relationship intangible assets are based on management estimates

about the amounts and timing of expected future revenue from customer accounts, and average customer account life. The amortizable life and method of amortization of our dealer relationship intangible assets are based on management estimates about the longevity of the underlying dealer network and the attrition of those respective dealers that existed as of the Formation Transactions and the ADT Acquisition, respectively.

Certain contracts and related customer relationships purchased subsequent to the ADT Acquisition are generated from an external network of independent dealers who operate under the ADT Authorized Dealer Program. These contracts and related customer relationships are recorded at their contractually determined purchase price. During the charge-back period, generally twelve to fifteen months, any cancellation of monitoring service, including those that result from customer payment delinquencies, results in a charge-back by the Company to the dealer for the full amount of the contract purchase price. We record the amount charged back to the dealer as a reduction of the intangible assets.

Definite-lived intangible assets arising from the ADT Authorized Dealer Program, as described above, are accounted for using pools based on the month and year of acquisition. We amortize our pooled dealer intangible assets using an accelerated method over the expected life of the pool of customer relationships, which is 15 years.

Long-Lived Asset Impairments

We review long-lived assets held and used by us, including property and equipment, definite-lived intangible assets, and deferred subscriber acquisition costs, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset or asset group may not be fully recoverable. If an impairment is determined to exist, we calculate any related impairment loss based on the difference between the fair value and carrying values of the respective assets or asset groups.

Impairments on long-lived assets to be disposed of are determined based upon the fair value less the cost to sell the applicable assets. The calculation of the fair value of long-lived assets is based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk. There were no material long-lived asset impairments recorded in the consolidated financial statements.

Goodwill Impairments

We assess goodwill for impairment annually on the first day of our fourth quarter of each year, or more frequently if events or changes in business circumstances indicate that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. In performing these assessments, management relies on various factors, including operating results, business plans, economic projections, anticipated future cash flows, and other market data. There are inherent uncertainties related to these factors and judgment is required in applying them to the goodwill impairment test.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be accurate predictions of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the business may include such items as a prolonged downturn in the business environment, changes in economic conditions that significantly differ from our assumptions in timing or degree, volatility in equity and debt markets resulting in higher discount rates, and unexpected regulatory changes.

As discussed in Note 1 “Basis of Presentation” to the accompanying consolidated financial statements, in connection with the change in our reporting units during the second quarter of 2017, we tested goodwill for the historical retail, wholesale, and ADT United States reporting units (subsequent to the reporting unit change, collectively referred to as “United States” reporting unit) for impairment. The fair values of our reporting units tested were determined under a discounted cash flow approach which utilized forecast cash flows that were then discounted using an estimated weighted-average cost of capital of market participants. In determining fair value, management relies on and considers a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, and other market data. There are inherent uncertainties related to these factors that require judgment in applying them during these impairment tests. As a result of the impairment tests, the fair values of our historical retail, wholesale, and ADT United States reporting units each substantially exceeded its respective carrying value, resulting in no impairment. Following the reporting unit change during the second quarter of 2017, the United States reporting unit consists entirely of the historical retail, wholesale, and ADT United States reporting units.

We qualitatively tested the goodwill associated with the United States reporting unit for impairment on October 1, 2017, our annual impairment test date, due to the recency of the quantitative test performed, as described above. As a result of the qualitative test, we concluded that it was not more likely than not that the fair value of the United States reporting unit was less than its respective carrying value.

On October 1, 2017, we quantitatively tested the goodwill associated with the Canada reporting unit for impairment. The fair value of our Canada reporting unit that was tested for impairment was determined using a discounted cash flow approach, which utilized forecast cash flows that were then discounted using an estimated weighted-average cost of capital of market participants. In determining fair value, our management relies on and considers a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, and other market data. There are inherent uncertainties related to these factors, which require judgment in applying them during the annual impairment test. The fair value of the reporting unit exceeded the respective carrying value, resulting in no goodwill impairment.

Additionally, on October 1, 2017, we quantitatively tested the ADT trade name for impairment. When performing the test, we compare the carrying value of the trade name to its fair value, and if the carrying value exceeds the fair value, this excess would be recorded as an impairment charge and the asset would be subsequently written down to its estimated fair value. When estimating the fair value of the ADT trade name, we use the relief from royalty method, which is an income approach that estimates the cost savings that accrue to us and that we would otherwise have to pay in the form of royalties or license fees on revenues earned through the use of the asset. The utilization of the relief from royalty method requires us to make significant assumptions, including revenue growth rates, the implied royalty rate, and the discount rate. As a result of the test, the fair value of the ADT trade name exceeded its respective carrying value, resulting in no impairment.

While our goodwill impairment tests resulted in fair values of goodwill in excess of carrying values, if our assumptions are not realized, or if there are changes in any of the assumptions in the future due to a change in economic conditions, it is possible that an impairment charge may need to be recorded in the future. We will continue to monitor the recoverability of our goodwill.

Business Combinations and Asset Acquisitions

We account for business combinations using the acquisition method of accounting. Under the acquisition method of accounting, our consolidated financial statements reflect the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded at the date of acquisition at their estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we may engage third-party valuation specialists to assist us in these determinations. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain.

Additionally, as noted above, we purchase customer accounts from an external network of independent dealers who operate under the ADT Authorized Dealer Program. Purchases of new accounts are considered asset acquisitions and are recorded at their contractually determined purchase price. During the charge-back period, generally twelve to fifteen months, any cancellation of monitoring service, including those that result from customer payment delinquencies, results in a charge-back by the Company to the dealer for the full amount of the contract purchase price. We record the amount charged back to the dealer as a reduction of the intangible assets.

Loss Contingencies

We record accruals for various contingencies, including legal proceedings and other claims that arise in the normal course of business. The accruals are based on judgment, the probability of losses, and where applicable, the consideration of opinions of internal and/or external legal counsel and actuarially determined estimates. We record an accrual when a loss is deemed probable to occur and is reasonably estimable. Additionally, we record insurance recovery receivables from third-party insurers when recovery has been determined to be probable.

Income Taxes

For purposes of our consolidated financial statements, income tax expense, deferred tax balances, and tax carryforwards are recorded on a consolidated return basis for U.S. entities, and following the ADT Acquisition, on a standalone basis for Canadian entities.

In determining taxable income for our consolidated financial statements, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including our past operating results, the existence of cumulative losses in the most recent years, and our forecast of future taxable income. In estimating future taxable income, we develop assumptions, including the amount of future pre-tax operating income, adjustments

to temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage our underlying businesses.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. We record the effect of a tax rate or law change on our deferred tax assets and liabilities in the period of enactment. Future tax rate or law changes could have a material effect on our results of operations, financial condition, or cash flows.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in the United States and Canada. We record liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on estimates of whether, and the extent to which, additional taxes will be due in accordance with the authoritative guidance regarding the accounting for uncertain tax positions. These tax liabilities are reflected net of related tax loss carryforwards. We adjust these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. If our estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary.

Tax Reform was signed into law on December 22, 2017. In response to Tax Reform, SAB 118 allows companies to record provisional estimates of the effects of the legislative change, and a one-year measurement period to finalize the accounting of those effects. Provisional amounts associated with the impact of tax reform have been recognized in our tax expense for the taxable year ending December 31, 2017. Tax reform includes complex changes that are subject to interpretation by various tax authorities such as the Treasury Department and the IRS, and these interpretations may differ from our preliminary interpretations and analysis. State and local tax authorities also need to assess the impacts to their jurisdictions and may enact changes to their existing laws in response to the changes that have been enacted at the federal level. We expect the various tax authorities to issue their respective interpretations and guidance, and we will continue to assess the impact to our business accordingly. Adjustments may be needed to the provisional amounts recorded in our 2017 financial statements, and these adjustments may materially impact our financial statements in the period in which the adjustments are made.

ACCOUNTING PRONOUNCEMENTS

See Note 2 “Summary of Significant Accounting Policies” to the accompanying consolidated financial statements for information about recent accounting pronouncements.

SUPPLEMENTAL MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We believe this section provides additional information to investors about our financial performance in a manner consistent with how management views our performance. The presentation of unaudited supplemental pro forma results is for informational purposes only, and is prepared on a basis consistent with Article 11 of Regulation S-X, however, it does not constitute Article 11 pro forma financial information since the unaudited supplemental pro forma year ended December 31, 2016, and unaudited supplemental pro forma year ended December 31, 2015 presented herein reflect the ADT Acquisition and the Formation Transactions as if they had occurred on January 1, 2015, to the extent they have not been fully reflected in our historical consolidated financial statements included elsewhere.

We have presented below the financial information and operating results for the following:

- year ended December 31, 2017 on a historical basis compared to the year ended December 31, 2016 on a supplemental pro forma basis; and
- year ended December 31, 2016 compared to the year ended December 31, 2015 , in each case on supplemental pro forma basis.

Additionally, we have presented notes to our unaudited supplemental pro forma financial information that describe the supplemental pro forma adjustments and their underlying assumptions. The unaudited supplemental pro forma financial information set forth below is based upon available information and assumptions that we believe are reasonable. The historical financial information has been adjusted to give effect to supplemental pro forma events that are: (1) directly attributable to the ADT Acquisition and the Formation Transactions; (2) factually supportable; and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited supplemental pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of our financial condition or results of operations had the above transactions occurred on the date indicated. The unaudited supplemental pro forma financial information also should not be considered representative of our future financial condition or results of operations.

Unaudited Supplemental Pro Forma Results of Operations

(in thousands, except as otherwise indicated)	Year Ended December 31, 2017	Supplemental Pro Forma Year Ended December 31, 2016 [1]	Supplemental Pro Forma Year Ended December 31, 2015 [2]
Monitoring and related services	$ 4,029,279	$ 3,954,424	$ 3,897,107
Installation and other	286,223	212,492	160,135
Total Revenue	4,315,502	4,166,916	4,057,242
Cost of revenue (exclusive of depreciation and intangible asset amortization shown below)	895,736	869,689	807,536
Selling, general and administrative expenses	1,209,200	1,238,923	1,331,326
Depreciation and intangible asset amortization	1,863,299	1,574,219	1,591,410
Merger, restructuring, integration, and other costs	64,828	86,186	33,224
Operating income	282,439	397,899	293,746
Interest expense, net	(732,841)	(750,006)	(768,789)
Other income (expense)	28,716	(51,688)	4,422
Loss before income taxes	(421,686)	(403,795)	(470,621)
Income tax benefit	764,313	118,854	189,251
Net income (loss)	$ 342,627	$ (284,941)	$ (281,370)
Key Performance Indicators: [3]			
RMR	$ 334,810	$ 327,948	$ 322,106
Gross customer revenue attrition (percent)	13.7%	14.8%	15.9%
Adjusted EBITDA [4] and Supplemental Pro Forma Adjusted EBITDA [4]	$ 2,352,803	$ 2,176,943	$ 2,031,281

(1) Refer to Note 1 to Notes to the Unaudited Supplemental Pro Forma Financial Information presented in the Supplemental Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) Refer to Note 2 to Notes to the Unaudited Supplemental Pro Forma Financial Information presented in the Supplemental Management's Discussion and Analysis of Financial Condition and Results of Operations.

(3) Refer to the "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations—Key Performance Indicators" section for the definitions of these key performance indicators.

(4) Adjusted EBITDA and Supplemental Pro Forma Adjusted EBITDA are non-GAAP measures. Refer to the "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures" section for the definitions thereof and below for reconciliations to net income (loss), the most comparable GAAP measure.

Year Ended December 31, 2017 Compared to Unaudited Supplemental Pro Forma Year Ended December 31, 2016

Total Revenue

Total revenue increased $149 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . This increase was a result of an increase in monitoring and related services of $75 million and an increase in installation and other revenue of $74 million .

The increase in monitoring and related services was primarily driven by a change in contractual monthly recurring fees for monitoring and other recurring services, which were favorably impacted by an improvement in average pricing, partially offset by lower customer volume. The improvement in average pricing was driven by price escalations on our existing customer base, as well as the addition of new customers at higher rates, largely due to an increase in interactive service customers as compared to total customer additions. These factors also were the primary driver for an increase in RMR, which increased from $328 million as of December 31, 2016 to $335 million as of December 31, 2017 . The lower customer volume resulted from negative net customer additions, which reflects improvements in gross customer revenue attrition of 1.1 percentage points, both of which resulted from our enhanced focus on high quality customer additions through our disciplined customer selection process.

The increase in installation and other revenue was due to (i) approximately $38 million related to revenue from security equipment sold outright to customers and (ii) approximately $36 million of additional revenue generated from new customer additions associated with the amortization of deferred installation revenue during the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 .

Cost of Revenue

Cost of revenue increased $26 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . The increase in cost of revenue was attributable to increased costs of approximately $25 million related to installation costs associated with a higher volume of sales where security related equipment is sold outright to customers and approximately $23 million in field and maintenance service expenses incurred to enhance service levels and lower customer backlog. These were partially offset by decreased customer care expenses of approximately $22 million, which consisted of reduced software license expenses related to a newly-adopted cloud computing accounting standard, partially offset by investments in customer care associated with enhanced customer revenue attrition improvement initiatives.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $30 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . The decrease primarily relates to decreases in radio conversion costs of $56 million related to a program that began in 2015 to upgrade cellular technology used in many of our security systems, and decreases related to reductions in costs as a result of the integration of The ADT Corporation business, including (i) general and administrative expenses of approximately $37 million, (ii) advertising costs of approximately $33 million, and (iii) selling and marketing costs of approximately $27 million.

These decreases were partially offset by costs of approximately $64 million of financing and consent fees incurred in 2017, and increased costs of approximately $35 million related to the amortization of deferred subscriber acquisition costs associated with direct and incremental costs incurred to acquire new customers. The remainder of the increases were primarily due to non-cash asset write-downs related to our cost method investments.

Depreciation and Intangible Asset Amortization

Depreciation and intangible asset amortization increased $289 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . This increase was primarily attributable to (i) higher depreciation expense of approximately $111 million related to subscriber system assets, which included costs associated with new customer additions and upgrades, (ii) increased amortization of approximately $104 million related to new customer contracts acquired as a result of the ADT Authorized Dealer Program, and (iii) increased amortization expense of $42 million primarily associated with the Protection One trade name, which we began amortizing in July 2016. The remainder of the increase was primarily due to increased software license expenses related to a newly-adopted cloud computing standard mentioned above.

Merger, Restructuring, Integration, and Other Costs

Merger, restructuring, integration, and other costs decreased $21 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . The decrease in merger, restructuring, integration, and other costs was primarily related to a decrease in restructuring charges of $35 million primarily related to the severance of certain former executives and employees of The ADT Corporation in connection with the ADT Acquisition included in the supplemental pro forma year ended December 31, 2016 which did not recur in 2017. These charges were partially offset by an increase in integration costs, as well as impairment charges primarily related to our cost method investments.

Interest Expense, Net

Net interest expense decreased $17 million for the year ended December 31, 2017 as compared to the supplemental pro forma year ended December 31, 2016 . Net interest expense is primarily comprised of interest expense on our long-term debt. The decrease in interest expense is primarily related to the voluntary paydown of our $260 million of Second Lien Term B Loan in July and October 2016.

Other Income (Expense)

Other income (expense) is attributable to net foreign currency gains of $24 million for the year ended December 31, 2017 , and losses of $16 million for the supplemental pro forma year ended December 31, 2016 , related to the translation of monetary assets and liabilities that are denominated in Canadian dollars, primarily due to intercompany loans. Also included in other income (expense) are losses on extinguishment of debt for the year ended December 31, 2017 and supplemental pro forma year ended December 31, 2016 of $4 million and $28 million , respectively, related to the amendments and restatements of our First Lien Credit Facilities in 2017, and the write-off of debt discount and issuance costs associated with the voluntary paydown of $260 million of the second lien notes in July and October 2016 and the amendments to the First Lien Credit Facilities as of June 23, 2016 and December 28, 2016.

Income Tax Benefit

Income tax benefit for the year ended December 31, 2017 was $764 million as compared to $119 million for the supplemental pro forma year ended December 31, 2016 , resulting in an effective tax rate of 181.3% as compared to an effective tax rate of 29.4% for the respective periods. Refer to the "—Income Tax Benefit" section above in "Results of Operations" for information on the Tax Reform impact on income tax benefit for the year ended December 31, 2017 .

Unaudited Supplemental Pro Forma Year Ended December 31, 2016 Compared To Unaudited Supplemental Pro Forma Year Ended December 31, 2015

Total Revenue

Total revenue increased $110 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . This increase was a result of an increase in monitoring and related services of $57 million and an increase in installation and other revenue of $52 million .

The increase in monitoring and related services revenue was primarily driven by a change in contractual monthly recurring fees for monitoring and other recurring services, which were favorably impacted by an improvement in average pricing, partially offset by lower customer volume. The improvement in average pricing was driven by price escalations on our existing customer base, as well as the addition of new customers at higher rates, largely due to an increase in interactive service customers as compared to total customer additions. These factors also were the primary driver for an increase in RMR, which increased from $322 million as of December 31, 2015 to $328 million as of December 31, 2016 . The lower customer volume resulted from a decrease in net customer additions, which reflects improvements in gross customer revenue attrition of 1.1 percentage points, both of which resulted from our enhanced focus on high quality customer additions through our disciplined customer selection process.

The increase in installation and other revenue was primarily due to greater revenue of approximately $42 million for security related equipment sold outright to our customers for the supplemental pro forma year ended December 31, 2016 , as compared to the supplemental pro forma year ended December 31, 2015 .

Cost of Revenue

Cost of revenue increased $62 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . The increase in cost of revenue was attributable to (i) a $23 million increase in installation costs associated with the higher volume of sales where security related equipment is sold outright to the customer; and (ii) enhanced customer revenue attrition improvement initiatives, which resulted in an increase in customer care expenses of approximately $22 million and an increase field and maintenance service expenses of approximately $18 million to enhance service levels and lower customer backlog.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $92 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . This decrease primarily relates to a reduction in advertising costs of approximately $46 million, and a decrease in general and administrative expenses of approximately $39 million that were a result of synergies associated with the ADT Acquisition.

Depreciation and Intangible Asset Amortization

Depreciation and intangible asset amortization decreased $17 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . This decrease is primarily related to a decrease of approximately $99 million in amortization of definite-lived intangible assets and depreciation of subscriber system assets acquired in the ADT Acquisition and the Formation Transactions that were recognized on an accelerated basis. This decrease is partially offset by approximately $41 million of an increase in amortization expense primarily associated with the Protection One trade name, which we began amortizing in July 2016, and approximately $26 million of an increase in amortization expense on new customer contracts acquired under the ADT Authorized Dealer Program.

Merger, Restructuring, Integration, and Other Costs

Merger, restructuring, integration, and other costs increased by $53 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . Included in merger, restructuring, integration, and other costs were increased restructuring costs of $47 million primarily associated with severance of certain former executives and employees of The ADT Corporation in connection with the ADT Acquisition, increased integration costs of $9 million primarily related to the integration of The ADT Corporation businesses, and other impairments of $13 million during the year ended December 31, 2016. These were offset by decreased acquisition costs of $16 million.

Interest Expense, Net

Net interest expense decreased $19 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . Net interest expense is primarily comprised of interest expense on our long-term debt. The decrease in interest expense is primarily related to the voluntary paydown of our $260 million of second lien notes in July and October 2016.

Other Income (Expense)

Other expense increased $56 million for the supplemental pro forma year ended December 31, 2016 as compared to the supplemental pro forma year ended December 31, 2015 . Other expense for the supplemental pro forma year ended December 31, 2016 primarily includes (i) net foreign currency losses of $16 million from the translation of monetary assets and liabilities that are denominated in Canadian dollars, most of which relates to intercompany loans, and (ii) losses on extinguishment of debt of $28 million primarily relating to the write-off of debt discount and issuance costs associated with the voluntary paydown of $260 million of the second lien notes in July and October 2016 and the amendments to the First Lien Credit Facilities as of June 2016 and December 2016.

Income Tax Benefit

Income tax benefit for the supplemental pro forma year ended December 31, 2016 was $119 million compared with $189 million for the supplemental pro forma year ended December 31, 2015 , resulting in an effective tax rate of 29.4% compared with an effective tax rate of 40.2% for the same periods. The change in the effective tax rate and income tax benefit primarily reflects the impact of permanent items mainly related to non-deductible acquisition costs associated with the ADT Acquisition.

Adjusted EBITDA and Supplemental Pro Forma Adjusted EBITDA

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA and Supplemental Pro Forma Adjusted EBITDA, as applicable, for the periods presented:

(in thousands)	**Year Ended December 31, 2017**	**Supplemental Pro Forma Year Ended December 31, 2016**	**Supplemental Pro Forma Year Ended December 31, 2015**
Net income (loss)	$ 342,627	$ (284,941)	$ (281,370)
Interest expense, net	732,841	750,006	768,789
Income tax (benefit) expense	(764,313)	(118,854)	(189,251)
Depreciation and intangible asset amortization	1,863,299	1,574,219	1,591,410
Merger, restructuring, integration and other costs [1]	64,828	86,186	33,224
Financing and consent fees [2]	63,593	5,302	—
Foreign currency (gains)/losses [3]	(23,804)	16,042	—
Loss on extinguishment of debt [4]	4,331	28,293	—
Other non-cash items [5]	12,899	16,276	—
Radio conversion costs [6]	12,244	67,816	60,410
Amortization of deferred subscriber acquisition costs and revenue, net [7]	5,037	6,052	1,063
Share-based compensation expense [8]	11,276	10,108	28,103
Management fees and other charges [9]	27,945	20,438	18,903
Adjusted EBITDA	$ 2,352,803	N/A	N/A
Supplemental Pro Forma Adjusted EBITDA	N/A	$ 2,176,943	$ 2,031,281

N/A—Not applicable

(1) Represents post-acquisition restructuring and integration charges associated with various acquisitions and other asset impairments.

(2) Financing and consent fees represents fees associated with (i) the Special Dividend, (ii) amendments and restatements to our First Lien Credit Facilities, and (iii) the 2017 Incremental First Lien Term B-1 Loan.

(3) Foreign currency (gains)/losses relates to the translation of monetary assets and liabilities that are denominated in Canadian dollars, primarily due to intercompany loans.

(4) Loss on extinguishment of debt for year ended December 31, 2017 and supplemental pro forma year ended December 31, 2016 primarily relates to the write-off of debt discount and issuance costs associated with amendments and restatements to the First Lien Credit Facilities.

(5) Represents other non-cash items such as certain asset write-downs, as well as a net loss on the settlement of derivative contracts that were executed to hedge future cash flows associated with the ADT Acquisition during the supplemental pro forma year ended December 31, 2016 .

(6) Represents costs associated with our program that began in 2015 to upgrade cellular technology used in many of our security systems.

(7) Represents non-cash amortization expense associated with deferred subscriber acquisition costs, net of non-cash amortization of revenue associated with deferred installation revenue.

(8) Share-based compensation expense represents compensation expense associated with our equity compensation plans. Refer to Note 12 “Share-based Compensation” to the accompanying consolidated financial statements for further discussion

(9) Includes $20 million of management fees to our Sponsor for certain management consulting and advisory services for the year ended December 31, 2017 , supplemental pro forma year ended December 31, 2016 and 2015 . Such agreement was terminated in connection with the consummation of the IPO.

Adjusted EBITDA for the year ended December 31, 2017 increased by $176 million as compared to the Supplemental Pro Forma Adjusted EBITDA for the supplemental pro forma year ended December 31, 2016 . Supplemental Pro Forma Adjusted EBITDA for the supplemental pro forma year ended December 31, 2016 increased by $146 million as compared to the supplemental pro forma year ended December 31, 2015. These increases were driven by increases in revenue as well as reductions in selling, general and administrative expenses, which were partially offset by increases in cost of revenue.

For further details on the drivers of these changes, refer to the discussions above.

NOTES TO THE UNAUDITED SUPPLEMENTAL PRO FORMA FINANCIAL INFORMATION PRESENTED IN THE SUPPLEMENTAL MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. *Unaudited Supplemental Pro Forma Statement of Operations for the Year Ended December 31, 2016*

(in thousands)	ADT Inc. Historical	The ADT Corporation Historical 1(a)	Acquisition Adjustments		Supplemental Pro Forma December 31, 2016
Monitoring and related services	$ 2,748,222	$ 1,143,357	$ 62,845	1(b)	$ 3,954,424
Installation and other	201,544	69,352	(58,404)	1(b)	212,492
Total Revenue	2,949,766	1,212,709	4,441	1(b)	4,166,916
Cost of revenue	693,430	176,259	—		869,689
Selling, general and administrative expenses	858,896	425,315	(45,288)	1(c)	1,238,923
Depreciation and intangible asset amortization	1,232,967	394,827	(53,575)	1(d)	1,574,219
Merger, restructuring, integration, and other costs	393,788	46,595	(354,197)	1(e)	86,186
Operating (loss) income	(229,315)	169,713	457,501		397,899
Interest expense, net	(521,491)	(71,605)	(156,910)	1(f)	(750,006)
Other (expense) income	(51,932)	244	—		(51,688)
(Loss) income before income taxes	(802,738)	98,352	300,591		(403,795)
Income tax benefit (expense)	266,151	(31,869)	(115,428)	1(g)	118,854
Net (loss) income	$ (536,587)	$ 66,483	$ 185,163		$ (284,941)

1(a) The ADT Corporation’s historical combined statement of operations data for the period January 1, 2016 to May 1, 2016 has been derived by adding the historical consolidated statement of operations for the three months ended March 31, 2016 and the historical consolidated statement of operations data for the period April 1, 2016 to May 1, 2016. Certain expenses has been reclassified to conform to current period presentation.

1(b) Reflects the impact of:

(i) the reversal of a purchase accounting adjustment related to the write-down to fair value of deferred revenue associated with services not yet rendered of $63 million that is directly related to the ADT Acquisition, but does not have a continuing impact on the Company; and

(ii) the elimination of The ADT Corporation historical amortization of deferred installation revenue of $58 million as a result of the purchase price allocation for the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because the application of this purchase accounting adjustment has a continuing impact on the Company.

1(c) Reflects the impact of:

(i) the elimination of The ADT Corporation historical amortization of deferred subscriber acquisition costs of $52 million as a result of the purchase price allocation for the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because the application of this purchase accounting adjustment has a continuing impact on the Company; and

(ii) an increase in management fees of $7 million associated with the Management Consulting Agreement directly related to the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because it has a continuing impact on the Company due to the term of the agreement (see "Item 13. Certain Relationships and Related Party Transactions and Director Independence—Management Consulting Agreement").

1(d) To record the following net decrease in depreciation and intangible asset amortization as a result of the purchase price allocation associated with the ADT Acquisition:

in thousands	Year Ended December 31, 2016
Amortization of intangible assets [(i)]	$ 234,284
Subscriber system asset and property and equipment depreciation [(ii)]	106,968
Elimination of historical The ADT Corporation depreciation and amortization expense	(394,827)
Net supplemental pro forma adjustment	$ (53,575)

(i) Primarily consists of amortization of customer relationships and dealer relationships under the ADT Authorized Dealer Program. As of the acquisition date, customer relationships have a weighted-average remaining useful life of approximately 6 years, and are amortized on an accelerated basis.

(ii) As of the acquisition date, subscriber system assets have a weighted-average remaining useful life of approximately 7 years, and are depreciated on an accelerated basis. Property and equipment depreciation has a remaining average life of 3 years and are depreciated on a straight-line basis.

1(e) To remove transaction costs associated with the ADT Acquisition, as these costs will not have a continuing impact on the Company's results.

1(f) To record incremental interest expense (including related amortization of debt issuance costs and discount) of $168 million associated with borrowings to fund the ADT Acquisition as a result of: (1) the incremental first lien term loan facility of $1,555 million; (2) the issuance of $3,140 million of Prime Notes; (3) the amortization of issuance costs and fees associated with the $255 million 2021 Revolving Credit Facility; (4) the Koch Preferred Securities, which have an aggregate stated value of $750 million (dividends for the Koch Preferred Securities are recorded as interest expense); and (5) the amortization of the fair value adjustment made to the ADT Notes assumed as a result of the acquisition. These increases are net of the removal of interest expense of $11 million on The ADT Corporation debt repaid (including related amortization of capitalized debt acquisition costs) in connection with the consummation of the acquisition.

1(g) To record the income tax expense impact of the supplemental pro forma adjustments at the blended statutory rate of 38.4%.

2. *Unaudited Supplemental Pro Forma Statement of Operations for the Year Ended December 31, 2015*

(in thousands)	Predecessor: January 1, 2015	Successor: December 31, 2015	ASG Six Months Ended June 30, 2015 After Reclassifications 1(a)	Formation Transaction Adjustments (Note 1 to this Note 2)		Subtotal	The ADT Corporation Twelve Months Ended December 31, 2015 After Reclassifications 2(a)	ADT Acquisition Adjustments (Note 2 to Note 2)		Pro Forma Year Ended December 31, 2015
Monitoring and related services	$ 189,028	$ 238,257	$ 59,697	$ 18,573	1(b)	$ 505,555	$ 3,391,552	$ —	2(b)	$ 3,897,107
Installation and other	48,681	73,310	12,064	(2,936)	1(b)	131,119	195,293	(166,277)	2(b)	160,135
Total revenue	237,709	311,567	71,761	15,637	1(b)	636,674	3,586,845	(166,277)	2(b)	4,057,242
Cost of revenue	100,591	148,521	31,672	1,228	1(c)	282,012	525,524	—		807,536
Selling, general and administrative expenses	74,977	84,134	24,354	(12,656)	1(d)	170,809	1,285,356	(124,839)	2(c)	1,331,326
Depreciation and intangible asset amortization	41,548	83,650	26,038	8,295	1(e)	159,531	1,139,166	292,713	2(d)	1,591,410
Merger, restructuring, integration, and other costs	9,361	35,036	925	(23,951)	1(f)	21,371	11,853	—		33,224
Operating income (loss)	11,232	(39,774)	(11,228)	42,721		2,951	624,946	(334,151)		293,746
Interest expense, net	(29,129)	(45,169)	(10,844)	(5,706)	1(g)	(90,848)	(207,257)	(470,684)	2(e)	(768,789)
Other (expense) income	331	325	—	—		656	3,766	—		4,422
(Loss) income before income taxes	(17,566)	(84,618)	(22,072)	37,015		(87,241)	421,455	(804,835)		(470,621)
Income tax (expense) benefit	(1,025)	30,365	(584)	(14,214)	1(h)	14,542	(134,348)	309,057	2(f)	189,251
Net (loss) income	$ (18,591)	$ (54,253)	$ (22,656)	$ 22,801		$ (72,699)	$ 287,107	$ (495,778)		$ (281,370)

Note 1 to Note 2. *ASG Reclassifications and Formation Transactions Adjustments:*

1(a) ASG's historical presentation of its revenues and certain expenses contained within its historical consolidated statement of operations for the six months ended June 30, 2015 have been reclassified to conform to the current period presentation.

1(b) To record an increase to revenue consisting of: (i) the reversal of a purchase accounting adjustment related to the write-down to fair value of deferred revenue associated with services not yet rendered of $19 million that is directly related to the Formation Transactions, but does not have a continuing impact on the Company; (ii) the elimination of historical amortization of deferred installation revenue of $7 million as a result of the purchase price allocation for the Formation Transactions as if they had occurred on January 1, 2015 because the application of the purchase accounting adjustment has a continuing impact on the Company; and (iii) an accounting policy adjustment increasing revenue by $4 million to conform ASG's revenue accounting policy to the Company's policy. For certain types of sales, ASG used the percentage-of-completion method to recognize revenue and cost. In contrast, the Company recognized all revenue and costs for the same types of sales upon project completion ("completed contract method"). In addition to revenue, the accounting policy adjustment impacts both the cost of revenue and selling, general and administrative expenses line items as noted below.

1(c) To record an increase to cost of revenue for an accounting policy adjustment to conform ASG's revenue accounting policy to the Company's policy, as noted above in note 1(b).

1(d) To record a decrease in selling, general and administrative expenses as follows:

(in thousands)		**Year Ended December 31, 2015**
Protection One and ASG historical amortization of deferred subscriber acquisition costs (i)	$	(14,127)
ADT Inc.'s share based award expenses (ii)		1,490
ASG equity compensation plan expenses (iii)		1,694
Accounting policy adjustment (iv)		(992)
Management fees (v)		(721)
Net supplemental pro forma adjustment	$	(12,656)

(i) To eliminate Protection One and ASG historical amortization of deferred subscriber acquisition costs as a result of purchase accounting associated with the Formation Transactions.

(ii) ADT Inc.'s share based award expenses reflects the incremental expense related to the new executive compensation plan entered into as a result of ADT Inc.'s acquisition of Protection One, Inc.

(iii) ASG equity compensation plan expenses reflect the elimination of the historical benefit that was recorded by ASG as presented in the statement of operations of the consolidated financial statements of ASG for the six months ended June 30, 2015. Final payout was made in conjunction with ADT Inc.'s acquisition of ASG as of July 1, 2015.

(iv) The accounting policy adjustment conforms ASG's revenue accounting policy to the Company's accounting policy, as noted above in footnote (b).

(v) Management fees reflects the elimination of the historical fees paid to affiliates of GTCR Golder Rauner II, L.L.C. and PCap L.P., respectively, by Protection One, Inc. and ASG. Subsequent to the Formation Transactions (and prior to the ADT Acquisition), there were no management fees in place with respect to Protection One, Inc. and ASG payable to our Sponsor.

1(e) To record the following net increase in depreciation and intangible asset amortization as a result of the purchase price allocation associated with the Formation Transactions:

(in thousands)		**Year Ended December 31, 2015**
Amortization of intangible assets (i)	$	145,243
Property and equipment depreciation (i)		14,288
Elimination of historical Protection One and ASG depreciation and amortization expense		(151,236)
Net supplemental pro forma adjustment	$	8,295

(i) Reflects amortization and depreciation as a result of the purchase price allocation associated with the Formation Transactions.

1(f) Transaction fees reflect the elimination of historical acquisition-related transaction costs that were non-recurring, expensed as incurred and are directly attributable to the Formation Transactions.

1(g) To record the incremental interest expense (including amortization of discount and debt issuance costs) due to the new debt acquired to finance the Formation Transactions.

1(h) To record the income tax expense impact of the supplemental pro forma adjustments at the statutory rate of 38.4%. The Company operates in multiple jurisdictions, and as such the statutory rate may not be reflective of the actual impact of the tax effects of the adjustments.

Note 2 to Note 2. *The ADT Corporation Twelve Months Ended December 31, 2015 and The ADT Acquisition Adjustments:*

2(a) The ADT Corporation's historical consolidated statement of operations data for the twelve months ended December 31, 2015 has been derived by deducting the historical unaudited consolidated statement of operations data for the three months ended December 26, 2014 from the historical audited statement of operations data for the fiscal year ended September 25, 2015, and then adding thereto the historical unaudited consolidated statement of operations data from the three months ended December 31, 2015. Certain expenses have been reclassified to conform to the current presentation.

2(b) Reflects the impact of the elimination of The ADT Corporation historical amortization of deferred installation revenue of $166 million as a result of the purchase price allocation for the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because the application of this purchase accounting adjustment has a continuing impact on the Company.

2(c) Reflects the impact of:

(i) the elimination of The ADT Corporation historical amortization of deferred subscriber acquisition costs of $145 million as a result of the purchase price allocation for the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because the application of this purchase accounting adjustment has a continuing impact on the Company; and

(ii) an increase in management fees of $20 million associated with the Management Consulting Agreement directly related to the ADT Acquisition as if the acquisition had occurred on January 1, 2015 because it has a continuing impact on the Company due to the term of the agreement (see "Certain Relationships and Related Party Transactions—Management Consulting Agreement").

2(d) To record the following net increase in depreciation and intangible asset amortization as a result of the purchase price allocation associated with the ADT Acquisition:

(in thousands)		**Year Ended December 31, 2015**
Amortization of intangible assets (i)	$	881,929
Subscriber system asset and property and equipment depreciation (ii)		549,950
Elimination of historical The ADT Corporation depreciation and amortization expense		(1,139,166)
Net supplemental pro forma adjustment	$	292,713

(i) Primarily consists of amortization of customer relationships and dealer relationships under the ADT Authorized Dealer Program. As of the acquisition date, customer relationships have a weighted average remaining useful life of approximately 6 years, and are amortized on an accelerated basis.

(ii) As of the acquisition date, subscriber system asset have a weighted average remaining useful life of approximately 7 years, and are amortized on an accelerated basis. Property and equipment have a remaining average life of 3 years and are depreciated on a straight-line basis.

2(e) To record incremental interest expense (including related amortization of debt issuance costs and discount) of $518 million associated with borrowings to fund the ADT Acquisition as a result of: (1) the incremental first lien term loan facility of $1,555 million; (2) the issuance of $3,140 million second priority senior secured notes; (3) the amortization of issuance costs and fees associated with the $255 million 2021 Revolving Credit Facility; (4) the Koch Preferred Securities, which have an aggregate stated value of $750 million (dividends for the Koch Preferred Securities are recorded as interest expense); and (5) the amortization of the fair value adjustment made to the ADT Notes assumed as a result of the acquisition. These increases are net of the removal of interest expense of $47 million on The ADT Corporation debt repaid (including related amortization of capitalized debt acquisition costs) in connection with the consummation of the acquisition.

2(f) To record the income tax expense impact of the supplemental pro forma adjustments at the blended statutory rate of 38.4%. The Company operates in multiple jurisdictions, and as such the statutory rate may not be reflective of the actual impact of the tax effects of the adjustments.

Components of Unaudited Supplemental Pro Forma Adjusted EBITDA

The following tables present a reconciliation of Supplemental Pro Forma Adjusted EBITDA to net loss for the periods presented.

Unaudited Supplemental Pro Forma Year Ended December 31, 2016

The unaudited supplemental pro forma year ended December 31, 2016 has been derived from (i) the Company's historical consolidated financial information for the year ended December 31, 2016 included in this document, (ii) The ADT Corporation's historical condensed consolidated financial information for the three months ended March 31, 2016, and (iii) The ADT Corporation's historical condensed consolidated financial information for the period April 1, 2016 to May 1, 2016, as illustrated in the table below:

(in thousands)	ADT Inc. Historical Year Ended December 31, 2016	The ADT Corporation Historical	Pro Forma Adjustments	Supplemental Pro Forma December 31, 2016
Net (loss) income	$ (536,587)	$ 66,483	$ 185,163	$ (284,941)
Interest expense, net	521,491	71,605	156,910	750,006
Income tax (benefit) expense	(266,151)	31,869	115,428	(118,854)
Depreciation and intangible asset amortization	1,232,967	394,827	(53,575)	1,574,219
Merger, restructuring, integration and other costs	393,788	46,595	(354,197)	86,186
Financing and consent fees	5,302	—	—	5,302
Foreign currency losses	16,042	—	—	16,042
Loss on extinguishment of debt	28,293	—	—	28,293
Purchase accounting deferred revenue fair value adjustment	62,845	—	(62,845)	—
Other non-cash items	16,276	—	—	16,276
Radio conversion costs	34,405	33,411	—	67,816
Amortization of deferred subscriber acquisition costs and revenue, net	6,052	(6,395)	6,395	6,052
Share-based compensation expense	4,625	5,483	—	10,108
Management fees and other charges	13,541	176	6,721	20,438
Supplemental Pro Forma Adjusted EBITDA	$ 1,532,889	$ 644,054	$ —	$ 2,176,943

Unaudited Supplemental pro forma year ended December 31, 2015

The unaudited supplemental pro forma year ended December 31, 2015 has been derived from (i) the historical consolidated financial information for the Successor period from Inception through December 31, 2015 and the Predecessor period from January 1, 2015 through June 30, 2015 included in this document, (ii) The ADT Corporation's historical condensed combined consolidated financial information for the twelve months ended December 31, 2015 not included in this document, and (iii) ASG's historical consolidated financial information for the six months ended June 30, 2015 included in this document, as illustrated in the table below:

	Predecessor	Successor						
(in thousands)	Period from January 1, 2015 through June 30, 2015	From Inception through December 31, 2015	ASG Six Months Historical Ended June 30, 2015	Other Pro Forma Adjustments	Subtotal	The ADT Corporation Twelve Months Ended December 31, 2015 [(a)]	ADT Acquisition Adjustments	Supplemental Pro Forma Year Ended December 31, 2015
Net (loss) income	$ (18,591)	$ (54,253)	$ (22,656)	$ 22,801	$ (72,699)	$ 287,107	$ (495,778)	$ (281,370)
Interest expense, net	29,129	45,169	10,844	5,706	90,848	207,257	470,684	768,789
Income tax (benefit) expense	1,025	(30,365)	584	14,214	(14,542)	134,348	(309,057)	(189,251)
Depreciation and intangible asset amortization	41,548	83,650	26,038	8,295	159,531	1,139,166	292,713	1,591,410
Merger, restructuring, integration and other costs	9,361	35,036	925	(23,951)	21,371	11,853	—	33,224
Purchase accounting deferred revenue fair value adjustment	—	18,574	—	(18,574)	—	—	—	—
Radio conversion costs	1,014	4,312	—	—	5,326	55,084	—	60,410
Amortization of deferred subscriber acquisition costs and revenue, net	7,578	770	(571)	(6,714)	1,063	(21,438)	21,438	1,063
Share-based compensation expense	781	2,259	(1,694)	3,184	4,530	23,573	—	28,103
Management fees and other charges	481	(324)	221	(720)	(342)	(755)	20,000	18,903
Supplemental Pro Forma Adjusted EBITDA	$ 72,326	$ 104,828	$ 13,691	$ 4,241	$ 195,086	$ 1,836,195	$ —	$ 2,031,281

(a) The ADT Corporation's historical consolidated financial information for the twelve months ended December 31, 2015 has been derived by deducting the historical consolidated financial information for the three months ended December 26, 2014 from the historical consolidated financial information for the fiscal year ended September 25, 2015, and then adding thereto the historical consolidated financial information for the three months ended December 31, 2015.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our operations include activities in the U.S. and Canada. These operations expose us to a variety of market risks, including the effects of changes in interest rates and foreign currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program. Our policies allow for the use of specified financial instruments for hedging purposes only. Use of derivatives for speculation purposes is prohibited.

Interest Rate Risk

Our debt, includes fixed-rate debt, as well as variable-rate debt and Revolving Credit Facilities that bear interest based on LIBOR. As a result, we are exposed to fluctuations in interest rates on our long-term debt. The carrying value of our debt, excluding capital leases, was $10,128 million and $9,464 million as of December 31, 2017 and 2016 , respectively. The fair value of our debt, excluding capital leases, was $10,869 million and $10,014 million as of December 31, 2017 and 2016 , respectively. As of December 31, 2017 , a hypothetical 10% increase or decrease in interest rates would change the fair value of our debt by approximately $241 million . As of December 31, 2017 , the exposure associated with our variable-rate borrowings to a hypothetical 10% increase or decrease in interest rates would not be material to earnings, fair values, or cash flows. See Note 5 "Debt" to the accompanying consolidated financial statements for further discussion.

To help manage borrowing costs, we may from time to time enter into interest rate swap transactions with financial institutions acting as principal counterparties. As of December 31, 2017 , we had interest rate swap contracts outstanding with notional amounts aggregating $1,000 million used to economically hedge a portion of our variable-rate debt under our First Lien Credit Facilities. Refer to Note 9 "Derivative Financial Instruments" to the accompanying consolidated financial statements for further discussion.

Foreign Currency Risk

We have exposure to the effects of foreign currency exchange rate fluctuations on the results of our Canadian operations. Our Canadian operations use the Canadian dollar to conduct business, but our results are reported in U.S. dollars.

We are exposed to the foreign currency exchange rate fluctuations to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies. We may from time to time use financial derivatives, which may include forward foreign currency exchange contracts and foreign currency options, to hedge this risk. We generally do not hedge investments in foreign subsidiaries if such investments are long-term in nature.

The Company recognized net foreign currency gains of $24 million and losses of $16 million for the years ended December 31, 2017 and 2016 , respectively, related to the translation of monetary assets and liabilities that are denominated in Canadian dollars, primarily related to intercompany loans. Such amounts are included in other income (expense) in the Consolidated Statements of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Reports of Independent Registered Public Accounting Firm, our consolidated financial statements, the accompanying Notes to Consolidated Financial Statements, and the Financial Statement Schedule that are filed as part of this Annual Report are listed under "Item 15. Exhibits and Financial Statement Schedules" and are set forth beginning on page F-1 immediately following the signature pages of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended ("the Exchange Act")) as of the end of the period covered by this Annual Report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2017 , the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) of the Exchange Act during the three months ended December 31, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Executive Officers and Directors

The following table sets forth the name, age, and position of each of our executive officers and directors as of March 8, 2018.

Name	Age	Position
Timothy J. Whall	56	Chief Executive Officer, Director
James D. DeVries	54	President
Daniel M. Bresingham	46	Executive Vice President and Chief Administrative Officer
P. Gray Finney	59	Senior Vice President, Chief Legal Officer and Secretary
Jeffrey Likosar	47	Executive Vice President, Chief Financial Officer and Treasurer
Jamie E. Haenggi	48	Senior Vice President and Chief Growth Officer
Donald Young	53	Senior Vice President and Chief Information Officer
Jay Darfler	41	Senior Vice President, Emerging Growth Markets
Robert M. Dale	60	Senior Vice President, National Account Sales
Zachary Susil	35	Vice President, Controller
Amelia O. Pulliam	46	Senior Vice President, Chief Human Resources Officer
Andrew D. Africk	51	Director
Marc E. Becker	45	Director (Chairman)
Matthew H. Nord	38	Director
Reed B. Rayman	31	Director
Eric L. Press	52	Director
Lee J. Solomon	46	Director
Stephanie Drescher	44	Director
Brett Watson	37	Director
David Ryan	48	Director
Matthew E. Winter	61	Director

The following are brief biographies describing the backgrounds of the executive officers and directors of the Company.

Timothy J. Whall is our Chief Executive Officer and a member of our board of directors. Mr. Whall has served as Chief Executive Officer of Prime Borrower since July 2015 and was also President of Prime Borrower from July 2015 to March 2018. Previously, Mr. Whall served as the President, Chief Executive Officer, and a member of the board of directors of Protection One, Inc. from June 2010 to March 2017. Mr. Whall joined SecurityLink in 1990 as a Service Manager. He served as a General Manager before joining the senior management team in various capacities and ultimately becoming President and Chief Operating Officer. After SecurityLink was acquired by GTCR in 2000, Mr. Whall continued to serve as President and Chief Operating Officer. Following SecurityLink's sale to Tyco in 2001, Mr. Whall was ADT's Senior Vice President of Business Operations from 2001 to 2004. In 2004, Mr. Whall partnered with GTCR to acquire Honeywell's Security Monitoring division ("HSM"). At HSM he served as President and Chief Operating Officer. Following the sale of HSM to Stanley Black & Decker, Mr. Whall served as Chief Operating Officer of StanleyWorks' Convergent Security Solutions division for one year. In 2008, he left Stanley to pursue opportunities with GTCR. That partnership led to GTCR's acquisition of the Protection One business in June 2010.

James D. DeVries is our President. From May 2, 2016 to September 2017, Mr. DeVries served as The ADT Corporation's Executive Vice President and Chief Operating Officer. From December 2014 to May 2016, Mr. DeVries served as Executive Vice President of Brand Operations at Allstate Insurance Company, the second largest personal lines insurer in the United States. During his tenure at Allstate, Mr. DeVries led the operations organization, comprising approximately 7,000 employees in the United States, Northern Ireland, and India, and was responsible for, among other things, customer care centers, outbound and inbound phone sales, procurement, technical support, life underwriting and claims, real estate, administration, and fleet management. From March 2008 to December 2014, Mr. DeVries served as Executive Vice President and Chief Administrative Officer of Allstate, where has was accountable for, among other things, real estate and administration, human resources, and procurement. Prior to joining Allstate in 2008, Mr. DeVries served in various executive and management roles at Principal Financial Group, Ameritech, Quaker Oats Company, and Andrew Corporation. Mr. DeVries is a board member of Amsted Industries Inc., a diversified global

manufacturer of industrial components serving primarily the railroad, vehicular, and construction and building markets, and a past board member of the Human Resources Management Association of Chicago, the Chicago Public Library Foundation, and the Boys & Girls Clubs of Central Iowa. Mr. DeVries received a bachelor's degree from Trinity College, which is now known as Trinity International University, a master's degree from Loyola University, and a Master of Business Administration from the Kellogg School of Management at Northwestern University.

Daniel M. Bresingham is our Executive Vice President and Chief Administrative Officer. He also serves as Executive Vice President and Chief Administrative Officer of Prime Borrower, and previously served as Prime Borrower's Executive Vice President, Chief of Staff, and Treasurer from October 2016 to March 2018. Previously, Mr. Bresingham served as Chief Financial Officer of Prime Borrower from July 2015 to October 2016. From April 2010 to June 2015, Mr. Bresingham served as the Chief Financial Officer of Protection One. Prior to joining the Company, Mr. Bresingham served as Chief Financial Officer of Stanley Convergent Security Solutions from January 2007 through April 2010. Prior to then, Mr. Bresingham served as Controller of HSM Electronic Protection Services from November 2004 to January 2007. Mr. Bresingham also has senior management experience in the telecommunications industry and public accounting experience from his time at Arthur Andersen and PricewaterhouseCoopers. Mr. Bresingham successfully completed the examinations required to become a Certified Public Accountant and a Certified Internal Auditor. Mr. Bresingham holds a bachelor's degree in Accounting from the University of Illinois at Urbana-Champaign and a M.B.A. from the University of Chicago.

P. Gray Finney is our Senior Vice President, Chief Legal Officer and Secretary. Previously, Mr. Finney served as the Senior Vice President, General Counsel, and Secretary of Protection One from August 2010 to March 2017. From 2005 to 2010, Mr. Finney was the managing member of Finney Law Firm LLC, a law firm focusing primarily on the electronic security industry and telecommunications. From 1997 to 2003, Mr. Finney served as Senior Vice President, General Counsel, and Secretary of ADT Security Services, Inc. From 1988 to 1996, Mr. Finney was a senior lawyer at Ryder System, Inc., and from 1982 to 1985, he was a Senior Tax Specialist at KPMG LLP. Mr. Finney is licensed to practice law in Alabama, Florida, Mississippi, and Texas, and is also licensed to practice public accountancy in both Alabama and Florida. Mr. Finney holds a B.S. in Accounting and Finance from Florida State University and a J.D. from the University of Miami.

Jeffrey Likosar is our Executive Vice President, Chief Financial Officer and Treasurer. He is also Prime Borrower's Executive Vice President and Chief Financial Officer (since October 2016) and Treasurer (since March 2018). From February 2014 to September 2016, Mr. Likosar served as CFO of Gardner Denver, a leading global provider of high quality industrial equipment, technologies, and services to a broad and diverse customer base through a family of highly recognized brands. Mr. Likosar was responsible for all aspects of the financial function in this role. From November 2008 to February 2014, Mr. Likosar served in various capacities at Dell Inc., a privately owned multinational computer technology company, including as Chief Financial Officer, End User Computing and Operations, and Vice President of Financial Planning and Analysis and Acquisition Integration. Prior to joining Dell, Mr. Likosar spent most of his career at GE across the Appliances, Plastics, and Aviation Divisions. His roles included Chief Financial Officer of Resins (in GE's Plastics Division) and Chief Financial Officer of Military Systems (in GE's Aviation Division), in addition to various other roles in the Plastics and Appliances Divisions. Mr. Likosar began his career at GE Appliances as an analyst in the Financial Management Program and holds a bachelor's degree in business administration from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

Jamie E. Haenggi is our Senior Vice President and Chief Growth Officer. Previously, Ms. Haenggi was our Senior Vice President and Chief Sales and Marketing Officer from July 2015 to March 2018. Previously, Ms. Haenggi was the Chief Revenue Officer of Protection One from June 2010 to June 2015. Ms. Haenggi has spent over 20 years in the security industry in a wide range of sales, marketing, and operational positions. Prior to working at Protection One, Ms. Haenggi served as Chief Marketing Officer at Vonage. She has also held leadership positions at National Guardian, Holmes Protection, and ADT Security Services, Inc. At ADT Security Services, Inc., she served as Vice President of Marketing and later as Vice President of Worldwide Marketing. Ms. Haenggi received her bachelor's degree in International Relations and Japanese from the University of Minnesota.

Donald Young is our Senior Vice President and Chief Information Officer. He is also Prime Borrower's Chief Information Officer and has served in this role since July 2015. Mr. Young served as the Chief Operating Officer and Chief Information Officer of Prime Borrower from July 2015 to May 2016, and for Protection One from June 2010 to July 2015. Mr. Young joined the alarm industry in 1988 after serving four years in the United States Air Force as a Computer Programmer Analyst. In 1988, Mr. Young first joined SecurityLink as Operations Manager. In 2001, Mr. Young became SecurityLink's Chief Information Officer. Following the sale of SecurityLink, he was the Vice President of Information Technology at ADT Security Services, Inc. Mr. Young became Chief Information Officer at HSM in 2004. After the January 2007 sale of HSM to StanleyWorks, he was retained as Chief Information Officer of Stanley Convergent Solutions through May 2010.

Jay Darfler is our Senior Vice President, Emerging Growth Markets and has served in this position since May 2016. Previously, Mr. Darfler served as Vice President, Product Development & Connected Home of Cross Country Home Services from 2012 to 2016. Mr. Darfler has also served as Vice President and Divisional Merchandise Manager, Services for OfficeMax. Mr. Darfler has nearly 20 years of experience in emerging markets and commercializing new products and/or services. Mr. Darfler graduated from the University of Illinois at Urbana-Champaign with a degree in Finance.

Robert M. Dale is our Senior Vice President, National Account Sales, and has served in this role since July 2015. He was previously Senior Vice President of Sales for Protection One from 2010 to 2011 and Senior Vice President, National Account Sales, for Protection One from 2011 to July 2015. Mr. Dale began his security career in 1983 as a Commercial Sales Representative for ADT and has held several managerial positions, including National Account Manager, Sales Manager, General Manager, and Regional General Manager before joining Protection One and being named Senior Vice President of Commercial Sales. Mr. Dale earned his bachelor's degree from the University of Louisville.

Zachary Susil is our Vice President, Controller, and has served in this position since January 2017. Previously, Mr. Susil served as Director of External Reporting and Accounting Research and Policy for The ADT Corporation from November 2015 to December 2016 and Director of Accounting Research and Policy from March 2015 to October 2015. Mr. Susil held various accounting positions at The ADT Corporation from September 2012. Prior to joining The ADT Corporation, Mr. Susil held positions at Tyco International Ltd and Ernst & Young LLP. Mr. Susil has more than 10 years of accounting experience and is a Certified Public Accountant in the state of Florida. Mr. Susil graduated from the University of Florida with a master's degree in Accounting.

Amelia O. Pulliam is our Senior Vice President, Chief Human Resources Officer, and has served in this position since August 2016. In this role, she is responsible for leading all aspects of the company-wide human resources strategy and people practices for ADT's nearly 18,000 employees across the U.S. and Canada. Ms. Pulliam joined ADT in August 2014 as Vice President, Talent Management, and was responsible for developing the talent and assessment practices for the company. Prior to joining ADT, Ms. Pulliam was with Coca Cola Enterprises from 2007 to 2014, and in her last post served as Vice President, HR Strategy/M&A and Employee Communications. Ms. Pulliam has nearly 20 years of experience in the field of Human Resources spanning the retail, manufacturing, and services industries in the U.S. and Europe. Ms. Pulliam graduated from the University of South Florida with a degree in Criminology.

Andrew D. Africk is a member of our board of directors. Mr. Africk has also served as a manager of Prime Borrower since its formation in May 2015. Mr. Africk is the founder of Searay Capital LLC, a private investment company. Mr. Africk established Searay Capital in July 2013 after 21 years leading private equity and capital markets investments for Apollo. As a Senior Partner at Apollo, Mr. Africk was responsible for investments in technology and communications, and has over 25 years of experience financing, analyzing and investing in public and private companies. Mr. Africk also currently serves as a director of Suncoke Energy Inc. and RPX Corporation. In the last five years, Mr. Africk has served on the boards of directors for various public companies, including Alliqua Biomedical, Hughes Telematics, Inc., and STR Holdings, Inc. Additionally, Mr. Africk serves on the Board of Overseers of the University of Pennsylvania School of Engineering and Applied Science, serves on the UCLA Science Board, and is a trustee of the Trinity School in New York City. Mr. Africk graduated summa cum laude, Phi Beta Kappa from UCLA with a B.A. in Economics, magna cum laude from the University of Pennsylvania Law School with a J.D., and with Distinction from the University of Pennsylvania's Wharton School of Business with an MBA.

Marc E. Becker is the chairman of our board of directors and a designee of Apollo. Mr. Becker has also served as a manager of Prime Borrower since its formation in May 2015. Mr. Becker is a Senior Partner of Apollo. He joined Apollo in 1996. Prior to that time, Mr. Becker was employed by Smith Barney Inc. within its Investment Banking division. Mr. Becker also serves on the board of directors of Pinnacle Agriculture Holdings, LLC. During the past five years, Mr. Becker also served as a director of Affinion Group Holdings, Inc.; Apollo Residential Mortgage, Inc.; CEVA Holdings, LLC; Evertec Group, LLC; Novitex Holdings, Inc.; Quality Distribution, Inc.; Realogy Holdings Corp.; and SourceHOV Holdings Inc. Mr. Becker is actively involved in a number of non-profit organizations and serves as the chairman of the board of the TEAK Fellowship and as Treasurer of the Park Avenue Synagogue. Mr. Becker graduated cum laude with a B.S. in Economics from the University of Pennsylvania's Wharton School of Business.

Matthew H. Nord is a member of our board of directors and a designee of Apollo. Mr. Nord has also served as a manager of Prime Borrower since its formation in May 2015. Mr. Nord is a Senior Partner of Apollo. He joined Apollo in 2003. From 2001 to 2003, Mr. Nord was a member of the Investment Banking division of Salomon Smith Barney Inc. Mr. Nord serves on the boards of directors of Elexa Technologies, Inc.; Presidio Holdings, Inc.; RegionalCare Hospital Partners Holdings, Inc.; and West Corporation. Mr. Nord also serves on the Board of Trustees of Montefiore Health System and on the Board of Overseers of the University of Pennsylvania's School of Design. During the past five years, Mr. Nord also served as a director of Affinion Group Inc.; Constellium N.V.; Evertec, Inc.; Novitex Parent, L.P.; MidCap Financial Holdings, Inc.; Noranda Aluminum Holding Corporation; and SOURCEHOV Holdings, Inc. Mr. Nord graduated summa cum laude with a B.S. in Economics from the University of Pennsylvania's Wharton School of Business.

Reed B. Rayman is a member of our board of directors and a designee of Apollo. Mr. Rayman has also been a manager of Prime Borrower since its formation in May 2015. He is a Principal of Apollo, where he has worked since 2010. Mr. Rayman previously was employed by Goldman, Sachs & Co. in both its Industrials Investment Banking and Principal Strategies groups from 2008 to 2010. Mr. Rayman holds a B.A. cum laude in Economics from Harvard University. Mr. Rayman currently serves on the board of directors of Coinstar, LLC, Redbox Automated Retail LLC, CareerBuilder, Mood Media Corporation, and ecoATM. He previously served on the board of directors of Verso Corporation.

Eric L. Press is a member of our board of directors and a designee of Apollo. Mr. Press has also been a manager of Prime Borrower since May 2016. Mr. Press is a Senior Partner at Apollo. In his 20 years with Apollo, he has been involved in many of the firm's investments in basic industrials, metals, lodging/gaming/leisure, and financial services. Prior to joining Apollo in 1998, Mr. Press was associated with the law firm of Wachtell, Lipton, Rosen & Katz, specializing in mergers, acquisitions, restructurings, and related financing transactions. From 1987 to 1989, Mr. Press was a consultant with The Boston Consulting Group, a management consulting firm focused on corporate strategy. Mr. Press currently serves on the boards of directors of Apollo Commercial Real Estate Finance, Inc.; Princimar Chemical Holdings; RegionalCare Hospital Partners; and Constellis Holdings. In the last five years, Mr. Press has served on the boards of directors for Verso Corporation.; Affinion Group Holdings, Inc.; Noranda Aluminum Holding Corporation; Athene Holding Ltd.; and Metals USA Holdings Corp. Mr. Press graduated magna cum laude from Harvard College with an A.B. in Economics and Yale Law School, where he was a Senior Editor of the Yale Law Journal.

Lee J. Solomon is a member of our board of directors and a designee of Apollo. Mr. Solomon has also been a manager of Prime Borrower since May 2016. Mr. Solomon is a Partner at Apollo Private Equity having joined in 2009. Prior to that time, Mr. Solomon was an executive in the media industry. Prior thereto, he served as a Principal at Grosvenor Park, which was a joint venture with Fortress Investment Group. Prior to that, he was the Executive Vice President of Business Affairs for Helkon Media. Mr. Solomon serves on the board of directors of Endemol Shine Group, Redbox Automated Retail LLC, Coinstar LLC, ecoATM, and Mood Media Corporation. He received his MBA from The Stern School of Business at New York University and graduated from the University of Rochester with a B.A. in Economics and Political Science.

Stephanie Drescher is a member of our board of directors and a designee of Apollo. Ms. Drescher has also been a manager of Prime Borrower since December 2017. Ms. Drescher is a Senior Partner at Apollo, having joined in 2004, and is a member of the firm's Management Committee. Prior to joining Apollo, Ms. Drescher was employed by JP Morgan for ten years, primarily in its Alternative Investment group. Ms. Drescher has served on the board of directors of the JP Morgan Venture Capital Funds I and II, JP Morgan Corporate Finance Funds I and II, JP Morgan Private Investments Inc., and Allied Waste. Ms. Drescher is currently on the board of directors of The Young Woman's Leadership Network and the Allen Stevenson School. Ms. Drescher graduated summa cum laude, Phi Beta Kappa from Barnard College of Columbia University and earned her M.B.A from Columbia Business School.

Brett Watson is a member of our board of directors and a designee of the Koch Investor. Mr. Watson has also been a manager of Prime Borrower since May 2016. Mr. Watson is a Senior Managing Director with Koch Equity Development LLC. Mr. Watson also serves on the board of directors of the parent companies of Infor, Flint Group and Transaction Network Services. Mr. Watson holds a B.S. and M.B.A. from Binghamton University. We anticipate that Mr. Watson will resign from our board of directors after we redeem in full the outstanding Koch Preferred Securities and pay the related redemption premium and other related amounts.

David Ryan is a member of our board of directors and a Co-Investor Designee. Mr. Ryan has also been a manager of Prime Borrower since May 2016. Mr. Ryan has been an Adviser to Birchtree Fund Investments Private Limited since August 2016. Mr. Ryan retired from his position as President of Goldman Sachs Asia Pacific ex-Japan in December 2013, a position he held since the beginning of 2011. Mr. Ryan has over 22 years of experience in various senior roles at Goldman Sachs. Mr. Ryan also serves on the board of directors of Mapletree Investments Pte Ltd.

Matthew E. Winter is a member of our board of directors. Mr. Winter was the President of The Allstate Corporation from January 2015 to February 2018, and prior to that, served as the President, Allstate Personal Lines for The Allstate Corporation from January 2013 to January 2015. Mr. Winter joined The Allstate Corporation in 2009 as President and Chief Executive Officer of Allstate Financial. Mr. Winter also serves on the board of directors and the Audit and Compensation Committees of H&R Block Inc. Mr. Winter has been actively involved in a number of non-profit organizations and currently serves on the board of directors of Feeding America. Mr. Winter holds a Bachelor of Science degree from the University of Michigan, a Juris Doctor degree from the Albany Law School of Union University, and a Master of Laws degree from the University of Virginia School of Law.

Controlled Company

We are now listed on the NYSE. As Apollo controls more than 50% of the combined voting power of the Company, we are considered a "controlled company" for the purposes of that exchange's rules and corporate governance standards. As a "controlled company," we are permitted to, and we elected to, not comply with certain corporate governance requirements, including (1) those that would otherwise require our board of directors to have a majority of independent directors, (2) those that would require that we establish a compensation committee of our board of directors (the "Compensation Committee") composed entirely of independent directors and with a written charter addressing the committee's purpose and responsibilities, and (3) those that would require we have a nominating and corporate governance committee of our board of directors (the "Nominating and Corporate Governance Committee") comprised entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, or otherwise ensure that the nominees for directors are determined or recommended to our board of directors by the independent members of our board of directors pursuant to a formal resolution addressing the nominations process and such related matters as may be required under the federal securities laws. Accordingly, the holders of our common stock do not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. If we cease to be a "controlled company" and our shares continue to be listed on the NYSE, we will be required to comply with these provisions within the applicable transition periods.

Director Independence

As allowed under the applicable rules and regulations of the SEC and the NYSE, we intend to phase in compliance with the heightened independence requirements prior to the end of the one-year transition period. As of March 8, 2018, our independent directors, as such term is defined by the applicable rules and regulations of the NYSE, are Mr. Africk and Mr. Winter.

Board Composition

Our board of directors consists of eleven members. Each director is to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation, or removal. The authorized number of each class of directors may be increased or decreased by our board of directors in accordance with our amended and restated certificate of incorporation. At any meeting of the board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes.

Board Committees

The board of directors committees include an executive committee (the "Executive Committee"), an audit committee (the "Audit Committee"), a Compensation Committee, and a Nominating and Corporate Governance Committee. In addition, we have availed ourselves of the "controlled company" exception under the NYSE rules which exempts us from certain requirements, including the requirements that we have a majority of independent directors on our board of directors and that we have Compensation Committee and Nominating and Corporate Governance Committees composed entirely of independent directors. We will, however, remain subject to the requirement that we have an Audit Committee composed entirely of independent members by the end of the transition period for companies listing in connection with an initial public offering.

If at any time we cease to be a "controlled company" under the NYSE rules, the board of directors will take all action necessary to comply with the applicable NYSE rules, including appointing a majority of independent directors to the board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted "phase-in" period.

Executive Committee

Our Executive Committee consists of Messrs. Becker (Chair), Rayman, and Whall. Subject to certain exceptions, the Executive Committee generally may exercise all of the powers of the board of directors when the board of directors is not in session. The Executive Committee serves at the pleasure of our board of directors. This committee and any of its members may continue or be changed once our Sponsor no longer owns a controlling interest in us.

Audit Committee

Our Audit Committee consists of Messrs. Rayman (Chair), Africk, and Winter. Our board of directors has determined that both Mr. Africk and Mr. Winter qualify as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K and that both Mr. Africk and Mr. Winter are independent as independence is defined in Rule 10A-3 of the Exchange Act and under the NYSE listing standards. The principal duties and responsibilities of our Audit Committee are as follows:

- to prepare the annual Audit Committee report to be included in our annual proxy statement;
- to oversee and monitor our financial reporting process;
- to oversee and monitor the integrity of our financial statements and internal control system;

- to oversee and monitor the independence, retention, performance, and compensation of our independent auditor;
- to oversee and monitor the performance, appointment, and retention of our senior internal audit staff person;
- to discuss, oversee, and monitor policies with respect to risk assessment and risk management;
- to oversee and monitor our compliance with legal and regulatory matters; and
- to provide regular reports to the board of directors.

The Audit Committee has the authority to retain counsel and advisors to fulfill its responsibilities and duties and to form and delegate authority to subcommittees.

Compensation Committee

Our Compensation Committee consists of Messrs. Becker (Chair), Rayman, and Whall. The principal duties and responsibilities of the Compensation Committee are as follows:

- to review, evaluate, and make recommendations to the full board of directors regarding our compensation policies and programs;
- to review and approve the compensation of our chief executive officer, other officers, and key employees, including all material benefits, option or stock award grants, and perquisites and all material employment agreements, and confidentiality and non-competition agreements;
- to review and recommend to the board of directors a succession plan for the chief executive officer and development plans for other key corporate positions as shall be deemed necessary from time to time;
- to review and make recommendations to the board of directors with respect to our incentive compensation plans and equity-based compensation plans;
- to administer incentive compensation and equity-related plans;
- to review and make recommendations to the board of directors with respect to the financial and other performance targets that must be met;
- to set and review the compensation of members of the board of directors; and
- to prepare an annual compensation committee report and take such other actions as are necessary and consistent with the governing law and our organizational documents.

We have elected to avail ourselves of the "controlled company" exception under the NYSE rules which exempts us from the requirement that we have a Compensation Committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

Our board of directors established a Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee consists of Messrs. Becker (Chair), Press, and Whall. The principal duties and responsibilities of the Nominating and Corporate Governance Committee are as follows:

- to identify candidates qualified to become directors of the Company, consistent with criteria approved by our board of directors;
- to recommend to our board of directors nominees for election as directors at the next annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected, as well as to recommend directors to serve on the other committees of the board;
- to recommend to our board of directors candidates to fill vacancies and newly created directorships on the board of directors;
- to identify best practices and recommend corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance;
- to develop and recommend to our board of directors guidelines setting forth corporate governance principles applicable to the Company; and

- to oversee the evaluation of our board of directors and senior management.

We have elected to avail ourselves of the "controlled company" exception under the NYSE rules which exempts us from the requirement that we have a Nominating and Corporate Governance Committee composed entirely of independent directors.

Communications with the Board of Directors

A stockholder or other interested party who wishes to communicate with our directors, a committee of our board of directors, our independent directors as a group, or our board of directors generally may do so in writing. Any such communications may be sent to our board of directors by U.S. mail or overnight delivery and should be directed to our Secretary at ADT Inc., 1501 Yamato Road, Boca Raton, Florida 33431, who will forward them to the intended recipient(s). Any such communications may be made anonymously. Unsolicited advertisements, invitations to conferences or promotional materials, in the discretion of our Secretary, are not required, however, to be forwarded to the directors.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, and employees, and is intended to comply with the relevant listing requirements for a code of conduct as well as qualify as a "code of ethics" as defined by the rules of the SEC. The code of business conduct and ethics contains general guidelines for conducting our business consistent with the highest standards of business ethics. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions applicable to any principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, and our directors, on our website at https://investor.adt.com/. The code of business conduct and ethics is made available on our website.

Board Leadership Structure and Board's Role in Risk Oversight

The board of directors has an oversight role, as a whole and also at the committee level, in overseeing management of its risks. The board of directors regularly reviews information regarding our credit, liquidity, and operations, as well as the risks associated with each. Our Compensation Committee is responsible for overseeing the management of risks relating to employee compensation plans and arrangements and the Audit Committee of the board of directors oversees the management of financial risks. While each committee is responsible for evaluating certain risks, and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks.

Corporate Governance Guidelines

We have Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which our managers and board of directors carry out their respective responsibilities. The guidelines are available for viewing on our website at www.adt.com under the "Investor Relations" section. We will also provide the guidelines, free of charge, to stockholders who request them. Requests should be directed to our Secretary at ADT Inc., 1501 Yamato Road, Boca Raton, Florida 33431.

ITEM 11. EXECUTIVE COMPENSATION.

This Executive Compensation section describes in detail the Company's executive compensation philosophy and programs. This Compensation Discussion and Analysis focuses on the compensation of our Named Executive Officers (the "NEOs") who, for fiscal year 2017, are listed below.

Name	Title
Timothy J. Whall	*President and Chief Executive Officer ("CEO") (until September 2017) and, since September 2017, CEO*
Jeffrey Likosar	*Executive Vice President and Chief Financial Officer (until March 2018) and, since March 2018, Executive Vice President, Chief Financial Officer and Treasurer*
Daniel M. Bresingham	*Former Chief Financial Officer (until February 2017), Executive Vice President, Treasurer, and former Chief of Staff (until August 2017), Executive Vice President, Treasurer, and Chief Administrative Officer (until March 2018) and, since March 2018, Executive Vice President and Chief Administrative Officer*
James D. DeVries	*Executive Vice President and Chief Operating Officer (until September 2017) and, since September 2017, President*
Jamie E. Haenggi	*Senior Vice President and Chief Marketing Officer (until September 2017) and, Senior Vice President and Chief Sales and Marketing Officer (until March 2018), and, since March 2018, Senior Vice President and Chief Growth Officer*
Donald Young	*Senior Vice President and Chief Information Officer*

Our executive compensation programs have historically been determined by the executive committee of Ultimate Parent. This Compensation Discussion and Analysis addresses the compensation philosophy and programs with respect to fiscal year 2017, and the decisions made by the Executive Committee with respect to our executive compensation programs. In connection with the Initial Offering, we formed a Compensation Committee, which is responsible for making decisions with respect to executive compensation.

Executive Compensation Philosophy

The Company's executive compensation programs are guided by the following principles, which make up our executive compensation philosophy:

- *Pay for Performance* . Compensation opportunities are designed to align executives' pay with the Company's performance and are focused on producing sustainable long-term growth.
- *Attract, Promote, and Retain Talented Management Team* . We compete for talent with other companies of similar size in our market. To attract and retain executives with the experience necessary to achieve our business goals, compensation must be competitive and appropriately balanced between fixed compensation and at-risk compensation.
- *Align Interests with Interests of Shareholders* . We believe that management should have a significant financial stake in the Company to align their interests with those of the shareholders and to encourage the creation of long-term value. Therefore, equity awards make up a substantial component of executive compensation.

Our executive compensation programs has three key elements, which have been designed according to these principles: base salary, annual cash incentive compensation, and long-term equity compensation. We also provide limited perquisites and retirement benefits to our NEOs.

Prior to the Initial Offering, we have balanced our executive compensation program toward equity compensation that promoted direct ownership in the business, alignment of the interests of management with our Sponsor, and a focus on long-term success. Each NEO has made a direct investment in Ultimate Parent and also holds profits interests under the Ultimate Parent's operating agreement (the "LP Agreement"), 50% of which vest based on performance factors and the remaining 50% of which vest based solely on service. We have also ensured that the base salary and target annual incentive level of each NEO is competitive to appropriately retain and reward the NEOs for their ongoing service and achievements.

We believe that the design of our executive compensation program and our compensation practices support our compensation philosophy. We expect that, following the Initial Offering, our Compensation Committee will evaluate our compensation philosophy to determine whether it should be adjusted to take into account our status as a publicly traded company, as well as each of the elements of our compensation program, and may make changes as it deems appropriate.

Process for Determining Executive Compensation

Role of Executive Committee

Historically, the Executive Committee has made all determinations regarding the compensation of our NEOs, including their base salaries, target bonus percentages, actual bonus payouts, and long-term equity-based incentives. The Executive Committee makes compensation decisions based on the expertise and knowledge of its members with respect to compensation in the general market for talent, as well as the individual executive's role with the company, duties and responsibilities, and experience. The Executive Committee does not, however, specifically benchmark NEO compensation to the compensation of executives in similar positions at companies in a peer group. During 2017, the Executive Committee did not engage a compensation consultant in connection with the determination or recommendations of compensation for our NEOs for fiscal year 2017.

Role of Management

In making determinations with respect to executive compensation for executive officers, the Executive Committee considers input from the CEO, who is a member of the Executive Committee. The CEO provides insight to the Executive Committee on specific decisions and recommendations related to the compensation of the executive officers other than the CEO. The Executive Committee believes that the input of the CEO with respect to the assessment of individual performance, succession planning and retention is a key component of the process.

Role of Compensation Consultant

In connection with the Initial Offering, we engaged ClearBridge Compensation Group ("ClearBridge") to perform an analysis of our executive compensation programs and to provide recommendations with respect to any changes that should be made to our executive compensation programs following the Initial Offering. ClearBridge was engaged by the Company and not by our Executive Committee or the board of directors of Ultimate Parent. ClearBridge does not provide any services to the Company other than those it has been engaged to provide in connection with the Initial Offering.

Process for Determining Executive Compensation After Completion of the Initial Public Offering

In connection with the Initial Offering, we formed a Compensation Committee, which is responsible for making all determinations with respect to our executive compensation programs and the compensation of our NEOs. While our CEO is a member of the Compensation Committee and will be directly involved with the decisions on executive compensation made by the Compensation Committee, he will not have any authority with respect to the determination of his own compensation.

The Compensation Committee will have the authority to retain, compensate, and terminate an independent compensation consultant and any other advisors necessary to assist in its evaluation of executive compensation.

In December 2017, the Board retained Pearl Meyer & Partners, LLC, the compensation consulting firm, as its independent external advisor to assist it in its evaluation of non-management director, CEO, and other senior executive compensation, and to provide guidance with respect to developing and implementing our compensation philosophy and programs as a public company.

Elements of Executive Compensation

The Company's total direct compensation program consists of three main elements: base salary, annual cash incentives, and equity-based long-term incentives. A significant majority of our NEOs' total direct compensation is performance-based and at risk. The Company also provides various benefit and retirement programs, as well as an annual executive physical for our NEOs (and executive officers). The table below provides an overview of the elements of the Company's executive compensation program, a brief description of each compensation element, and the reason for inclusion in the executive compensation program.

Compensation Element	Brief Description	Objectives
Base Salary	Fixed compensation	* To attract and retain top talent with the experience, skills, and abilities critical to the long-term success of the Company * To reward sustained success in meeting or exceeding key corporate or business objectives through merit increases
Annual Cash Incentive Bonuses	Variable, performance-based cash compensation	* To drive Company performance against key strategic goals that are aligned with the interests of stockholders, including our Sponsor * To recognize individuals based upon their performance against goals and objectives aligned to the delivery of key strategic priorities * Performance-based and not guaranteed
Long-Term Incentives—Equity Based	Variable, equity-based compensation (based in the equity of Ultimate Parent) to promote achievement of longer-term performance objectives	* To directly align the interests of executives with the interests of stockholders, including our Sponsor * To support focus on long-term, sustainable Company performance, and to drive retention of key talent
Investment Requirement	Ability to make a direct investment in Ultimate Parent alongside our Sponsor	* To align executives' and our Sponsor's interests and to encourage executives to have "skin in the game" through direct ownership
Employee Benefits and Perquisites	Includes medical, dental, and disability plans, as well as relocation programs and limited perquisites	* To promote health, wellness, and well-being of executives
Retirement Programs	Includes both retirement savings plan and deferred compensation plan, as applicable	* To provide for basic retirement for our executives

Our executive compensation program also provides for retention bonuses where appropriate, cash severance payments and benefits tied to provisions within each NEO's employment agreement, and accelerated vesting of equity awards in the event of certain terminations of employment following a change in ownership of our business.

Base Salary

Each NEO is party to an employment agreement that provides for a fixed base salary, subject to annual review by the Executive Committee (or, following the Initial Offering, by our Compensation Committee). Base salaries may be increased, but,

under the terms of the employment agreements, may not be decreased. The Executive Committee (or, after the completion of the Initial Offering, our Compensation Committee) reviews base salary levels on an annual basis to determine whether the base salary level is appropriate given the NEO's job responsibilities, experience, value to the Company, and market level. Base salary levels are determined taking into consideration all elements of compensation as a whole, and based on individual position, experience, and competitive market base salaries for similar positions, but we do not specifically target or "benchmark" base salaries against any particular company or peer group.

2017 Base Salary

In April 2017, the Executive Committee reviewed base salaries of our NEOs and, based on individual performance and an assessment of market factors, determined that the base salaries should be adjusted upward. The new base salaries for each of our NEOs, effective April 30, 2017, are as follows:

Name	2016 Base Salary	2017 Base Salary (effective 04/30/2017)	Increase %
Timothy J. Whall	$700,000	$707,000	1.0%
Jeffrey Likosar	$500,000	$504,548	0.9%
Daniel M. Bresingham	$500,000	$510,000	2.0%
James D. DeVries	$500,000	$520,000	4.0%
Jamie E. Haenggi	$430,000	$440,750	2.5%
Donald Young	$500,000	$510,000	2.0%

Annual Incentive Compensation

The second component of executive officer compensation is an annual cash incentive based on both company and individual performance. Tying a portion of total compensation to annual company performance permits us to adjust the performance metrics each year to reflect changing objectives and those that may be of special importance for a particular year. Through the annual incentive program, we seek to provide an appropriate amount of short-term cash compensation that is at risk and tied to the achievement of certain short-term performance goals.

Annual Bonus Targets

Name	January 1, 2017 Target Bonus %
Timothy J. Whall	125%
Jeffrey Likosar	100%
Daniel M. Bresingham	100%
James D. DeVries	100%
Jamie E. Haenggi	60%
Donald Young	100%

2017 Annual Bonus Program

For the 2017 fiscal year, the Executive Committee approved an annual incentive plan (the "AIP") with a design that reflects the Company's focus as a subscriber-based business with significant recurring monthly revenues. The metrics utilized in the AIP have been selected to drive results in those categories that have the most significant impact on the success of our business. The metrics utilized for the 2017 fiscal year, as well as the respective weightings for each metric, are set forth below.

(in millions, unless otherwise noted)

Performance Metric	Weighting	Performance Target	Actual Performance	Payout as a % of Target	Overall Weighted Business Performance
Covenant Adjusted EBITDA [(a)]	25%	$2,715	$2,688	89.9%	22.5%
Gross Customer Revenue Attrition	25%	14.0%	13.7%	123.7%	30.9%
Revenue Payback Period	25%	30.9x	30.1x	159.0%	39.8%
New Recurring Monthly Revenue	25%	$50	$48	60.5%	15.1%
				TOTAL	**108.3%**

(a) Covenant Adjusted EBITDA is defined as Adjusted EBITDA provided under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures" adjusted for gross subscriber acquisitions costs in our Statement of Operations associated with the acquisition of our customers, net of related revenue associated with the sale of equipment.

The following table summarizes the calculation of bonuses for fiscal year 2017 paid to each of the NEOs.

Name	Base Salary	Bonus Target %	Bonus Target	Business Performance	Actual Bonus Paid for Fiscal Year 2017
Timothy J. Whall	$707,000	125%	$883,750	108.3%	$957,101
Jeffrey Likosar	$504,548	100%	$504,548	108.3%	$546,425
Daniel M. Bresingham	$510,000	100%	$510,000	108.3%	$552,330
James D. DeVries	$520,000	100%	$520,000	108.3%	$563,160
Jamie E. Haenggi	$440,750	60%	$264,450	108.3%	$286,399
Donald Young	$510,000	100%	$510,000	108.3%	$552,330

Long-Term Equity Compensation

The Company's long-term incentive compensation program is designed to provide a significant portion of our executives' compensation opportunity in equity-based instruments. We believe that long-term equity compensation is important to assure that the interests of our executives are aligned with those of our stockholders, thus promoting value-creation for our executives and our stockholders. Following the Initial Offering, the annual equity award grant process will occur in conjunction with our annual assessment of individual performance and potential, and will take into account the competitive compensation landscape. In addition to annual grants, the Company may make equity grants in certain other circumstances, such as for new hires or promotions, or to recognize an individual's extraordinary contributions to the Company.

Class B Units in Ultimate Parent . Each of our NEOs was granted profits interests (*i.e.* , Class B Units in Ultimate Parent ("Class B Units")) under the LP Agreement. Class B Units allow the NEOs to share in the future appreciation of Ultimate Parent, subject to certain vesting conditions, including both service-based vesting (based on continued employment) and performance-based vesting (based on the return achieved by our Sponsor), as described in more detail below. These Class B Units are designed to foster a long-term commitment to us by our NEOs, provide a balance to the short-term cash components of our compensation program, align a portion of our executives' compensation to the interests of our Sponsor, promote retention, and reinforce our pay-for-performance structure.

The Class B Units were issued pursuant to the terms of a Class B Unit award agreement between Ultimate Parent and each NEO. Class B Units represent an ownership interest in Ultimate Parent providing the holder with the opportunity to receive, upon a "Realization Event" (defined below), a return based on the appreciation of Ultimate Parent's equity value from the date of grant. These Class B Units were issued as an upfront grant designed to provide a long-term incentive for five years following the grant date. The awards were structured so that if Ultimate Parent's equity value were to appreciate, the executive would share in the growth in value from the date of grant solely with respect to the vested portion of the executive's Class B Units. If Ultimate Parent's equity were to not appreciate in value or to decrease in value in the future, then the Class B Units would have no value. Grantees were not required to make any capital contribution in exchange for their Class B Units, which were awarded as compensation. Class B Units have no voting rights, and Ultimate Parent may from time to time distribute its available cash to holders of Class B Units along with its other equity holders.

These equity awards also function as a retention device because 50% of the Class B Units subject to each award are scheduled to vest ratably over a five-year period (20% per year), subject to the NEO's continued employment on each annual vesting date

(the "Service Tranche"). The unvested portion of the Service Tranche will also vest on the earlier of (i) the six month anniversary of a change in control (which includes an initial public offering of the Company) or (ii) the NEO's termination without cause or for good reason within six months following a change in control, whichever event occurs first.

To reinforce the pay-for-performance structure and alignment with interests of our stockholders, 50% of the Class B Units subject to each award are scheduled to vest only upon satisfaction of certain performance thresholds (the "Performance Tranche"). Fifty percent of the Performance Tranche is scheduled to vest only if as of any measurement date (*i.e.* , any date on which our Sponsor receives cash distributions and/or cash proceeds in respect of Class A Units in Ultimate Parent ("Class A Units")) our Sponsor has achieved a multiple of invested capital ("MOIC") of 1.75, and the remaining 50% of the Performance Tranche is scheduled to vest only if as of any measurement date, our Sponsor has achieved a MOIC of 2.0, provided, however, that in the event that a Realization Event occurs on or prior to July 1, 2018, 50% of the Performance Tranche will vest if our Sponsor has achieved, on or prior to July 1, 2018, an internal rate of return ("IRR") of at least 17.5% and 100% of the Performance Tranche will vest if our Sponsor has achieved, on or prior to July 1, 2018, an IRR of at least 25%.

For purposes of the Class B Unit award agreements, a "Realization Event" means the first occurrence of any of the following: (i) a liquidation of Ultimate Parent and its subsidiaries; (ii) a transfer of all or substantially all of the assets of Ultimate Parent and its subsidiaries to a person or group other than our Sponsor or its affiliates; (iii) a sale or other disposition by our Sponsor, to a person or group other than our Sponsor and its affiliates, in either case, of fifty percent (50%) or more of the Class A Units held by our Sponsor, respectively, as of May 2, 2016; or (iv) a qualified initial public offering of Ultimate Parent (as defined in the LP Agreement).

See the "Outstanding Equity Awards at 2017 Fiscal Year-End" section below for more information regarding the Class B Units held by our NEOs.

Investment Requirement . We believe that it is important for key members of our senior management team and directors to build and maintain a long-term ownership position in our company to further align their financial interests with those of our Sponsor and to encourage the creation of long-term value. To achieve such goals and to assure that management owns a meaningful level of equity in Ultimate Parent, each of our NEOs was required to make a direct investment in Ultimate Parent alongside our Sponsor through the purchase of Class A-2 Units of Ultimate Parent ("Class A-2 Units"). We believe that this investment requirement has provided our management team with a desirable level of direct ownership in the business and a sufficient level of capital at risk, thereby reinforcing our goal of aligning the interests of management with the interests of our Sponsor.

Sign-On Retention Bonus . As part of a sign-on compensation package, pursuant to the terms of their respective employment agreements with ADT LLC, Messrs. Likosar and DeVries were each granted a retention bonus opportunity, which is designed to increase their equity ownership in the business through the purchase of Class A-2 Units (and following the Initial Offering, shares of our common stock) with the after-tax proceeds of a cash bonus. Further details of Messrs. Likosar's and DeVries' respective retention bonuses are described below under "—Employment Agreements" and "—Potential Payments upon Termination or Change in Control."

Post-IPO Compensation

Our Compensation Committee reviews with its independent compensation consultant our compensation levels, our compensation mix, and our incentive compensation programs (i) to determine whether any changes are warranted, (ii) to ensure that our programs are based on appropriate measures, goals, and targets for the security industry and our business objectives, and (iii) to ensure that the overall level of total compensation for our executive officers is reasonable in relation to, and competitive with, the compensation paid by similarly situated peer leaders in the security industry, subject to variation for factors such as the individual's experience, performance, duties, scope of responsibility, prior contributions, and future potential contributions to our business.

Redemption of Class B Units

Simultaneously with the Initial Offering, each holder of Class B Units (including the NEOs holding any such units) had his or her entire Class B interest in Ultimate Parent redeemed in full for the number of shares of our common stock that would have been distributed to such holder under the terms of the LP Agreement if Ultimate Parent were to distribute to its partners in-kind all of the shares of our common stock that it holds, valuing such shares at the initial offering price, in a hypothetical liquidation on the date of the Initial Offering (such shares, the "Distributed Shares"). The redemption of Class B Units for Distributed Shares did not result in any accelerated vesting of such Class B Units; the Distributed Shares distributed in redemption of vested Class B Units were fully vested upon such distribution, and the Distributed Shares distributed in redemption of unvested Class B Units were unvested upon such distribution, and remain eligible to vest pursuant to the same vesting schedule as the unvested Class B Units in respect of which they are distributed (i.e., 50% of the Distributed Shares will be subject to vesting based on our Sponsor's realizing specified multiples of invested capital, and the remainder of the Distributed Shares that are not already vested will

generally remain subject to service-based vesting over the remainder of the vesting period (including, for the avoidance of doubt, accelerated vesting on the six-month anniversary of the Initial Offering or earlier upon a qualifying termination following the Initial Offering) applicable to the corresponding Class B Units). See "—Elements of Compensation—Long-Term Equity Compensation" above for a more detailed description of the vesting schedule. In addition to the vesting terms, each individual who received Distributed Shares in redemption of his or her Class B Units in connection with the Initial Offering was required to execute a joinder to the Company's Amended and Restated Management Investor Rights Agreement (the "MIRA"). Under the MIRA, the Distributed Shares are generally subject to transfer restrictions, repurchase rights, and piggy-back registration rights in connection with certain offerings of our common stock.

In addition, each individual who received Distributed Shares in the above-described redemption of his or her Class B Units also received a grant of stock options under the 2018 Omnibus Incentive Plan (the "Omnibus Incentive Plan"). The intended purpose of coupling these stock option grants with the distribution of Distributed Shares is to preserve the intended percentage of the future appreciation of Ultimate Parent that the Class B Units would have been allocated had they not been redeemed in connection with the Initial Offering. Such stock options have an exercise price equal to the initial public offering price per share of common stock and a term of ten years from the date of grant. Such stock options were partially vested and partially unvested at grant, in the same proportion as the Class B Units held by the recipient immediately prior to the above-described redemption. The unvested portion of such stock options are eligible to vest pursuant to the same vesting schedule as the unvested Distributed Shares held by the recipient of such stock options. Any shares of our common stock acquired upon exercise of such stock options are subject to the terms of the MIRA.

The table below sets forth, based on the initial public offering price of $14.00 per share of common stock, the number of Distributed Shares that were distributed in redemption of Class B Units, and the number of stock options that were granted to each of our NEOs in connection with the redemption described above:

	Distributed Shares		Stock Options		
Name	**Vested**	**Unvested**	**Vested**	**Unvested**	**Exercise Price Per Share of Common Stock**
Timothy J. Whall	572,282	3,159,448	311,837	1,850,562	$14.00
Jeffrey Likosar	229,355	2,064,193	158,964	1,430,679	$14.00
Daniel M. Bresingham	377,033	2,081,518	205,446	1,219,193	$14.00
James D. DeVries	223,839	2,014,550	155,141	1,396,272	$14.00
Jamie E. Haenggi	323,171	1,784,158	176,096	1,045,023	$14.00
Donald Young	377,033	2,081,518	205,446	1,219,193	$14.00

2018 NEO Compensation

Although our Compensation Committee may make changes to the compensation arrangements for our NEOs, we expect that, at least initially, the elements of our executive compensation program will be similar to the elements in our current program. The following summarizes the principal elements of compensation that we expect to provide to each of our named executive officers following the Initial Offering.

Fiscal Year 2018 Named Executive Officer Target Compensation Levels

The table below summarizes the target compensation levels for each of our NEOs by element for fiscal year 2018.

Timothy J. Whall			
Base Salary		$	1,000,000
Target Bonus			1,250,000
Target Long-Term Incentives			4,500,000
	Total	**$**	**6,750,000**
Jeffrey Likosar			
Base Salary		$	520,000
Target Bonus			520,000
Target Long-Term Incentives			1,000,000
	Total	**$**	**2,040,000**
Daniel M. Bresingham			
Base Salary		$	510,000
Target Bonus			510,000
Target Long-Term Incentives			600,000
	Total	**$**	**1,620,000**
James D. DeVries			
Base Salary		$	675,000
Target Bonus			675,000
Target Long-Term Incentives			2,200,000
	Total	**$**	**3,550,000**
Jamie E. Haenggi			
Base Salary		$	441,000
Target Bonus			308,700
Target Long-Term Incentives			600,000
	Total	**$**	**1,349,700**
Donald Young			
Base Salary		$	510,000
Target Bonus			510,000
Target Long-Term Incentives			600,000
	Total	**$**	**1,620,000**

2018 Annual Bonus Program Design

For fiscal year 2018, we expect that the Company's AIP design will continue to reflect the Company's focus as a subscriber-based business with significant recurring monthly revenues, and the metrics utilized have been selected to drive results in those categories that have the most significant impact on the success of our business.

Metric	Weighting
Adjusted EBITDA [(a)]	40%
Net Recurring Monthly Revenue	40%
Revenue Payback Period	20%

(a) 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, 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) purchase accounting adjustments related to fair value of deferred revenue under GAAP, (vii) merger, restructuring, integration, and other costs, (viii) financing and consent fees, (ix) foreign currency gains/losses, (x) loss on extinguishment of debt, (xi) radio conversion costs, (xii) management fees and other charges, and (xiii) other non-cash items.

Initial Public Offering Equity Awards

In connection with the Initial Offering, we adopted the Omnibus Incentive Plan, which is designed to align the interests of our management team with our new public investors. We also granted equity awards to our NEOs under the Omnibus Incentive Plan in connection with the Initial Offering. Such awards included a mix of stock options and restricted stock units. The target value of such awards will be weighted as follows:

Grant Type	Weighting
Stock Options	50%
Restricted Stock Units	50%

Stock options granted to our employees, including our NEOs, in connection with the IPO will have an exercise price equal to the initial public offering price and a term of ten years, and, generally, will cliff vest on the third anniversary of the date of grant, subject to (i) satisfaction of the "IPO Condition" and (ii) the recipient's continued employment with the Company through such date. Restricted stock units granted in connection with the IPO generally will cliff vest on the third anniversary of the date of grant, subject to (i) satisfaction of the IPO Condition and (ii) the recipient's continued employment with the Company through such date. The "IPO Condition" shall be deemed satisfied upon the consummation of the Initial Offering.

Long-Term Equity Compensation After Completion of the Initial Offering

Following the Initial Offering, we anticipate that we will continue to grant equity awards to employees, including our NEOs, which may be in the form of stock options, restricted stock units, or other such instruments as permitted under the Omnibus Incentive Plan.

2018 Omnibus Incentive Plan

Our board of directors has adopted, and our stockholders approved, the Omnibus Incentive Plan. Following the adoption of the Omnibus Incentive Plan, we do not expect to issue additional options under the 2016 Equity Incentive Plan. This summary is qualified in its entirety by reference to the Omnibus Incentive Plan.

Administration. The Compensation Committee will administer the Omnibus Incentive Plan. The Compensation Committee will have the authority to determine the terms and conditions of any agreements evidencing any awards granted under the Omnibus Incentive Plan and to adopt, alter and repeal rules, guidelines and practices relating to the Omnibus Incentive Plan. The Compensation Committee will have full discretion to administer and interpret the Omnibus Incentive Plan and to adopt such rules, regulations and procedures as it deems necessary or advisable and to determine, among other things, the time or times at which the awards may be exercised and whether and under what circumstances an award may be exercised.

Eligibility. Any current or prospective employees, directors, officers, consultants or advisors of the Company or its affiliates who are selected by the Compensation Committee will be eligible for awards under the Omnibus Incentive Plan. The Compensation Committee will have the sole and complete authority to determine who will be granted an award under the Omnibus Incentive Plan.

Number of Shares Authorized . Pursuant to the Omnibus Incentive Plan, we have reserved an aggregate of 37,545,456 shares of our common stock for issuance of awards to be granted thereunder. No more than 37,545,456 shares of our common stock may be issued with respect to incentive stock options under the Omnibus Incentive Plan. The maximum grant date fair value of cash and equity awards that may be awarded to a non-employee director under the Omnibus Incentive Plan during any one fiscal year, taken together with any cash fees paid to such non-employee director during such fiscal year, will be $400,000. If any award granted under the Omnibus Incentive Plan expires, terminates, or is canceled or forfeited without being settled, vested or exercised, shares of our common stock subject to such award will again be made available for future grants. Any shares that are surrendered or tendered to pay the exercise price of an award or to satisfy withholding taxes owed, or any shares reserved for issuance, but not issued, with respect to settlement of a stock appreciation right, will not again be available for grants under the Omnibus Incentive Plan.

Change in Capitalization. If there is a change in our capitalization in the event of a stock or extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase, or exchange of shares of our common stock or other relevant change in capitalization or applicable law or circumstances, such that the Compensation Committee determines that an adjustment to the terms of the Omnibus Incentive Plan (or awards thereunder) is necessary or appropriate, then the Compensation Committee shall make adjustments in a manner that it deems equitable. Such adjustments may be to the number of shares reserved for issuance under the Omnibus Incentive Plan, the number of shares covered by awards then outstanding under the Omnibus Incentive Plan, the limitations on awards under the Omnibus Incentive Plan, or the exercise price of outstanding options, or such other equitable substitution or adjustments as the Compensation Committee may determine appropriate.

Awards Available for Grant. The Compensation Committee may grant awards of non-qualified stock options, incentive (qualified) stock options, stock appreciation rights ("SARs"), restricted stock awards, restricted stock units, other stock-based awards, other cash-based awards or any combination of the foregoing. Awards may be granted under the Omnibus Incentive Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity acquired by the Company or with which the Company combines, which are referred to herein as "Substitute Awards."

Stock Options. The Compensation Committee will be authorized to grant options to purchase shares of our common stock that are either "qualified," meaning they are intended to satisfy the requirements of Section 422 of the Code for incentive stock options, or "non-qualified," meaning they are not intended to satisfy the requirements of Section 422 of the Code. All options granted under the Omnibus Incentive Plan shall be non-qualified unless the applicable award agreement expressly states that the option is intended to be an incentive stock option. Options granted under the Omnibus Incentive Plan will be subject to the terms and conditions established by the Compensation Committee. Under the terms of the Omnibus Incentive Plan, the exercise price of the options will not be less than the fair market value (or 110% of the fair market value in the case of a qualified option granted to a 10% stockholder) of our common stock at the time of grant (except with respect to Substitute Awards). Options granted under the Omnibus Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable award agreement. The maximum term of an option granted under the Omnibus Incentive Plan will be ten years from the date of grant (or five years in the case of a qualified option granted to a 10% stockholder), provided that if the term of a non-qualified option would expire at a time when trading in the shares of our common stock is prohibited by the Company's insider trading policy, the option's term shall be extended automatically until the 30th day following the expiration of such prohibition (as long as such extension shall not violate Section 409A of the Code). Payment in respect of the exercise of an option may be made in cash, by check, by cash equivalent and/or by delivery of shares of our common stock valued at the fair market value at the time the option is exercised, or any combination of the foregoing, provided that such shares are not subject to any pledge or other security interest, or by such other method as the Compensation Committee may permit in its sole discretion, including (i) by delivery of other property having a fair market value equal to the exercise price and all applicable required withholding taxes, (ii) if there is a public market for the shares of our common stock at such time, by means of a broker-assisted cashless exercise mechanism or (iii) by means of a "net exercise" procedure effected by withholding the minimum number of shares otherwise deliverable in respect of an option that are needed to pay the exercise price and all applicable required withholding taxes. In all events of cashless or net exercise, any fractional shares of common stock will be settled in cash.

Stock Appreciation Rights. The Compensation Committee will be authorized to award SARs under the Omnibus Incentive Plan. SARs will be subject to the terms and conditions established by the Compensation Committee. A SAR is a contractual right that allows a participant to receive, in the form of either cash, shares or any combination of cash and shares, the appreciation, if any, in the value of a share over a certain period of time. An option granted under the Omnibus Incentive Plan may include SARs, and SARs may also be awarded to a participant independent of the grant of an option. SARs granted in connection with an option shall be subject to terms similar to the option corresponding to such SARs, including with respect to vesting and expiration. Except as otherwise provided by the Compensation Committee (in the case of Substitute Awards or SARs granted in tandem with previously granted options), the strike price per share of our common stock underlying each SAR shall not be less than 100% of the fair market value of such share, determined as of the date of grant and the maximum term of a SAR granted under the Omnibus Incentive Plan will be ten years from the date of grant.

Restricted Stock. The Compensation Committee will be authorized to grant restricted stock under the Omnibus Incentive Plan, which will be subject to the terms and conditions established by the Compensation Committee. Restricted stock is common stock that is generally non-transferable and is subject to other restrictions determined by the Compensation Committee for a specified period. Any accumulated dividends will be payable at the same time that the underlying restricted stock vests.

Restricted Stock Unit Awards. The Compensation Committee will be authorized to grant restricted stock unit awards, which will be subject to the terms and conditions established by the Compensation Committee. A restricted stock unit award, once vested, may be settled in a number of shares of our common stock equal to the number of units earned, in cash equal to the fair market value of the number of shares of our common stock earned in respect of such restricted stock unit award or in a combination of the foregoing, at the election of the Compensation Committee. Restricted stock units may be settled at the expiration of the period over which the units are to be earned or at a later date selected by the Compensation Committee. To the extent provided in an award agreement, the holder of outstanding restricted stock units shall be entitled to be credited with dividend equivalent payments upon the payment by us of dividends on shares of our common stock, either in cash or, at the sole discretion of the Compensation Committee, in shares of our common stock having a fair market value equal to the amount of such dividends (or a combination of cash and shares), and interest may, at the sole discretion of the Compensation Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Compensation Committee, which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time that the underlying restricted stock units are settled.

Other Stock-Based Awards. The Compensation Committee will be authorized to grant awards of unrestricted shares of our common stock, rights to receive grants of awards at a future date, other awards denominated in shares of our common stock, or awards that provide for cash payments based in whole or in part on the value of our common stock under such terms and conditions as the Compensation Committee may determine and as set forth in the applicable award agreement.

Effect of a Change in Control. Unless otherwise provided in an award agreement, or any applicable employment, consulting, change in control, severance or other agreement between us and a participant, in the event of a change in control (as defined in the Omnibus Incentive Plan), if a participant's employment or service is terminated by us other than for cause (and other than due to death or disability) within the 12-month period following a change in control, then the Compensation Committee may provide that (i) all then-outstanding options and SARs held by such participant will become immediately exercisable as of such participant's date of termination with respect to all of the shares subject to such option or SAR; and/or (ii) the restricted period (and any other conditions) shall expire as of such participant's date of termination with respect to all of the then-outstanding shares of restricted stock or restricted stock units held by such participant (including without limitation a waiver of any applicable performance goals); provided that with respect to any award whose vesting or exercisability is otherwise subject to the achievement of performance conditions, the portion of such award that shall become fully vested and immediately exercisable shall be based on the assumed achievement of actual or target performance as determined by the Compensation Committee and, unless otherwise determined by the Compensation Committee, prorated for the number of days elapsed from the grant date of such award through the date of termination. In addition, the Compensation Committee may in its discretion and upon at least ten days' notice to the affected persons, cancel any outstanding award and pay the holders, in cash, securities or other property (including of the acquiring or successor company), or any combination thereof, the value of such awards based upon the price per share of the Company's common stock received or to be received by other shareholders of the Company in connection with the transaction (it being understood that any option or SAR having a per-share exercise price or strike price equal to, or in excess of, the fair market value (as of the date specified by the Compensation Committee) of a share of the Company's common stock subject thereto may be canceled and terminated without payment or consideration therefor). Notwithstanding the above, the Compensation Committee shall exercise such discretion over the timing of settlement of any award subject to Section 409A of the Code at the time such award is granted.

Non-transferability. Each award may be exercised during the participant's lifetime by the participant or, if permissible under applicable law, by the participant's guardian or legal representative. No award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a participant other than by will or by the laws of descent and distribution unless the Compensation Committee permits the award to be transferred to a permitted transferee (as defined in the Omnibus Incentive Plan).

Amendment. The Omnibus Incentive Plan will have a term of ten years. The board of directors may amend, suspend or terminate the Omnibus Incentive Plan at any time, subject to stockholder approval if necessary to comply with any tax, exchange rules, or other applicable regulatory requirement. No amendment, suspension or termination will materially and adversely affect the rights of any participant or recipient of any award without the consent of the participant or recipient.

The Compensation Committee may, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award theretofore granted or the associated award agreement, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any participant with respect to any award theretofore granted will not to that extent be effective without the consent of the affected participant; and provided

further that, without stockholder approval, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any SAR, (ii) the Compensation Committee may not cancel any outstanding option and replace it with a new option (with a lower exercise price) or cancel any SAR and replace it with a new SAR (with a lower strike price) or, in each case, with another award or cash in a manner that would be treated as a repricing (for compensation disclosure or accounting purposes), (iii) the Compensation Committee may not take any other action considered a repricing for purposes of the stockholder approval rules of the applicable securities exchange on which our common shares are listed and (iv) the Compensation Committee may not cancel any outstanding option or SAR that has a per-share exercise price or strike price (as applicable) at or above the fair market value of a share of our common stock on the date of cancellation and pay any consideration to the holder thereof. However, stockholder approval is not required with respect to clauses (i), (ii), (iii) and (iv) above with respect to certain adjustments on changes in capitalization.

Clawback/Forfeiture. Awards may be subject to clawback or forfeiture to the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of the New York Stock Exchange or other applicable securities exchange, or if so required pursuant to a written policy adopted by the Company or the provisions of an award agreement.

U.S. Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the Omnibus Incentive Plan and the disposition of shares acquired pursuant to the exercise or settlement of such awards and is intended to reflect the current provisions of the Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local or payroll tax considerations. This summary assumes that all awards described in the summary are exempt from, or comply with, the requirement of Section 409A of the Code. Moreover, the U.S. federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant.

Stock Options. Holders of incentive stock options will generally incur no federal income tax liability at the time of grant or upon vesting or exercise of those options. However, the spread at exercise will be an "item of tax preference," which may give rise to "alternative minimum tax" liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the later of two years following the date of grant and one year following the date of exercise, the difference between the exercise price and the amount realized upon disposition of the shares will constitute long-term capital gain or loss, as the case may be. Assuming the holding period is satisfied, no deduction will be allowed to us for federal income tax purposes in connection with the grant or exercise of the incentive stock option. If, within two years following the date of grant or within one year following the date of exercise, the holder of shares acquired through the exercise of an incentive stock option disposes of those shares, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the fair market value of the share on the date of exercise or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by us for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections. Finally, if an incentive stock option becomes first exercisable in any one year for shares having an aggregate value in excess of $100,000 (based on the grant date value), the portion of the incentive stock option in respect of those excess shares will be treated as a non-qualified stock option for federal income tax purposes.

No income will be realized by a participant upon grant or vesting of an option that does not qualify as an incentive stock option ("a non-qualified stock option"). Upon the exercise of a non-qualified stock option, the participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the fair market value of the underlying exercised shares over the option exercise price paid at the time of exercise, and the participant's tax basis will equal the sum of the compensation income recognized and the exercise price. We will be able to deduct this same excess amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections. In the event of a sale of shares received upon the exercise of a non-qualified stock option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term gain or loss if the holding period for such shares is more than one year.

SARs. No income will be realized by a participant upon grant or vesting of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary compensation income in an amount equal to the fair market value of the payment received in respect of the SAR. We will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock. A participant will not be subject to tax upon the grant of an award of restricted stock unless the participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. On the date an award of restricted stock becomes transferable or is no longer subject to a substantial risk of forfeiture (i.e., the vesting date), the participant will have taxable compensation equal to the difference between the fair market value of the shares on that date over the amount the participant

paid for such shares, if any, unless the participant made an election under Section 83(b) of the Code to be taxed at the time of grant. If the participant made an election under Section 83(b), the participant will have taxable compensation at the time of grant equal to the difference between the fair market value of the shares on the date of grant over the amount the participant paid for such shares, if any. If the election is made, the participant will not be allowed a deduction for amounts subsequently required to be returned to us. (Special rules apply to the receipt and disposition of restricted shares received by officers and directors who are subject to Section 16(b) of the Exchange Act). We will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock Units. A participant will not be subject to tax upon the grant or vesting of a restricted stock unit award. Rather, upon the delivery of shares or cash pursuant to a restricted stock unit award, the participant will have taxable compensation equal to the fair market value of the number of shares (or the amount of cash) the participant actually receives with respect to the award. We will be able to deduct the amount of taxable compensation to the participant for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Section 162(m). In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of $1,000,000 per year per person to the executives designated in Section 162(m) of the Code, including, but not limited to, its chief executive officer, chief financial officer, and the next three highly compensated executives of such corporation whose compensation is required to be disclosed in its proxy statement. As a new public company and as a result of Tax Reform, we are assessing our ability to be eligible for transition relief from the deduction limitations imposed under Section 162(m) of the Code. In addition, we reserve the right to award compensation as to which a deduction may be limited under Section 162(m) where we believe it is appropriate to do so.

Executive Benefits and Perquisites

The Company's Executive Officers, including the NEOs, are eligible to participate in the benefit plans that are available to substantially all of the Company's employees, including defined contribution savings plans (e.g., the RSIP), medical, dental and life insurance plans and long-term disability plans. Additionally, the Company provides relocation benefits when a move is required, as well as certain limited perquisites to the NEOs. None of the NEOs participate in a defined benefit pension plan.

Employment Agreements

Each of our NEOs is party to an employment agreement with one of our operating subsidiaries, which specifies the terms of the executive's employment, including certain compensation levels, and is intended to assure us of the executive's continued employment and to provide stability in our senior management team.

In connection with the Initial Offering, each of Messrs. Whall, Bresingham, and Young and Ms. Haenggi entered into an amended and restated employment agreement with The ADT Corporation and each of Messrs. Likosar and DeVries entered into an amended and restated employment agreement with ADT LLC. In addition to the terms of these agreements described under "—Employment Agreements" below, the employment agreements provide for certain severance payments and benefits following a termination of employment under certain circumstances. For details on the severance payment and benefits under each NEO's respective employment agreement and Class B Unit award agreement, see "—Potential Payments Upon Termination or Change-In-Control."

Supplemental Savings and Retirement Plan

All of our NEOs are eligible to participate in the ADT Supplemental Savings and Retirement Plan (the "SSRP"), a deferred compensation plan that permits the elective deferral of base salary and annual performance-based bonus for executives in certain career bands. The SSRP provides eligible employees the opportunity to:

- contribute retirement savings in addition to amounts permitted under the ADT Retirement Savings and Investment Plan (the "RSIP");
- defer compensation on a tax-deferred basis and receive tax-deferred market-based growth; and
- receive any Company contributions that were reduced under the RSIP due to IRS compensation limits.

Perquisites

We provide limited perquisites to our NEOs, including a monthly auto allowance for Messrs. Whall, Bresingham, and Young, and Ms. Haenggi, and an annual executive physical for all of our NEOs.

Other Compensation Policies and Practices

In connection with the Initial Offering, we expect that the board of directors will develop certain policies and practices, including an insider trading and equity transaction pre-approval policy, an anti-hedging policy, and a pay recoupment policy, to ensure that our compensation programs appropriately align the interests of our executives with the interests of our stockholders. Our Compensation Committee may also evaluate the share ownership of our NEOs and directors to determine whether stock ownership guidelines should be adopted to encourage share ownership and to ensure that the interests of our NEOs and directors are aligned with the interests of our shareholders.

Tax and Accounting Considerations

Section 162(m) of the Code

In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of $1,000,000 per year per person to the executives designated in Section 162(m) of the Code, including, but not limited to its chief executive officer, chief financial officer, and the next three highly compensated executives of such corporation whose compensation is required to be disclosed in its proxy statement. As a new public company and as a result of Tax Reform, we are assessing our ability to be eligible for transition relief from the deduction limitations imposed under Section 162(m) of the Code. We expect that, following the Initial Offering, our Compensation Committee will consider the potential effects of Section 162(m) of the Code on the deductibility of compensation paid to our NEOs.

Section 280G of the Code

Section 280G of the Code disallows a tax deduction with respect to certain payments to executives of companies that undergo a change in control, and Section 4999 of the Code imposes a 20% penalty on the individual receiving "excess parachute payments." Generally, parachute payments are compensation that is linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans, including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G based on the executive's prior compensation.

The employment agreements with our NEOs provide that, to the extent an NEO would be subject to Section 280G or 4999 of the Code, the NEO's parachute payments would be reduced to the extent that no portion of the payment shall be subject to the excise tax, but only if the NEO's net after-tax benefit would exceed what the net after-tax benefit would have been if such reduction were not made and the NEO paid the applicable excise tax. We do not provide for excise tax gross-ups to our NEOs.

Risk Mitigation in Compensation Program Design

Our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. Our annual incentive programs and long-term equity incentives provide an effective and appropriate balance of short-term and long-term incentives to ensure that our executive compensation program is aligned with the Company's strategic goals without encouraging or rewarding excessive risk.

FISCAL YEAR 2017 AND 2016 NEO COMPENSATION

Summary Compensation Table

The information set forth in the following table reflects compensation paid or earned by the NEOs for fiscal years 2017 and 2016.

Name and Principal Position	Year	Salary ($)	Bonus [1] ($)	Stock Awards [2] ($)	Non-Equity Incentive Plan Compensation [3] ($)	All Other Compensation [4] ($)	Total ($)
Timothy J. Whall	2017	705,386		254,208	957,101	20,724	1,937,419
President and CEO (until September 2017) and, since Sept 2017, CEO	2016	572,727	857,500	3,523,855		15,748	4,969,830
Jeffrey Likosar	2017	502,974	537,078	173,254	546,425	143,480	1,903,211
Executive Vice President and Chief Financial Officer	2016	102,865	101,749	5,082,107		71,037	5,357,758
Daniel M. Bresingham	2017	504,617		167,479	552,330	20,529	1,244,955
Former Chief Financial Officer (until February 2017), Executive Vice President, Treasurer, and former Chief of Staff (until August 2017), Executive Vice President, Treasurer, and Chief Administrative Officer	2016	446,667	411,633	2,321,599		15,748	3,195,647
James D. DeVries	2017	513,078	466,299	169,087	563,160	14,526	1,726,150
Executive Vice President and COO (until September 2017) and, since September 2017, President	2016	303,387	298,552	4,959,885			5,561,824
Jamie E. Haenggi	2017	437,030		143,553	286,399	8,574	875,556
Senior Vice President and Chief Marketing Officer (until September 2017) and, Senior Vice President and Chief Sales and Marketing Officer							
Donald Young	2017	498,848		167,479	552,330	13,511	1,232,168
Senior Vice President and Chief Information Officer	2016	456,667	419,130	2,321,599		15,748	3,213,144

(1) The amounts in this column represent the first installment of the retention bonus opportunity paid to each of Mr. Likosar and Mr. DeVries in accordance with the terms of their respective employment agreements.

(2) The values in the "Stock Awards" column for fiscal year 2017 reflects the incremental fair value associated with the April 17, 2017, modification of the service-based vesting Class B Units in Ultimate Parent, profit interest unit awards previously awarded to our NEOs computed in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 718, "Stock Compensation," ("FASB ASC Topic 718"). The table above does not include performance-based vesting Class B Units as the achievement of the performance conditions was not deemed probable on the date of the modification. See below for further discussion. The increase in fair value associated with the April 17, 2017 modification for all granted performance-based vesting Class B units assuming achievement of the performance-based vesting conditions was as follows: Mr. Whall $2,226,516; Mr. Bresingham $1,466,881; Mr. DeVries $270,539; Mr. Likosar $277,206; Mr. Young $1,466,881; and Ms. Haenggi $1,257,326. The values in the "Stock Awards" column for fiscal year 2016 reflect the aggregate grant date fair value of the service-based vesting Class B Units in Ultimate Parent, profits interests unit awards, in the year they were granted, computed in accordance with the FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the valuation assumptions and methodologies used to calculate the amounts referred to above, please see the discussion of the Class B Unit awards contained in Note 12 "Share-based Compensation" in the accompanying consolidated financial statements for the year ended December 31, 2016, included elsewhere in this document. Achievement of the performance conditions for the performance-based vesting Class B Units was not deemed probable on the date of grant, and, accordingly, pursuant to the SEC's disclosure rules, no value is included in this table for those portions of the awards. The fair value at the grant date of the performance-based vesting Class B Units granted in 2016 assuming achievement of the performance-based vesting conditions was as follows: Mr. Whall $2,923,398; Mr. Bresingham $1,926,003; Mr. DeVries $4,018,634; Mr. Likosar $4,117,662; and Mr. Young $1,926,003.

(3) The amounts reported in this column were earned under our annual cash incentive bonus program for the applicable year, which is described above. See "—2017 Annual Bonus Program."

(4) Details with respect to the amounts in this column are set forth, in the All Other Compensation table below.

Summary Compensation Table—All Other Compensation

The components of the "All Other Compensation" column in the *Summary Compensation Table* for each NEO are shown in the following table.

Named Executive	Fiscal Year	Retirement Plan Contributions [a] ($)	Miscellaneous [b] ($)	Total All Other Compensation ($)
Timothy J. Whall	2017	13,500	7,224	20,724
	2016	7,950	7,798	15,748
Jeffrey Likosar	2017	13,500	129,980	143,480
	2016	—	71,037	71,037
Daniel M. Bresingham	2017	13,500	7,029	20,529
	2016	7,950	7,798	15,748
James D. DeVries	2017	14,021	505	14,526
	2016	—	—	—
Jamie E. Haenggi	2017	1,613	6,961	8,574
Donald Young	2017	6,481	7,029	13,510
	2016	7,950	7,798	15,748

(a) The amounts shown in this column represent matching contributions made by the Company on behalf of each NEO to its tax-qualified retirement plans. For Mr. DeVries only, $13,500 of the amount in this column is in respect of Company contributions to the RSIP, a tax-qualified retirement plan, and $521 is in respect of Company contributions to the SSRP, a nonqualified deferred compensation plan, in fiscal year 2017.

(b) Miscellaneous compensation in fiscal year 2017 includes the value of a monthly auto allowance and Company-paid contributions for life insurance benefits for Messrs. Whall, Bresingham, and Young, and Ms. Haenggi, and relocation benefits valued at $129,980 for Mr. Likosar. Miscellaneous compensation in fiscal year 2016 includes the value of a monthly auto allowance and Company-paid contributions for supplemental long-term disability insurance benefits for Messrs. Whall, Bresingham, and Young, and relocation benefits for Mr. Likosar.

Grants of Plan-Based Awards in Fiscal 2017 Table

The following table summarizes awards under our 2017 AIP to each of our NEOs for the year ended December 31, 2017. None of our NEOs were granted new equity awards during the year ended December 31, 2017; however, Class B Unit awards that were previously granted to our NEOs were modified in 2017, and the incremental fair value associated with such modification is reflected in the following table. All numbers have been rounded to the nearest whole dollar.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			
Name	Award Type	Threshold [a]	Target [b]	Maximum [c]	Grant Date Fair Value of Stock Awards [2] ($)
Timothy J. Whall	2017 AIP	441,875	883,750	1,767,500	
	Class B Units				254,208
Jeffrey Likosar	2017 AIP	252,274	504,548	1,009,096	
	Class B Units				173,254
Daniel M. Bresingham	2017 AIP	255,000	510,000	1,020,000	
	Class B Units				167,479
James D. DeVries	2017 AIP	260,000	520,000	1,040,000	
	Class B Units				169,087
Jamie E. Haenggi	2017 AIP	132,225	264,450	528,900	
	Class B Units				143,553
Donald Young	2017 AIP	255,000	510,000	1,020,000	
	Class B Units				167,479

(1) Under our 2017 AIP, each NEO is eligible to receive an annual cash incentive bonus for the fiscal year, the amount of which will vary depending on the degree of attainment of certain performance goals, as described in "Compensation Discussion and Analysis—Elements of Executive Compensation—Annual Incentive Compensation." Amounts reported in columns (a) through (c) represent the potential amount of the bonus if performance goals were attained at certain threshold, target, or maximum levels.

(2) The amounts reflected in the "Grant Date Fair Value of Stock Awards" column reflect the incremental fair value associated with the April 17, 2017, modification of the Class B Units in Ultimate Parent, profits interests unit awards to previously awarded to our NEOs computed in accordance with FASB ASC Topic 718. See footnote (2) to the "Stock Awards" column of the "—Summary Compensation Table" above for additional information.

Employment Agreements

Timothy J. Whall

Mr. Whall is party to an amended and restated employment agreement with The ADT Corporation dated December 19, 2017, pursuant to which he serves as our Chief Executive Officer. The employment agreement has a term beginning on July 1, 2015, through July 1, 2020, which will automatically extend for successive one-year periods, unless either party provides written notice of non-renewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under his employment agreement, Mr. Whall's annual base salary is $707,000, which is subject to annual review and possible increase (but not decrease). In addition, he is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Mr. Whall's target annual bonus is 125% of base salary. Mr. Whall participates in our long-term incentive plan, and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including without limitation, retirement, medical and welfare benefits.

Mr. Whall's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Jeffrey Likosar

Mr. Likosar is party to an amended and restated employment agreement with ADT LLC, dated December 19, 2017, pursuant to which he serves as our Executive Vice President and Chief Financial Officer. The employment agreement has a term beginning on October 17, 2016, through October 17, 2021, which is automatically extended for successive one-year periods, unless either party provides written notice of nonrenewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under his employment agreement, Mr. Likosar's annual base salary is $504,548, which is subject to annual review and possible increase (but not decrease). In addition, he is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Mr. Likosar's target annual bonus is 100% of base salary. Mr. Likosar participates in our long-term incentive plan, and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including, without limitation, retirement, medical and welfare benefits.

As part of his sign-on compensation package, pursuant to the terms of his employment agreement, Mr. Likosar was granted a retention bonus opportunity. On the first five anniversaries of October 17, 2016 (each, a "Bonus Date"), subject to his continued employment through each such Bonus Date, ADT LLC will pay Mr. Likosar a cash bonus in an amount equal to the fair market value (as determined in accordance with the LP Agreement) on such Bonus Date (as applicable, the "Bonus Date FMV") of 16,666.67 Class A-2 Units, less applicable withholding taxes (each such bonus, a "Retention Bonus"). The after-tax proceeds from each Retention Bonus payment are then automatically applied by ADT LLC on Mr. Likosar's behalf to purchase Class A-2 Units at the applicable Bonus Date FMV. In 2017, it was determined that Mr. Likosar would also receive a cash payment on each Bonus Date that is equal to the value of distributions with respect to a Class A-2 Unit made prior to such Bonus Date multiplied by the number of Class A-2 Units in respect of the bonus tranche that vests on such Bonus Date. Following the consummation of the Initial Offering, each Retention Bonus installment that becomes due will be satisfied by the Company through issuance of shares of common stock to Mr. Likosar with a value equal to the value of the portion of the Retention Bonus that vests on the Bonus Date. Alternatively, on or after the Initial Offering, the Company may elect to issue Mr. Likosar, in lieu of paying future Retention Bonus installments, a one-time grant of restricted shares of our common stock having an aggregate grant date value equal to the value of all then-unpaid Retention Bonus installments, which shares shall thereafter vest ratably on each subsequent Bonus Date.

Mr. Likosar's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Daniel M. Bresingham

Mr. Bresingham is party to an amended and restated employment agreement with The ADT Corporation, dated December 19, 2017, pursuant to which he serves as our Executive Vice President, Treasurer and Chief Administrative Officer. The employment agreement has a term beginning on July 1, 2015, through July 1, 2020, which will automatically extend for successive one-year periods, unless either party provides written notice of non-renewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under his employment agreement, Mr. Bresingham's annual base salary is $510,000, which is subject to annual review and possible increase (but not decrease). In addition, he is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Mr. Bresingham's target annual bonus is 100% of

base salary. Mr. Bresingham participates in our long-term incentive plan, and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including, without limitation, retirement, medical and welfare benefits. Mr. Bresingham's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

James D. DeVries

Mr. DeVries is party to an amended and restated employment agreement with ADT LLC dated December 19, 2017, pursuant to which he serves as our President. The employment agreement has a term beginning on May 23, 2016, through May 23, 2021, which will automatically extend for successive one-year periods, unless either party provides written notice of non-renewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under his employment agreement, Mr. DeVries' annual base salary is $520,000, which is subject to annual review and possible increase (but not decrease). In addition, he is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Mr. DeVries target annual bonus is 100% of base salary. Mr. DeVries participates in our long-term incentive plan, and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including, without limitation, retirement, medical and welfare benefits.

As part of his sign-on compensation package, pursuant to the terms of his employment agreement, Mr. DeVries was granted a retention bonus opportunity. On the first five anniversaries of May 2, 2016 (each, a "Bonus Date"), subject to his continued employment through each such Bonus Date, ADT LLC will pay Mr. DeVries a cash bonus in an amount equal to the fair market value (as determined in accordance with the LP Agreement) on such Bonus Date of 33,333.334 Class A-2 Units, less applicable withholding taxes (each such bonus, a "Retention Bonus"). The after-tax proceeds from each Retention Bonus payment are then automatically applied by ADT LLC on Mr. DeVries' behalf to purchase Class A-2 Units at the applicable Bonus Date FMV. In 2017, it was determined that Mr. DeVries would also receive a cash payment on each Bonus Date that is equal to the value of distributions with respect to a Class A-2 Unit made prior to such Bonus Date multiplied by the number of Class A-2 Units in respect of the bonus tranche that vests on such Bonus Date. In connection with the consummation of the Initial Offering, each Retention Bonus installment that has not yet been paid will accelerate in full and be paid to Mr. DeVries in the form of an issuance of shares of common stock having a value based on the offering price equal to the value of such unpaid installments, and any unpaid prior distributions contemplated by the immediately preceding sentence will be paid in cash, as described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Mr. DeVries' employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Jamie E. Haenggi

Ms. Haenggi is party to an amended and restated employment agreement with The ADT Corporation, dated December 19, 2017, pursuant to which she serves as our Senior Vice President and Chief Sales and Marketing Officer. The employment agreement has a term beginning on July 1, 2015, through July 1, 2020, which will automatically extend for successive one-year periods, unless either party provides written notice of non-renewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under her employment agreement, Ms. Haenggi's annual base salary is $441,000, which is subject to annual review and possible increase (but not decrease). In addition, she is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Ms. Haenggi's target annual bonus is 60% of base salary. Ms. Haenggi participates in our long-term incentive plan, and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including, without limitation, retirement, medical and welfare benefits.

Ms. Haenggi's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Donald Young

Mr. Young is party to an amended and restated employment agreement with The ADT Corporation, dated December 19, 2017, pursuant to which he serves as our Senior Vice President and Chief Information Officer. The employment agreement has a term beginning on July 1, 2015, through July 1, 2020, which will automatically extend for successive one-year periods, unless

either party provides written notice of non-renewal to the other party at least 90 days prior to the expiration of the then-applicable term. Under his employment agreement, Mr. Young's annual base salary is $510,000, which is subject to annual review and possible increase (but not decrease). In addition, he is eligible to receive an annual cash bonus based on the attainment of objective financial and/or other subjective or objective criteria. Mr. Young's target annual bonus is 100% of base salary. Mr. Young participates in our long-term incentive plan and is eligible to participate in the employee benefit plans, programs, and arrangements of the Company in effect from time to time, in accordance with their terms, including, without limitation, retirement, medical and welfare benefits.

Mr. Young's employment agreement provides for certain severance benefits to be paid in the event of employment termination in certain circumstances, as well as post-termination restrictive covenant provisions, which are described below under "—Potential Payments upon Termination or Change in Control—Severance Payments and Benefits under Employment Agreements."

Class B Unit Awards

Each of our NEOs were previously granted Class B Units which are subject to the same service-based and performance-based vesting conditions as described above under "Elements of Compensation—Long-Term Equity Compensation." These Class B Units were granted in connection with the ADT Acquisition to compensate Messrs. Whall, Bresingham, Young, and Ms. Haenggi for their additional duties and responsibilities with the larger combined company and to prevent the dilution of the Class B Units that they held in Ultimate Parent prior to the transaction. For Messrs. Likosar and DeVries, these Class B Units were granted in connection with their hiring. On April 17, 2017, the Executive Committee of Ultimate Parent approved an adjustment to all Class B Unit awards outstanding as of such date to reduce the impact on such individuals of certain incremental interest expenses and other reductions to equity value resulting from the incurrence of certain debt obligations by Prime Borrower, the proceeds of which were used to fund the payment of a distribution to the partners of Ultimate Parent.

Outstanding Equity Awards at Fiscal 2017 Year-End Table

The following table shows outstanding Class B Units outstanding as of December 31, 2017, for each of the NEOs. All numbers have been rounded to the nearest whole dollar or unit.

		Stock Awards			
Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#) [1][4]	Market Value of Shares or Units of Stock that Have Not Vested ($) [2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have not Vested (#) [3]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) [2]
Timothy J. Whall	08/11/2016	701,265	9,747,580	876,581	12,184,475
	07/01/2015	525,949	8,362,582	876,581	13,937,637
Jeffrey Likosar	11/21/2016	924,020	12,843,871	1,155,024	16,054,838
Daniel M. Bresingham	08/11/2016	462,010	6,421,935	577,512	8,027,419
	07/01/2015	346,508	5,509,466	577,512	9,182,443
James D. DeVries	11/21/2016	901,798	12,534,982	1,127,247	15,668,727
Jamie E. Haenggi	08/11/2016	396,008	5,504,516	495,010	6,880,645
	07/01/2015	297,006	4,722,399	495,010	7,870,666
Donald Young	08/11/2016	462,010	6,421,935	577,512	8,027,419
	07/01/2015	346,508	5,509,466	577,512	9,182,443

(1) Represents unvested Class B Units subject to service-based vesting requirements (i.e., the Service Tranche). See footnote 4 for Service Tranche vesting dates.

(2) The Class B Units represent profit interests in Ultimate Parent, which will have value only if the value of Ultimate Parent increases following the date on which the awards of such Class B Units are granted and only after the aggregate amount of capital contributions in respect of all Class A Units have been repaid to the holders of the Class A Units. There is no public market for the Class B Units, accordingly, the market or payout value of the unvested B Units is based on the value of the underlying shares of our common stock that are held by Ultimate Parent as of December 31, 2017. For purposes of this table, the shares of our common stock were valued using an initial public offering price of $14.00 per share of our common stock.

(3) Represents unvested Class B Units subject to performance-based vesting requirements (i.e., the Performance Tranche). These performance-based Class B Units will vest upon a "Realization Event" if, and to the extent that, our Sponsor receives specified levels of its invested capital in the Company in connection with the Realization Event. See "Elements of Compensation—Long-Term Equity Compensation" above for a discussion of the Performance Tranche vesting criteria.

(4) The vesting schedules of the Class B Units designated as the Service Tranche are as follows (subject to the NEO's continued employment through each applicable vesting date):

Name	Grant Date	Vesting Schedule
Timothy J. Whall	08/11/2016	Vests 20% per year over 5 years. Approximately 175,316 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
	07/01/2015	Vests 20% per year over 5 years. Approximately 175,316 Class B Units are scheduled to vest on each of July 1, 2018, 2019, and 2020.
Jeffrey Likosar	11/21/2016	Vests 20% per year over 5 years. Approximately 231,004 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
Daniel M. Bresingham	08/11/2016	Vests 20% per year over 5 years. Approximately 115,502 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
	07/01/2015	Vests 20% per year over 5 years. Approximately 115,502 Class B Units are scheduled to vest on each of July 1, 2018, 2019, and 2020.
James D. DeVries	11/21/2016	Vests 20% per year over 5 years. Approximately 225,449 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
Jamie E. Haenggi	08/11/2016	Vests 20% per year over 5 years. Approximately 99,002 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
	07/01/2015	Vests 20% per year over 5 years. Approximately 99,002 Class B Units are scheduled to vest on each of July 1, 2018, 2019, and 2020.
Donald Young	08/11/2016	Vests 20% per year over 5 years. Approximately 115,502 Class B Units are scheduled to vest on each of May 2, 2018, 2019, 2020, and 2021.
	07/01/2015	Vests 20% per year over 5 years. Approximately 115,502 Class B Units are scheduled to vest on each of July 1, 2018, 2019, and 2020.

Stock Vested in Fiscal 2017 Table

The following table sets forth information regarding Class B Units that vested during fiscal year 2017 for the NEOs. All numbers have been rounded to the nearest whole dollar or unit, where applicable.

		Stock Awards	
Name	Vesting Date	Number of Shares Acquired on Vesting (#) [1]	Value Realized on Vesting ($) [2]
Timothy J. Whall	05/02/2017	175,316	419,005
	07/01/2017	175,316	987,029
Jeffrey Likosar	05/02/2017	231,004	552,100
Daniel M. Bresingham	05/02/2017	115,502	276,050
	07/01/2017	115,502	650,276
James D. DeVries	05/02/2017	225,449	538,823
Jamie E. Haenggi	05/02/2017	99,002	236,614
	07/01/2017	99,002	557,381
Donald Young	05/02/2017	115,502	276,050
	07/01/2017	115,502	650,276

(1) Awards of Class B Units (i.e., the Service Tranche), which generally vest in five annual installments of 20% each. See footnote 4 to the "Outstanding Equity Awards at Fiscal 2017 Year-End Table and Elements of Compensation—Long-Term Equity Compensation" for additional vesting details.

(2) The Class B Units represent profit interests in Ultimate Parent, which will have value only if the value of Ultimate Parent increases following the date on which the awards of such Class B Units are granted and only after the aggregate amount of capital contributions in respect of all Class A Units have been repaid to the holders of the Class A Units. There is no public market for the Class B Units, accordingly, the market or payout value of the unvested B Units represents the value of each such B Unit based on the value of the business as of the vesting date (i.e. $12.02 per Class A Unit and $13.26 per Class A Unit, which was the fair market value of a Class A Unit on May 2, 2017 and July 1, 2017, respectively, as determined by the Executive Committee of Ultimate Parent).

Non-qualified Deferred Compensation for Fiscal 2017

The following table sets forth information related to the non-qualified deferred compensation accounts of our NEOs as of December 31, 2017.

Name	Executive Contributions in Last FY [1] ($) [a]	Registrant Contributions in Last FY [1] ($) [b]	Aggregate Earnings in Last FY [2] ($)	Aggregate Withdrawals/Distributions ($)	Aggregate Balance at Last FYE [3] ($)
Jeffrey Likosar	16,736	—	1,465	—	18,201
James D. DeVries	32,498	521	223	—	43,664
Donald Young	18,010	—	1,693	—	19,703

(1) The amounts shown in columns (a) and (b) reflect employee and Company contributions, respectively, under the SSRP, the Company's non-qualified retirement savings plan during fiscal 2017. All of the amounts in columns (a) and (b) are included in the Summary Compensation Table under the column heading "Salary" and "All Other Compensation," respectively.

(2) The amounts shown in this column include earnings (or losses) on the NEO's notional account in the SSRP.

(3) For Mr. DeVries, the amounts reflected in this column are inclusive of amounts in respect of his contributions to the SSRP for fiscal 2016 ($10,417) which contributions are included in the aggregate amount reported in the Summary Compensation Table under the column heading "Salary" for fiscal 2016.

The SSRP is a non-qualified deferred compensation plan that operates in conjunction with our RSIP. A participant must designate the portion of the credits to his or her account that shall be allocated among the various measurement funds. In default of such designation, credits to a participant's account are allocated to one or more measurement funds as determined by the SSRP's plan administrator. Participant notional account balances are credited daily with the rate of return earned by the applicable measurement fund. The measurement funds for the SSRP are consistent with those funds available under the Company's RSIP.

For fiscal 2017 (i) Mr. Likosar elected to make pre-tax contributions equal to 5% of his base salary, (ii) Mr. DeVries elected to make pre-tax contributions equal to 6% of his base salary and 6% of his performance bonus, and (iii) Mr. Young elected to make pre-tax contributions equal to 5% of his base salary. The Company will make matching contributions equal to 100% of the first 5% of eligible pay contributed by each eligible executive. Under the terms of the SSRP, an eligible executive may elect to defer up to 50% of his base salary and up to 100% of his performance bonus.

A participant is always fully vested in the participant's own contributions and vests in the Company contributions over three years from the date of hire (subject to full vesting upon death, disability, retirement (e.g., (i) age 55 and (ii) a combination of age and years of service at separation totaling at least 60), or a change in control). Distributions are made in either a lump sum or in annual installments (up to 15 years) in accordance with a participant's election. In the event a separation from service is due to a participant's death or disability a distribution is made in in a lump sum within 90 days of such event.

Potential Payments Upon Termination or Change in Control

Severance Payments and Benefits under Employment Agreements

All of our NEOs are entitled to certain severance payments and benefits following termination of employment under his employment agreement. All severance payments and benefits are conditioned upon the execution by each NEO of a general release of claims in favor of the Company and the NEO's continued compliance with the restrictive covenants contained in the NEO's employment agreement. All of the NEOs' employment agreements prohibit the NEO from disclosing confidential information of the Company at any time. In addition, the NEOs may not make disparaging statements about the Company, its products or practices, or any of its directors, officers, agents, representatives, stockholders, or the Company's affiliates at any time. All of our NEOs are required during employment and for the twenty-four (24) month period thereafter (except that Mr. Young's restricted period is reduced to six (6) months if his employment is terminated following a Realization Event) not to compete with the Company and are required during such same period not to solicit the employees, customers, subscribers, or suppliers of the Company. References to the "Company" in this paragraph and in this section mean Ultimate Parent and any direct or indirect subsidiaries thereof and any successors thereto. A Realization Event for purposes of Mr. Young's employment agreement is generally consistent with the definition in the Class B Unit award agreement, except that the relevant date of reference for clause (iii) of the definition of Realization Event in Mr. Young's employment agreement is December 19, 2017.

If an NEO's employment is terminated by the Company without Cause (defined below), by the Company in the event the Company elects not to renew the term of his employment, or by the NEO for Good Reason (defined below) (each, a "Qualifying Termination"), the NEO will be entitled to: (i) continued payment of his annual base salary beginning on the date of the Qualifying Termination (the "Qualifying Termination Date") and ending on the earlier of (x) the twenty-four (24) month anniversary of the Qualifying Termination Date (or, in the case of Mr. Young, if such Qualifying Termination Date occurs following a Realization

Event, the six (6) month anniversary of the Qualifying Termination Date) and (y) the first date that the NEO violates any restrictive covenants in his employment agreement (the "Severance Period"), (ii) continued coverage during the Severance Period for the NEO and any eligible dependents under the health and welfare plans in which the NEO and any such dependents participated immediately prior to the Qualifying Termination Date, subject to any active-employee cost-sharing or similar provision in effect for the executive as of immediately prior to the Qualifying Termination Date, and (iii) a prorated portion of the annual bonus payable with respect to the year of such Qualifying Termination, based solely on the actual level of achievement of the applicable performance goals for such year, and payable if and when annual bonuses are paid to other senior executives of the Company with respect to such year.

With respect to Mr. DeVries' retention bonus, if (i) his employment is terminated by the Company without Cause, due to his death, or on account of his disability, or if Mr. DeVries terminates his employment for Good Reason prior to May 23, 2021, or (ii) a change in control occurs, then, upon the earlier of (i) and (ii), the Company will pay Mr. DeVries a cash bonus equal to the fair market value (as determined in accordance with the LP Agreement) on such date (the "Relevant Date FMV") in respect of the unpaid Retention Bonus installments. The after-tax proceeds from such payment will then be automatically applied by ADT LLC on Mr. DeVries' behalf to purchase Class A-2 at the applicable Relevant Date FMV. In addition, Mr. DeVries will receive a cash payment that is equal to the value of distributions with respect to a Class A-2 Unit made prior to such date multiplied by the number of Class A-2 Units in respect of the bonus tranche(s) that vest on such date. The completion of the Initial Offering will qualify as a change in control for purposes of Mr. DeVries' Retention Bonus. Accordingly, Mr. DeVries will be paid the unpaid Retention Bonus installments as of the date of the completion of the Initial Offering and the additional cash payment in respect of prior distributions as described in this paragraph. The unpaid Retention Bonus installments that will be payable upon the completion of the Initial Offering will be satisfied by the Company through issuance of shares of common stock to Mr. DeVries under the Omnibus Incentive Plan equal to the value of the portion of the Retention Bonus that vests on the Bonus Date and will be subject to the terms and conditions of the MIRA which include transfer restrictions, repurchase rights, and piggy-back registration rights in connection with certain offerings of our common stock.

With respect to Mr. Likosar's retention bonus, if his employment is terminated by the Company without Cause, due to his death, or on account of his disability, or if Mr. Likosar terminates his employment for Good Reason prior to October 17, 2021, then the Company will pay Mr. Likosar a cash bonus equal to the fair market value (as determined in accordance with the LP Agreement) on such date (the "Termination Date FMV") in respect of the unpaid Retention Bonus installments. The after-tax proceeds from such payment will then be automatically applied by ADT LLC on Mr. Likosar's behalf to purchase Class A-2 Units at the applicable Termination Date FMV. In addition, Mr. Likosar will receive a cash payment that is equal to the value of distributions with respect to a Class A-2 Unit made prior to such date multiplied by the number of Class A-2 Units in respect of the bonus tranche(s) that vest on such date. Following the consummation of the Initial Offering, each Retention Bonus installment that becomes due will be satisfied by the Company through issuance of shares of common stock to Mr. Likosar under the Omnibus Incentive Plan equal to the value of the portion of the Retention Bonus that vests on the Bonus Date and will be subject to the terms and conditions of the MIRA which include transfer restrictions, repurchase rights, and piggy-back registration rights in connection with certain offerings of our common stock. Alternatively, on or after the offering, the Company may elect to issue Mr. Likosar in lieu of paying future Retention Bonus installments, a one-time grant of restricted shares of our common stock having an aggregate grant date value equal to the value of all then-unpaid Retention Bonus installments, which shares shall thereafter vest ratably on each subsequent Bonus Date.

The Company does not reimburse its NEOs with respect to any excise tax triggered by Section 4999 of the Code, but any parachute payments (i.e., payments made in connection with a change in control as defined in Section 280G of the Code and the regulations thereunder) will be capped at three times the NEO's "base amount" under Section 280G of the Code and the regulations thereunder if the cap results in a greater after-tax payment to the NEO than if the payments were not capped.

Applicable Definitions

For purposes of the employment agreements with our NEOs:

A termination is for "Cause" if the NEO:

- Is convicted of, or pleads nolo contendere to, a crime that constitutes a felony or involves fraud or a breach of the executive's duty of loyalty with respect to the Company, or any of its customers or suppliers that results in material injury to the Company,
- Repeatedly fails to perform reasonably assigned duties which remains uncured for ten (10) days after receiving written notice,
- Commits an act of fraud, misappropriation, embezzlement, or materially misuses funds or property belonging to the Company,

- Commits a willful violation of the Company's written policies, or other willful misconduct that results in material injury to the Company, which remains uncured for ten (10) days after receiving written notice,
- Materially breaches his employment agreement resulting in material injury to the Company, which remains uncured for ten (10) days after receiving written notice, or
- Violates the terms of his confidentiality, non-disparagement, non-competition and non-solicitation provisions.

The NEOs may terminate their employment for "Good Reason" if any of the following events occur without the NEO's prior express written consent:

- The executive's annual base salary or target bonus are decreased,
- The Company (for purposes of this definition, means The ADT Corporation or ADT LLC) fails to pay any material compensation due and payable to the executive in connection with his employment or employment agreement,
- The executive's duties, responsibilities, authority, positions, or titles are materially diminished,
- The Company requires the executive to be relocated more than thirty (30) miles from a specified location (the Romeoville, Illinois, area for Messrs. Whall and Bresingham, the Longwood, Florida, area for Mr. Young, the Wichita, Kansas, area for Ms. Haenggi, and the Boca Raton, Florida, area for Messrs. DeVries and Likosar), or
- The Company breaches its obligations under the executive's employment agreement.

The NEO must provide written notice to the Company describing the events that constitute Good Reason within forty-five (45) days following the first occurrence of such events and the Company has a thirty (30) day cure period following receipt of such notice, before an NEO may terminate his employment for Good Reason.

Equity Awards. In addition, the Class B Unit award agreements for the outstanding equity awards held by our NEOs provide for special treatment upon certain terminations of employment, including a Qualifying Termination following a "change in control" (defined below) or in connection with a change in control.

- Termination of Employment—Pursuant to the terms for the Class B Unit award agreements, other than in the case of a change in control, if an NEO experiences a Qualifying Termination before the Service Tranche is fully vested, an additional 20% of the Service Tranche will immediately vest on the Qualifying Termination Date (the cumulative vested percentage of the Service Tranche after giving effect to such additional vesting is referred to as the "Vested Percentage at Termination") and the unvested Class B Units attributed to the Service Tranche will be forfeited immediately. If an NEO experiences a Qualifying Termination and during the one (1) year period following the Qualifying Termination Date all or any portion of the Performance Tranche would have vested had the NEO's employment not been terminated, then the NEO will also be deemed vested in a percentage of the Performance Trance equal to the product of (i) the percentage of the Performance Tranche (e.g., 50% or 100%) that would have vested had the NEO's employment not been terminated multiplied by (ii) the Vested Percentage at Termination.
- In the event the NEO's employment is terminated for Cause all Class B Units (whether vested or unvested) then held by the NEO are immediately forfeited. Other than as described in the immediately preceding paragraph and the following paragraph, if the NEO experiences a termination of employment, all unvested Class B Units then held by the NEO are immediately forfeited.
- Change in Control. Pursuant to the terms for the Class B Unit award agreements, the Service Tranche will vest in full on the earlier of (i) the six (6) month anniversary of a change in control and (ii) a Qualifying Termination of the NEO following a change in control. The proceeds from any transaction resulting in a change in control that related to the unvested portion of the Service Tranche will be held in escrow for the NEO's benefit from the date of the change in control through the date on which the NEO either vests in or forfeits the unvested portion of the Service Tranche.

For purposes of the Class B Unit award agreements and Mr. DeVries' Retention Bonus, a "change in control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events: (i) (A) our Sponsor ceases to be the beneficial owner, directly or indirectly, of a majority of the combined voting power of Ultimate Parent's outstanding securities; and (B) a person or group other than our Sponsor becomes the direct or indirect beneficial owner of a percentage of the combined voting power of Ultimate Parent's outstanding securities that is greater than the percentage of the combined voting power of Ultimate Parent's outstanding securities beneficially owned directly or indirectly by our Sponsor; (ii) sale of all or substantially all of the assets of Ultimate Parent to a person or group other than our Sponsor; (iii) a liquidation or dissolution of Ultimate Parent and its subsidiaries; or (iv) an initial public offering of Ultimate Parent or one of its subsidiaries. The completion of the IPO will constitute a change in control for purposes of the Class B Unit award agreements and Mr. DeVries' Retention Bonus.

SSRP Accelerated Vesting of Company Contributions . To the extent that a participant in the SSRP is not fully vested in the Company contributions made to his or her notional account balance, the participant will fully vest in such amounts upon a termination of employment due to his or her death, disability, retirement (e.g., (i) age 55 and (ii) a combination of age and years of service at separation totaling at least 60), or upon a change in control (regardless of whether or not the participant's employment terminates).

The following table summarizes the severance benefits that would have been payable to each of the NEOs upon termination of employment or upon a qualifying termination in connection with a change in control (including, a Realization Event), assuming that the triggering event or events occurred on December 31, 2017, which was the last business day of 2017.

	Change in Control		Termination of Employment			
Name and Form of Compensation	**Without Qualified Termination ($) [1]**	**With Qualified Termination ($) [1]**	**With Cause ($)**	**With Qualified Termination ($) [2]**	**Retirement ($)**	**Death or Disability ($)**
Timothy J. Whall						
Salary Continuation	—	1,414,000	—	1,414,000	—	—
Prorated Bonus	—	883,750	—	883,750	—	—
Benefit Continuation	—	18,882	—	18,882	—	—
Accelerated Vesting of Class B Unit Awards	44,232,274	44,232,274	—	5,224,417	—	—
Total	**44,232,274**	**46,548,906**	**—**	**7,541,049**	**—**	**—**
Jeffrey Likosar						
Salary Continuation	—	1,009,096	—	1,009,096	—	—
Prorated Bonus	—	504,548	—	504,548	—	—
Benefit Continuation	—	22,722	—	22,722	—	—
Accelerated Vesting of Class B Unit Awards	28,898,709	28,898,709	—	3,210,970	—	—
Accelerated Vesting of Retention Bonus [3]	—	1,700,047	—	1,700,047	—	1,700,047
Accelerated Vesting of SSRP Account [4]	—	—	—	—	—	—
Total	**28,898,709**	**32,135,122**	**—**	**6,447,383**	**—**	**1,700,047**
Daniel M. Bresingham						
Salary Continuation	—	1,020,000	—	1,020,000	—	—
Prorated Bonus	—	510,000	—	510,000	—	—
Benefit Continuation	—	25,241	—	25,241	—	—
Accelerated Vesting of Class B Unit Awards	29,141,263	29,141,263	—	3,441,960	—	—
Total	**29,141,263**	**30,696,504**	**—**	**4,997,201**	**—**	**—**
James D. DeVries						
Salary Continuation	—	1,040,000	—	1,040,000	—	—
Prorated Bonus	—	520,000	—	520,000	—	—
Benefit Continuation	—	22,722	—	22,722	—	—
Accelerated Vesting of Class B Unit Awards	28,203,709	28,203,709	—	3,133,741	—	—
Accelerated Vesting of Retention Bonus [3]	3,400,093	3,400,093	—	3,400,093	—	3,400,093
Accelerated Vesting of SSRP Account [4]	521	521	—	—	521	521
Total	**31,604,323**	**33,187,045**	**—**	**8,116,556**	**521**	**3,400,614**
Jamie E. Haenggi						
Salary Continuation	—	882,000	—	882,000	—	—
Prorated Bonus	—	264,450	—	264,450	—	—
Benefit Continuation	—	25,644	—	25,644	—	—
Accelerated Vesting of Class B Unit Awards	24,978,226	24,978,226	—	2,950,260	—	—
Total	**24,978,226**	**26,150,320**	**—**	**4,122,354**	**—**	**—**
Donald Young						
Salary Continuation [5]	—	1,020,000	—	1,020,000	—	—
Prorated Bonus	—	510,000	—	510,000	—	—
Benefit Continuation	—	17,639	—	17,639	—	—
Accelerated Vesting of Class B Unit Awards	29,141,263	29,141,263	—	3,441,960	—	—
Accelerated Vesting of SSRP Account [4]	—	—	—	—	—	—
Total	**29,141,263**	**30,688,902**	**—**	**4,989,599**	**—**	**—**

(1) Class B Units represent profit interests in Ultimate Parent, which will have value only if the value of Ultimate Parent increases following the date on which the awards of such Class B Units are granted and only after the aggregate amount of capital contributions in respect of all Class A Units

have been repaid to the holders of the Class A Units. In accordance with the terms of the Class B Unit award agreements, assuming that a change in control was also a Realization Event, (i) the hypothetical return to our Sponsor would have been sufficient to trigger full vesting of the Performance Tranche and (ii) the vesting of the Service Tranche would have accelerated and become vested in connection with a change in control, as described in this section under the heading "—Equity Awards." Based on the value of the business at the end of fiscal year 2017, using an initial public offering price of $14.00 per share of common stock, the value attributed to the Accelerated Vesting of Class B Unit Awards with respect to the Performance Tranche and the Service Tranche is reflected in the table above.

(2) Class B Units represent profit interests in Ultimate Parent, which will have value only if the value of Ultimate Parent increases following the date on which the awards of such Class B Units are granted and only after the aggregate amount of capital contributions in respect of all Class A Units have been repaid to the holders of the Class A Units. In accordance with the terms of the Class B Unit award agreements, absent a change in control, upon a qualified termination of employment the executive would vest in an additional 20% of the Class B Units in respect of the Service Tranche, as described in this section under the heading "—Equity Awards." Based on the value of the business at the end of fiscal year 2017, using an initial public offering price of $14.00 per share of common stock, the value attributed to the Accelerated Vesting of Class B Unit Awards with respect to the Service Tranche is reflected in the table above.

(3) There is no public market for the Class A Units, accordingly, amounts with respect to Messrs. DeVries' and Likosar's retention bonuses are calculated based on an initial public offering price of $14.00 per share of common stock multiplied by 1.681, assuming that this was the fair market value of a Class A Unit on December 31, 2017, multiplied by the number of Class A-2 Units in respect of the bonus tranche that vests on such date. The amounts reflected also include the value of the additional cash payment that each of Mr. DeVries and Mr. Liksoar is entitled to receive for previous accrued but unpaid distributions in respect of the Class A-2 Units comprising the retention bonus tranche that vests on such date (for Mr. DeVries $262,227, and for Mr. Likosar, $131,113).

(4) While each of Messrs. Likosar, DeVries, and Young participated in the Company's SSRP in fiscal year 2017, only Mr. DeVries had any unvested Company contributions in his SSRP account that would be subject to accelerated vesting upon a qualifying event as of December 31, 2017.

(5) If Mr. Young's employment is terminated following a change in control that also qualifies as a Realization Event, then Mr. Young's salary continuation will be decreased to $255,000 .

COMPENSATION OF NON-MANAGEMENT DIRECTORS

In respect of 2017, each of our non-employee directors was appointed by our Sponsor (or their affiliates) and, with the exception of Mr. Africk, none of them received any compensation for services as a director or is party to any contract with us. Pursuant to the agreement entered into on November 30, 2015, between Prime Borrower and Mr. Africk, Mr. Africk receives an annual cash retainer equal to $50,000 for his service as a member of the board of managers of Prime Borrower, which is paid quarterly in arrears retroactive to July 1, 2015. In addition to his cash retainer, Mr. Africk receives an annual grant of Class A-2 Units in with an aggregate fair market value on the date of grant equal to $50,000. Each annual grant of Class A-2 Units vest in three substantially equal annual installments over the three years immediately following the year of issuance, in each case subject to Mr. Africk's continued service on the board of managers of Prime Borrower through the applicable vesting date. In connection with the IPO, Mr. Africk's agreement with Prime Borrower was terminated.

Director Compensation

The following table summarizes the compensation earned by, or awarded or paid to Mr. Africk for the year ended December 31, 2017.

Name	Fees Earned or Paid in Cash ($)	Stock Awards [1] ($)	Total ($)
Andrew D. Africk	50,000	50,000	100,000

(1) On July 27, 2017, Mr. Africk received a grant of 3,770.74 Class A-2 Units which shall vest subject to his continued service, as to one-third of the Class A-2 Units on each of the first three anniversaries of July 1, 2017. The amount reported in this column reflects the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718, excluding estimated forfeitures. The fair value of Class A-2 Units is computed by multiplying the total number of Class A-2 Units subject to the award by the fair market value of a Class A Unit, as determined by the Executive Committee of Ultimate Parent, on the date of grant. Mr. Africk was previously granted 4,166.67 Class A-2 Units on August 11, 2016, which shall vest, subject to his continued service, as to one-third of the Class A-2 Units on each of the first three anniversaries of August 11, 2016. Mr. Africk was previously granted 10,000 Class A-2 Units on November 30, 2015, which shall vest, subject to his continued service, one-third of the Class A-2 Units on each of the first three anniversaries of November 30, 2015.

Looking Ahead — 2018 Director Compensation

In connection with the IPO, our board of directors will approve and implement the following director compensation program, which will include the following for each of our non-employee directors (other than those that were appointed by our Sponsor).

Compensation for our non-employee directors, including Mr. Africk, will consist of an annual cash retainer in the amount of $100,000, paid quarterly in arrears, and an annual equity award of restricted stock units with a grant date fair value of approximately $100,000. Annual restricted stock unit awards to our non-employee directors will vest on the first anniversary of the date of grant, subject to such director's continued service through such date. The chairs of the Audit, Compensation and

Nominating and Governance Committees will receive an additional annual cash retainer in the amount of $25,000, $20,000, and $15,000 per year, respectively, each of will be paid quarterly in arrears.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Our Common Stock

The following table sets forth the beneficial ownership of our common stock as of March 8, 2018 by:

- each person, or group of affiliated persons, who we know to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Unless otherwise indicated, the address of each person or entity named in the table below is 1501 Yamato Road, Boca Raton, Florida 33431.

	Vested Options	Shares Beneficially Owned [1]	Total	
	Number	Number	Number	Percent
More than 5% Stockholders				
Apollo Funds [2]	—	641,114,368	641,114,368	85.6%
Named Executive Officers and Directors [3]				
Timothy J. Whall	311,837	572,282	884,119	*
Daniel M. Bresingham	205,446	377,033	582,479	*
James D. DeVries	155,141	371,459	526,600	*
Jamie E. Haenggi	176,096	323,171	499,267	*
Jeffrey Likosar	158,964	229,355	388,319	*
Donald Young	205,446	377,033	582,479	*
Andrew D. Africk	—	—	—	0.0%
Marc E. Becker	—	—	—	0.0%
Matthew H. Nord	—	—	—	0.0%
Reed B. Rayman	—	—	—	0.0%
Eric L. Press	—	—	—	0.0%
Lee J. Solomon	—	—	—	0.0%
Stephanie Drescher	—	—	—	0.0%
Brett Watson	—	—	—	0.0%
David Ryan	—	—	—	0.0%
Matthew E. Winter	—	—	—	0.0%
All current directors and executive officers as a group (20 persons)	1,212,930	2,371,453	3,584,383	0.5%

* Represents less than one percent of shares outstanding.

(1) Percentage of shares beneficially owned is based on 749,131,653 shares of common stock outstanding as of March 8, 2018, which excludes unvested common shares and assumes no options are exercised by any holder in accordance with Rule 13d-3(d)(1)(i) of the Exchange Act.

(2) Represents shares of our common stock held of record by Ultimate Parent. Prime Security Services TopCo Parent GP, LLC ("Parent GP") is the general partner of Ultimate Parent. AP VIII Prime Security Services Holdings, L.P. ("AP VIII Prime Security LP") is the sole member of Parent GP and a limited partner of TopCo Parent. AP VIII Prime Security Services Management, LLC ("AP VIII Prime Security Management") is the investment manager of AP VIII Prime Security LP. Apollo Management, L.P. ("Apollo Management") is the sole member of AP VIII Prime Security Management, and Apollo Management GP, LLC ("Management GP") is the general partner of Apollo Management. Apollo Management Holdings, L.P. ("Management Holdings") is the sole member and manager of Management GP. Apollo Management Holdings GP, LLC ("Management Holdings GP") is the general partner of Management Holdings. Leon Black, Joshua Harris and Marc Rowan are the managers, as well as executive officers, of Management Holdings GP, and as such may be deemed to have voting and dispositive control of the shares of common stock held of record by Ultimate Parent. The address of Ultimate Parent, Parent GP, and AP VIII Prime Security LP is One Manhattanville Road, Suite 201, Purchase, New

York 10577. The address of each of AP VIII Prime Security Management, Apollo Management, Management GP, Management Holdings and Management Holdings GP, and Messrs. Black, Harris and Rowan, is 9 West 57th Street, 43rd Floor, New York, New York 10019.

(3) None of our named executive officers and directors beneficially own shares of common stock issuable upon the exercise of options within 60 days.

Units of Ultimate Parent

The equity interests of Ultimate Parent consist of Class A-1 Units, Class A-2 Units, and Class B Units. Our Sponsor beneficially owns 100% of the 371,416,667 issued and outstanding Class A-1 Units of Ultimate Parent and the Koch Investor beneficially owns detachable warrants for the purchase of 7,620,730 Class A-1 Units in Ultimate Parent. Following the IPO, there are no outstanding Class B Units. See "Item 11. Executive Compensation—Redemption of Class B Units." There are 2,351,282 issued and outstanding Class A-2 Units. The following table sets forth the beneficial ownership as of February 15, 2018 of the Class A-2 Units of Ultimate Parent by:

- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the Class A-2 Units beneficially owned by them, subject to applicable community property laws. Unless otherwise indicated, the address of each person or entity named in the table below is 1501 Yamato Road, Boca Raton, Florida 33431.

	Class A-2 Units Beneficially Owned [1]	
	Number	**Percent**
Named Executive Officers and Directors [2]		
Timothy J. Whall	672,351	28.60%
Daniel M. Bresingham	196,613	8.36%
James D. DeVries	100,903	4.29%
Jamie E. Haenggi	196,613	8.36%
Jeffrey Likosar	88,795	3.78%
Donald Young	436,427	18.56%
Andrew D. Africk	17,937	0.76%
Marc E. Becker	—	—%
Matthew H. Nord	—	—%
Reed B. Rayman	—	—%
Eric L. Press	—	—%
Lee J. Solomon	—	—%
Stephanie Drescher	—	—%
Brett Watson	—	—%
David Ryan	—	—%
Matthew E. Winter	—	—%
All current directors and executive officers as a group (20 persons)	2,196,726	93.43%

(1) Percentage of shares beneficially owned is calculated using 2,351,282 Class A-2 Units outstanding.

(2) None of our named executive officers and directors beneficially own Class A-2 Units issuable upon the exercise of options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

Policies and Procedures for Related Party Transactions

We have a written Related Person Transaction Policy (the "policy"), which sets forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our Audit Committee. In accordance with the policy, our Audit Committee has overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed $120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A "related person transaction" does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors or Audit Committee.

The policy requires that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our Audit Committee for consideration. Under the policy, our Audit Committee may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our stockholders. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the Audit Committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy also provides that the Audit Committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

Limited Partnership Agreement of Ultimate Parent

On November 7, 2016, Parent GP, as the general partner of Ultimate Parent, certain members of management (the "Management Partners") and the Koch Investor, as warrant holders, entered into the operating agreement for Ultimate Parent (the "LP Agreement").

Pursuant to the LP Agreement, in exchange for contributing capital to Ultimate Parent, our Sponsor was issued Class A-1 Units in Ultimate Parent, the Management Partners were issued Class A-2 Units in Ultimate Parent, and the Koch Investor was issued the Warrants.

Additionally, the Management Partners and certain other members of management have received awards from an incentive pool in the form of options in the Company and profits interests in our Ultimate Parent.

The LP Agreement provides for customary drag-along rights for our Sponsor, customary tag-along rights for Class A-2 limited partners and holders of profits interests, and customary preemptive rights for Class A-1 and Class A-2 limited partners.

Our Sponsor, the Management Partners and the members of management of the Company holding profits interests will receive distributions from the Ultimate Parent on the Class A-1 Units and Class A-2 Units, as applicable, in accordance with the waterfall provisions in the LP Agreement, which provide for distributions in respect of the Class A-1 Units until contributed capital is returned and thereafter, distributions to be ratably shared between the Class A-1 Units and one or more tranches of Class A-2 Units, subject to certain return hurdles being achieved by the business.

As of the date of this report, the business and affairs of Ultimate Parent are managed by Parent GP which is in turn managed by a board of managers that is controlled by affiliates of our Sponsor.

Management Consulting Agreement

In connection with the ADT Acquisition, Apollo Management Holdings, L.P., an affiliate of our Sponsor (the "Management Service Provider") entered into a management consulting agreement with Prime Borrower (the "Management Consulting Agreement") relating to the provision of certain management consulting and advisory services to Prime Borrower following the ADT Acquisition. In exchange for the provision of such services, Prime Borrower is required to pay the Management Service Provider $5 million each quarter. Fees under the Management Consulting Agreement of $20 million are included in the selling, general and administrative expenses in our Consolidated Statements of Operations for the year ended December 31, 2017. The Management Consulting Agreement terminated in accordance with its terms upon consummation of the IPO.

Other Transactions

During the first half of 2017, we paid $750 million in dividends to equity holders of the Company and Ultimate Parent, which includes distributions to our Sponsor. Such dividends are included in the Consolidated Statement of Stockholders' Equity for the year ended December 31, 2017.

In connection with the Special Dividend, we paid $45 million in structuring fees to the Koch Investor. In addition, we paid $180,000 to affiliates of our Sponsor in connection with the 2017 First Lien Credit Agreement Amendments. We paid $800,000 in structuring fees to affiliates of our Sponsor in connection with the 2017 Incremental First Lien Term B-1 Loan. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

We have an ongoing agreement to pay $14,000 per month to Professional Resources International ("PRI") for staff recruiting services. We paid approximately $126,000 to PRI for the year ended December 31, 2017. A brother of our Chief Executive Officer has an ownership interest in PRI.

An immediate family member of our Chief Executive Officer is a regular full-time employee of the Company in a managerial position and has target annual compensation, including base salary, bonus, and company-paid benefits, of approximately $136,000. The family member was also granted options to acquire 5,555.56 shares of common stock in ADT Inc. on June 29, 2017, valued at approximately $18,000.

Stockholders Agreement

Prior to the consummation of the IPO, we entered into a Stockholders Agreement with Ultimate Parent, one of the Co-Investors, and the Koch Investor. The Stockholders Agreement gives our Sponsor the right to nominate a majority of our directors as long as our Sponsor beneficially owns 50% or more of our outstanding common stock and specifies how the Sponsor's nominations rights decrease as our Sponsor's beneficial ownership of our common stock also decreases. Additionally, the Stockholders Agreement specifies that one of our Co-Investors and the Koch Investor will each nominate one director to the board, subject to specified ownership thresholds. The Stockholders Agreement sets forth certain information rights granted to Ultimate Parent. It also specifies that we will not take certain significant actions specified therein without the prior consent our Ultimate Parent. Such specified actions include, but are not limited to:

- amendments or modifications to our Company's or our Company's subsidiaries' organizational documents in a manner that adversely affects Ultimate Parent or our Sponsor;
- issuances of our Company's or our Company's subsidiaries' equity other than pursuant to an equity compensation plan approved by the stockholders or a majority of the Apollo Designees (as defined below), or intra-company issuances among our Company and its wholly-owned subsidiaries;
- making any payment or declaration of any dividend or other distribution on any shares of our common stock;
- merging or consolidating with or into any other entity, or transferring all or substantially all of our Company's or our Company's Subsidiaries' assets, taken as a whole, to another entity, or undertaking any transaction that would constitute a "Change of Control" as defined in our Company's or our Company's subsidiaries' credit facilities or note indentures;
- incurring financial indebtedness in a single or a series of related transactions aggregating to more than $25 million;
- hiring or terminating any Executive Officer of our Company or designating any new Executive Officer of the Company; and
- changing the size of the board of directors.

Registration Rights Agreement

Prior to the consummation of the IPO, we entered into a Registration Rights Agreement with Ultimate Parent, pursuant to which Ultimate Parent is entitled to demand the registration of the sale of certain or all of our common stock that it beneficially owns. Among other things, under the terms of the Registration Rights Agreement:

- if we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities, we will be required to use our reasonable best efforts to offer the other parties to the Registration Rights Agreement, if any, the opportunity to register the sale of all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement (customarily known as "piggyback rights"); and
- Ultimate Parent has the right, subject to certain conditions and exceptions, to request that we file registration statements with the Commission for one or more underwritten offerings of all or part of our common stock that it beneficially owns

and the Company is required to cause any such registration statements (a) to be filed with the Commission promptly and, in any event, on or before the date that is 90 days, in the case of a registration statement on Form S-1, or 45 days, in the case of a registration statement on Form S-3, after we receive the written request to effectuate the Demand Registration and (b) to become effective as promptly as reasonably practicable and in any event no later than 90 days after it is initially filed.

All expenses of registration under the Registration Rights Agreement, including the legal fees of one counsel retained by or on behalf of Ultimate Parent, will be paid by us.

The registration rights granted in the Registration Rights Agreement are subject to customary restrictions such as minimums, blackout periods and, if a registration is underwritten, any limitations on the number of shares to be included in the underwritten offering as reasonably advised by the managing underwriter. The Registration Rights Agreement also contains customary indemnification and contribution provisions. The Registration Rights Agreement is governed by New York law.

Management Investor Rights Agreement

Prior to the consummation of the IPO, we entered into an Amended and Restated Management Investor Rights Agreement. Each holder of our shares of common stock issued upon exercise of options that had been issued under the Equity Incentive Plan shall automatically become a party to the MIRA. Additionally, each individual who received Distributed Shares in redemption of his or her Class B Units in connection with the IPO executed a joinder to the MIRA. See "Item 11. Executive Compensation—Redemption of Class B Units." The MIRA provides that all shares of our common stock governed thereunder are generally subject to transfer restrictions, repurchase rights, and piggy-back registration rights in connection with certain offerings of our common stock.

Investor Rights Agreement

The Company, Parent GP, Ultimate Parent, and Koch SV Investments, entered into an Amended and Restated Series A Investor Rights Agreement and a Second Amended and Restated Series A Investor Rights Agreement, which contain certain other designations, rights, preferences, powers, restrictions, and limitations that could require us to redeem all or a portion of the Koch Preferred Securities or require that we obtain the consent of the holders of a majority of the Koch Preferred Securities before taking certain actions or entering into certain transactions. Prior to the redemption of the Koch Preferred Securities in full, the Company and its subsidiaries are subject to certain affirmative and negative covenants, such as engaging in transactions with affiliates and paying dividends on our common stock, among other things, under the certificate of designation and other definitive agreements governing the Koch Preferred Securities. Additionally, the Company is required to offer to redeem all the Koch Preferred Securities in cash upon the occurrence of (i) any liquidation, dissolution, winding up or voluntary or involuntary bankruptcy of AP VIII Prime Security LP, Parent GP, Ultimate Parent, the Company, Prime Borrower, or any material subsidiary of the foregoing, (ii) an acceleration of any long term indebtedness of the Company, or (iii) a change in control, which, as defined in the certificate of designations governing the Koch Preferred Securities, includes (a) a change in control in Parent GP, Ultimate Parent, or the Company, (b) our Sponsor ceasing to have the power to appoint a majority of the directors or manager of Parent GP, Ultimate Parent, or the Company, and (c) the beneficial ownership of our Sponsor in Ultimate Parent or the Company falling below approximately 30%, in each case subject to certain exceptions.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Fees paid or accrued for professional services provided by our independent auditors in each of the categories listed are as follows for the periods presented:

(in thousands)	December 31, 2017	December 31, 2016
Audit fees	$ 4,294	$ 2,827
Audit-related fees	220	—
Tax fees	455	469
All other fees	142	10
Total	$ 5,111	$ 3,306

Audit Fees —primarily represent amounts for services related to the audit of our consolidated financial statements, a review of our quarterly consolidated financial statements or other periodic reports or documents filed with the SEC, services rendered in connection with our registration statements on Form S-1 and Form S-8 related to our IPO, statutory or financial audits for our subsidiaries or affiliates, and consultations relating to financial accounting or reporting standards.

Audit-Related Fees —represent amounts for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. These services include work related to the adoption of the new revenue recognition reporting standard that will be effective for the Company in the first quarter of 2018.

Tax Fees —represent amounts for U.S. tax compliance services (including review of our federal, state, and local tax returns), tax advice, and tax planning, in accordance with our approval policies described below.

All Other Fees —consist of fees incurred for compilation services.

The board of directors adopted a pre-approval policy that provides guidelines for the audit, audit-related, tax, and other permissible non-audit services that may be provided by the independent auditors. The policy identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the auditors' independence is not impaired. Under the policy, the Audit Committee annually, and from time to time, pre-approves the audit engagement fees and terms of all audit and permitted non-audit services to be provided by the independent auditor.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

1. Financial Statements

See Index to Consolidated Financial Statements appearing on page F-1.

2. Financial Statement Schedules

See Index to Consolidated Financial Statements appearing on page F-1.

3. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

Exhibits Index

The information required by this Item is set forth on the exhibit index.

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
3.1*	Amended and Restated Certificate of Incorporation of ADT Inc.			
3.2*	Amended and Restated Bylaws of ADT Inc.			
3.3*	Second Amended and Restated Certificate of Designation for Koch Preferred Securities			
4.1	Indenture, dated as of July 5, 2012, by and between The ADT Corporation and Wells Fargo Bank, National Association	S-1	4.1	12/21/2017
4.2	First Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	S-1	4.2	12/21/2017
4.3	Second Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	S-1	4.3	12/21/2017
4.4	Third Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	S-1	4.4	12/21/2017
4.5	Fourth Supplemental Indenture, dated as of January 14, 2013, by and between The ADT Corporation and Wells Fargo Bank, National Association	S-1	4.5	12/21/2017
4.6	Fifth Supplemental Indenture, dated as of October 1, 2013, by and between The ADT Corporation and Wells Fargo Bank, National Association	S-1	4.6	12/21/2017
4.7	Sixth Supplemental Indenture, dated as of April 8, 2016, under 2012 Base Indenture, by and among The ADT Corporation, the guarantors party thereto and the Wells Fargo Bank, National Association	S-1	4.7	12/21/2017
4.8	Seventh Supplemental Indenture, dated as of April 22, 2016, under 2012 Base Indenture, by and among The ADT Corporation, the guarantors party thereto and the Wells Fargo Bank, National Association	S-1	4.8	12/21/2017

4.9	Eighth Supplemental Indenture, dated as of May 2, 2016, under 2012 Base Indenture, by and among Prime Finance, Inc., The ADT Corporation and the Wells Fargo Bank, National Association	S-1	4.9	12/21/2017
4.10	Indenture, dated as of March 19, 2014, by and between The ADT Corporation and Wells Fargo Bank, National Association	S-1	4.10	12/21/2017
4.11	Officer's Certificate, dated as of December 18, 2014, of The ADT Corporation, establishing the terms of its 5.250% Senior Notes due 2020 (including form Note)	S-1	4.11	12/21/2017
4.12	First Supplemental Indenture, dated as of April 8, 2016 under 2014 Base Indenture, by and among The ADT Corporation, the guarantors party thereto and the Wells Fargo Bank, National Association	S-1	4.12	12/21/2017
4.13	Second Supplemental Indenture, dated as of May 2, 2016, under 2014 Base Indenture, by and among Prime Finance, Inc., The ADT Corporation and the Wells Fargo Bank, National Association	S-1	4.13	12/21/2017
4.14	Indenture, dated as of May 2, 2016, by and between Prime Security One MS, Inc. and the Wells Fargo Bank, National Association	S-1	4.14	12/21/2017
4.15	First Supplemental Indenture, dated as of May 2, 2016, by and among The ADT Corporation, the guarantors party thereto and the Wells Fargo Bank, National Association	S-1	4.15	12/21/2017
4.16	Second Lien Notes Indenture, dated as of May 2, 2016, by and among Prime Security Services Borrower, LLC, Prime Finance, Inc., Prime Guarantors and Wells Fargo Bank, National Association	S-1	4.16	12/21/2017
4.17	Second Lien Notes Supplemental Indenture, dated as of May 2, 2016, by and among Prime Security Services Borrower, LLC, Prime Finance, Inc., Prime Guarantors and ADT Guarantors	S-1	4.17	12/21/2017
4.18	Second Supplemental Indenture, dated as of August 9, 2016, by and between The ADT Corporation, the Notes Guarantors and Wells Fargo Bank, National Association	S-1	4.18	12/21/2017
10.1	Fifth Amended and Restated First Lien Credit Agreement, dated July 1, 2015, as amended and restated as of May 2, 2016, as further amended and restated as of June 23, 2016, December 28, 2016, February 13, 2017 and June 29, 2017, among Prime Security Services Holdings, LLC, as Holdings, Prime Security Services Borrower, LLC, as Borrower, the Lenders Party thereto and Barclays Bank PLC, as Administrative Agent	S-1	10.1	12/21/2017
10.2	Subsidiary Guarantee Agreement (First Lien), dated July 1, 2015, among the Subsidiaries of Prime Security Services Borrower, LLC named therein and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent	S-1	10.2	12/21/2017
10.3	Supplement No. 1, dated as of May 2, 2016, to the Collateral Agreement (First Lien) dated as of July 1, 2015 by Prime Security Services Borrower, LLC and Barclays Bank PLC, as Collateral Agent	S-1	10.3	12/21/2017
10.4	Holdings Guarantee and Pledge Agreement (First Lien), dated and effective as of July 1, 2015, between Prime Security Services Holdings, LLC, as Holdings, and Credit Suisse AG, Cayman Islands Branch, as Collateral Agent	S-1	10.4	12/21/2017
10.5	Collateral Agreement (First Lien), dated as of July 1, 2015 among Prime Security Services Borrower, LLC, each Subsidiary of Prime Security Services Borrower, LLC from time to time identified therein as a party and Barclays Bank PLC, as collateral agent	S-1	10.5	12/21/2017
10.6	Supplement No. 1, dated as of May 2, 2016, to the Subsidiary Guarantee Agreement (First Lien) dated as of July 1, 2015, by each subsidiary of Prime Securities Services Borrower, LLC and Barclays Bank PLC, as Collateral Agent	S-1	10.6	12/21/2017
10.7	Collateral Agreement (Second Lien), dated as of May 2, 2016, among Prime Security Services Borrower, LLC, as Issuer, Prime Finance Inc., as Co-Issuer, each Subsidiary Guarantor party thereto and Wells Fargo Bank, National Association, as Collateral Agent	S-1	10.7	12/21/2017
10.8	First Lien/First Lien Intercreditor Agreement, dated as of May 2, 2016 among Barclays Bank PLC, as Collateral Agent, Barclays Bank PLC, as Authorized Representative under the Credit Agreement, Wells Fargo Bank, National Association, as the Initial Other Authorized Representative, and each additional Authorized Representative from time to time party hereto relating to Prime Security Services Borrower, LLC	S-1	10.8	12/21/2017
10.9	First Lien/Second Lien Intercreditor Agreement, dated as of July 1, 2015, between Credit Suisse AG, Cayman Islands Branch, as First Lien Facility Agent and Applicable First Lien Agent, and Credit Suisse AG, Cayman Islands Branch, as Second Lien Facility Agent and Applicable Second Lien Agent relating to Prime Security Services Borrower, LLC	S-1	10.9	12/21/2017
10.10	Acknowledgement of and Consent to First Lien/Second Lien Intercreditor Agreement, dated as of July 1, 2015, by the pledgers party thereto	S-1	10.10	12/21/2017
10.11	Consent and Acknowledgment (Other First Lien Obligations) (March 2014 Indenture), dated as of May 2, 2016, by Wells Fargo Bank, National Association, as an Other First Lien Obligations Agent	S-1	10.11	12/21/2017
10.12	Consent and Acknowledgment (Other First Lien Obligations) (July 2012 Indenture), dated as of May 2, 2016, by Wells Fargo Bank, National Association, as an Other First Lien Obligations Agent	S-1	10.12	12/21/2017

10.13	Consent and Acknowledgment (Other First Lien Obligations) (2032 Notes), dated as of May 2, 2016, by Wells Fargo Bank, National Association, as an Other First Lien Obligations Agent	S-1	10.13	12/21/2017
10.14	Consent and Acknowledgment (Other Second Lien Obligations), dated as of May 2, 2016, by Wells Fargo Bank, National Association, as an Other Second Lien Obligations Agent	S-1	10.14	12/21/2017
10.15	Consent of Grantors (First Lien/First Lien Intercreditor Agreement), dated as of May 2, 2016, by the grantors party thereto	S-1	10.15	12/21/2017
10.16	Acknowledgment of and Consent to First Lien/Second Lien Intercreditor Agreement by the pledgors party thereto	S-1	10.16	12/21/2017
10.17	Tax Sharing Agreement, dated as of September 28, 2012, by and among Pentair Ltd., Tyco International Ltd., Tyco International Finance S.A., and The ADT Corporation	S-1	10.17	12/21/2017
10.18	Non-Income Tax Sharing Agreement dated as of September 28, 2012, by and among Tyco International Ltd., Tyco International Finance S.A., and The ADT Corporation	S-1	10.18	12/21/2017
10.19	Trademark Agreement, dated as of September 25, 2012, by and among ADT Services GmbH, ADT US Holdings, Inc., Tyco International Ltd. and The ADT Corporation	S-1	10.19	12/21/2017
10.20	Patent Agreement, dated as of September 26, 2012, by and between Tyco International Ltd. and The ADT Corporation	S-1	10.20	12/21/2017
10.21	Separation and Distribution Agreement, dated September 26, 2012 by and among Tyco International Ltd., Tyco International Finance S.A., The ADT Corporation and ADT LLC	S-1	10.21	12/21/2017
10.22	ADT LLC Supplemental Savings and Retirement Plan, effective as of April 1, 2017	S-1	10.22	12/21/2017
10.23*	Stockholders Agreement by and between the ADT Inc. and Prime Securities Services TopCo, LP			
10.24*	Registration Rights Agreement by and between the ADT Inc. and Prime Securities Services TopCo, LP			
10.25	Amended and Restated Employment Agreement, dated December 19, 2017, between The ADT Security Corporation (together with any of its subsidiaries and Affiliates) and Donald Young	S-1	10.25	12/21/2017
10.26	Amended and Restated Employment Agreement, dated December 19, 2017, between The ADT Security Corporation (together with any of its subsidiaries and Affiliates) and Jamie Haenggi	S-1	10.26	12/21/2017
10.27	Amended and Restated Employment Agreement, dated December 19, 2017, between The ADT Security Corporation (together with any of its subsidiaries and Affiliates) and P. Gray Finney	S-1	10.27	12/21/2017
10.28	Amended and Restated Employment Agreement, dated December 19, 2017, between The ADT Security Corporation (together with any of its subsidiaries and Affiliates) and Daniel M. Bresingham	S-1	10.28	12/21/2017
10.29	Amended and Restated Employment Agreement, dated December 19, 2017, between The ADT Security Corporation (together with any of its subsidiaries and Affiliates) and Timothy J. Whall	S-1	10.29	12/21/2017
10.30	Amended and Restated Employment Agreement, dated December 19, 2017, between ADT LLC, (together with any of its subsidiaries and Affiliates) and James D. DeVries	S-1	10.30	12/21/2017
10.31	Amended and Restated Employment Agreement, dated December 19, 2017, between ADT LLC, (together with any of its subsidiaries and Affiliates) and Jeffrey Likosar	S-1	10.31	12/21/2017
10.32	ADT Inc. 2018 Omnibus Incentive Plan	S-1/A	10.32	01/08/2018
10.33	Form of Restricted Stock Unit Award Agreement for use under the ADT Inc. 2018 Omnibus Incentive Plan	S-1/A	10.33	01/08/2018
10.34	Form of Non-qualified Option Award Agreement for use under the ADT Inc. 2018 Omnibus Incentive Plan	S-1/A	10.34	01/08/2018
10.35	Form of Non-qualified Option Award Agreement for use under the ADT Inc. 2018 Omnibus Incentive Plan (Class B Unit Redemption)	S-1/A	10.35	01/08/2018
10.36	Form of Common Stock Award Agreement for use under the ADT Inc. 2018 Omnibus Incentive Plan	S-1/A	10.36	01/08/2018
10.37*	Second Amended and Restated Investor Rights Agreement of Koch Preferred Securities			
10.38*	Consent of Preferred Majority Holder of Koch Preferred Securities			
10.39*	Amended and Restated Management Investor Rights Agreement			
21*	Subsidiaries of ADT Inc.			
23*	Consent of Independent Registered Public Accounting Firm and Consent of Independent Registered Certified Public Accounting Firm			
31.1*	Certification of CEO, pursuant to SEC Rule 13a-14(a) and 15d-14(a)			
31.2*	Certification of CFO, pursuant to SEC Rule 13a-14(a) and 15d-14(a)			
32*	Certification by the CEO and CFO, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			

* Filed herewith.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADT Inc.

Date: March 15, 2018

By: /s/ Timothy J. Whall

Name: Timothy J. Whall

Title: *Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 15, 2018 .

Name	**Title**
/s/ Timothy J. Whall Timothy J. Whall	Chief Executive Officer and Director *(Principal Executive Officer)*
/s/ Jeffrey Likosar Jeffrey Likosar	Chief Financial Officer *(Principal Financial and Accounting Officer)*
/s/ Marc E. Becker Marc E. Becker	Director *(Chairman)*
/s/ Reed B. Rayman Reed B. Rayman	Director
/s/ Matthew H. Nord Matthew H. Nord	Director
/s/ Andrew D. Africk Andrew D. Africk	Director
/s/ Eric L. Press Eric L. Press	Director
/s/ Lee J. Solomon Lee J. Solomon	Director
/s/ Stephanie Drescher Stephanie Drescher	Director
/s/ Brett Watson Brett Watson	Director
/s/ David Ryan David Ryan	Director
/s/ Matthew E. Winter Matthew E. Winter	Director

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of ADT Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ADT Inc. and its subsidiaries (Successor) as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for the years ended December 31, 2017 and 2016, and for the period from May 15, 2015 (date of inception) through December 31, 2015, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years ended December 31, 2017 and 2016, and for the period from May 15, 2015 (date of inception) through December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Certified Public Accountants
Fort Lauderdale, Florida

March 15, 2018

We have served as the Company or its predecessor's auditor since 2010.

Report of Independent Registered Certified Public Accounting Firm

To the Board of Members of Prime Security Services Borrower, LLC

In our opinion, the accompanying consolidated statements of operations, comprehensive income (loss), shareholder's equity and cash flows present fairly, in all material respects, the results of their operations and their cash flows of Protection One, Inc. and its subsidiaries (Predecessor) for the period from January 1, 2015 through June 30, 2015, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of valuation and qualifying accounts for the period from January 1, 2015 through June 30, 2015 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida

March 31, 2016, except for the effects of disclosing loss per share information as discussed in Note 14 to the consolidated financial statements, as to which the date is September 28, 2017.

ADT INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands , except share and per share data)

	December 31, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 122,899	$ 75,891
Current portion of restricted cash and cash equivalents	3,883	14,932
Accounts receivable trade, less allowance for doubtful accounts of $34,042 and $28,109, respectively	148,822	135,218
Inventories	85,672	89,513
Work-in-progress	21,252	19,376
Prepaid expenses and other current assets	73,358	53,426
Total current assets	455,886	388,356
Property and equipment, net	332,445	342,994
Subscriber system assets, net	2,892,683	2,836,733
Intangible assets, net	7,856,775	8,308,749
Goodwill	5,070,586	5,013,376
Deferred subscriber acquisition costs, net	282,478	179,100
Other assets	123,967	107,173
Total Assets	$ 17,014,820	$ 17,176,481
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 48,060	$ 40,288
Accounts payable	187,695	212,239
Deferred revenue	309,157	313,278
Accrued expenses and other current liabilities	351,340	286,734
Total current liabilities	896,252	852,539
Long-term debt	10,121,126	9,469,682
Mandatorily redeemable preferred securities—authorized 1,000,000 shares Series A of $0.01 par value; issued and outstanding 750,000 shares as of December 31, 2017 and 2016	682,449	633,691
Deferred subscriber acquisition revenue	368,669	167,075
Deferred tax liabilities	1,376,708	2,117,943
Other liabilities	136,504	130,575
Total Liabilities	13,581,708	13,371,505
Commitments and contingencies (See Note 8)		
Stockholders' Equity:		
Common stock—authorized 3,999,000,000 shares of $0.01 par value; issued and outstanding shares of 641,118,571 and 641,046,968 as of December 31, 2017 and 2016, respectively	2	2
Additional paid-in capital	4,435,329	4,424,321
Accumulated deficit	(998,212)	(590,840)
Accumulated other comprehensive loss	(4,007)	(28,507)
Total Stockholders' Equity	3,433,112	3,804,976
Total Liabilities and Stockholders' Equity	$ 17,014,820	$ 17,176,481

See Notes to Consolidated Financial Statements

ADT INC. AND SUBSIDIARIES (SUCCESSOR) AND
PROTECTION ONE, INC. AND SUBSIDIARIES (PREDECESSOR)
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands , except per share data)

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Monitoring and related services	$ 4,029,279	$ 2,748,222	$ 238,257	$ 189,028
Installation and other	286,223	201,544	73,310	48,681
Total Revenue	4,315,502	2,949,766	311,567	237,709
Cost of revenue (exclusive of depreciation and amortization shown separately below)	895,736	693,430	148,521	100,591
Selling, general and administrative expenses	1,209,200	858,896	84,134	74,977
Depreciation and intangible asset amortization	1,863,299	1,232,967	83,650	41,548
Merger, restructuring, integration, and other costs	64,828	393,788	35,036	9,361
Operating income (loss)	282,439	(229,315)	(39,774)	11,232
Interest expense, net	(732,841)	(521,491)	(45,169)	(29,129)
Other income (expense)	28,716	(51,932)	325	331
Loss before income taxes	(421,686)	(802,738)	(84,618)	(17,566)
Income tax benefit (expense)	764,313	266,151	30,365	(1,025)
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Net income (loss) per share:				
Basic	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)
Diluted	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)
Weighted-average number of shares:				
Basic	641,074	640,725	640,723	0.1
Diluted	641,074	640,725	640,723	0.1

See Notes to Consolidated Financial Statements

ADT INC. AND SUBSIDIARIES (SUCCESSOR) AND
PROTECTION ONE, INC. AND SUBSIDIARIES (PREDECESSOR)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Other comprehensive income (loss):				
Foreign currency translation and other	24,500	(28,507)	—	—
Total other comprehensive income (loss), net of tax	24,500	(28,507)	—	—
Comprehensive income (loss)	$ 367,127	$ (565,094)	$ (54,253)	$ (18,591)

See Notes to Consolidated Financial Statements

PROTECTION ONE, INC. AND SUBSIDIARIES (PREDECESSOR)
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
(in thousands , except share data)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
Predecessor:					
Balance as of December 31, 2014	100	$ —	$ 132,493	$ (90,601)	$ 41,892
Net loss	—	—	—	(18,591)	(18,591)
Share-based compensation expense	—	—	781	—	781
Balance as of June 30, 2015	100	$ —	$ 133,274	$ (109,192)	$ 24,082

See Notes to Consolidated Financial Statements

ADT INC. AND SUBSIDIARIES (SUCCESSOR)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of May 15, 2015 ("Inception")	640,723	$ —	$ —	$ —	$ —	$ —
Equity capital contributions	—	—	754,891	—	—	754,891
Net loss	—	—	—	(54,253)	—	(54,253)
Share-based compensation expense	—	—	2,259	—	—	2,259
Balance as of December 31, 2015	640,723	—	757,150	(54,253)	—	702,897
Issuance of shares	324	2	4,013	—	—	4,015
Equity capital contributions	—	—	3,658,186	—	—	3,658,186
Net loss	—	—	—	(536,587)	—	(536,587)
Other comprehensive loss, net of tax	—	—	—	—	(28,507)	(28,507)
Share-based compensation expense	—	—	4,625	—	—	4,625
Other	—	—	347	—	—	347
Balance as of December 31, 2016	641,047	2	4,424,321	(590,840)	(28,507)	3,804,976
Net income	—	—	—	342,627	—	342,627
Dividend	—	—	—	(749,999)	—	(749,999)
Other comprehensive income, net of tax	—	—	—	—	24,500	24,500
Share-based compensation expense	68	—	11,276	—	—	11,276
Other	4	—	(268)	—	—	(268)
Balance as of December 31, 2017	641,119	$ 2	$ 4,435,329	$ (998,212)	$ (4,007)	$ 3,433,112

See Notes to Consolidated Financial Statements

ADT INC. AND SUBSIDIARIES (SUCCESSOR) AND
PROTECTION ONE, INC. AND SUBSIDIARIES (PREDECESSOR)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Cash Flows from Operating Activities:				
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and intangible asset amortization	1,863,299	1,232,967	83,650	41,548
Amortization of deferred subscriber acquisition costs and revenue, net	5,037	6,052	770	7,578
Amortization of unearned revenue fair value adjustment	—	62,845	18,574	—
Share-based compensation expense	11,276	4,625	2,259	781
Deferred income taxes	(776,683)	(272,512)	(30,491)	958
Provision for losses on accounts receivable and inventory	56,687	37,620	2,141	862
Loss on extinguishment of debt	4,325	24,787	—	—
Other non-cash items, net	43,107	60,038	3,435	2,508
Changes in operating assets and liabilities, net of the effects of acquisitions:				
Accounts receivable, net	(60,113)	(34,221)	(7,741)	(1,495)
Inventories and work-in-progress	4,944	(8,797)	(1,941)	(3,912)
Accounts payable	(30,695)	(9,103)	(12,176)	9,753
Deferred subscriber acquisition costs	(165,120)	(144,583)	(16,615)	(19,634)
Deferred subscriber acquisition revenue	247,479	167,784	10,345	6,827
Other, net	45,760	26,608	3,797	7,373
Net cash provided by operating activities	1,591,930	617,523	1,754	34,556
Cash Flows from Investing Activities:				
Dealer generated customer accounts and bulk account purchases	(653,222)	(407,102)	—	—
Subscriber system assets and deferred subscriber installation costs	(582,723)	(468,594)	(29,556)	(24,527)
Capital expenditures	(130,624)	(78,499)	(4,490)	(6,095)
Acquisition of businesses, net of cash acquired	(63,518)	(8,501,542)	(1,988,126)	(9,377)
Proceeds received from settlement of derivative contracts, net	—	41,586	—	—
Other investing	27,896	29,282	(39,850)	361
Net cash used in investing activities	(1,402,191)	(9,384,869)	(2,062,022)	(39,638)
Cash Flows from Financing Activities:				
Proceeds from long-term borrowings	1,344,126	6,040,019	1,367,625	—
Proceeds received from issuance of preferred securities	—	658,551	—	—
Repayment of long-term borrowings	(724,999)	(1,392,549)	(6,393)	(5,932)
Equity capital contributions	—	3,662,201	754,891	—
Dividends	(749,999)	—	—	—
Deferred financing costs	(400)	(104,205)	(38,727)	—
Other financing	(11,797)	(35,242)	(1,369)	(280)
Net cash (used in) provided by financing activities	(143,069)	8,828,775	2,076,027	(6,212)
Effect of currency translation on cash	338	(1,297)	—	—
Net increase (decrease) in cash and cash equivalents	47,008	60,132	15,759	(11,294)
Cash and cash equivalents at beginning of period	75,891	15,759	—	89,834
Cash and cash equivalents at end of period	$ 122,899	$ 75,891	$ 15,759	$ 78,540
Supplementary Cash Flow Information:				
Interest paid, net of interest income	$ 661,250	$ 430,686	$ 42,320	$ 26,667
Income taxes paid, net of refunds	$ 19,433	$ 5,446	$ (38)	$ 87

See Notes to Consolidated Financial Statements

1. Basis of Presentation

Nature of Business —ADT Inc. ("ADT Inc."), a company incorporated in the state of Delaware, and its wholly owned subsidiaries (collectively, the "Company"), is principally engaged in the sale, installation, servicing, and monitoring of electronic home and business security and automation systems in the United States and Canada. Prior to September 2017, ADT Inc. was named Prime Security Services Parent Inc. ADT Inc. is owned by Prime Security Services TopCo Parent, L.P. ("Ultimate Parent"). Ultimate Parent is owned by Apollo Investment Fund VIII, L.P. and related funds that are directly or indirectly managed by Apollo Global Management, LLC, its subsidiaries and its affiliates ("Apollo" or the "Sponsor"), and management investors.

On July 1, 2015, ADT Inc.'s wholly owned subsidiary, Prime Protection One MS, Inc. ("Merger Sub") was merged with and into a holding company of Protection One, Inc. ("Protection One") (the "Protection One Acquisition"). Upon consummation of the Protection One Acquisition, the separate corporate existence of Merger Sub ceased, and the holding company continued as a wholly owned subsidiary of ADT Inc. Additionally, on July 1, 2015, ADT Inc. acquired all of the outstanding stock of ASG Intermediate Holding Corp. ("ASG") (the "ASG Acquisition"). Following the ASG Acquisition, ASG became a wholly owned subsidiary of ADT Inc. The Protection One Acquisition and the ASG Acquisition are hereinafter, unless otherwise noted, referred to collectively as the "Formation Transactions."

Prior to the Formation Transactions, ADT Inc. was a holding company with no assets or liabilities. Protection One is the predecessor of ADT Inc. for accounting purposes. The period presented prior to the Protection One Acquisition is comprised solely of predecessor activity, and is hereinafter referred to as the "Predecessor." The periods presented after the Successor's (as defined herein) inception on May 15, 2016 ("Inception") is comprised of Company activity (including activity of The ADT Corporation (as defined below) since May 2, 2016, and is hereinafter referred to as the "Successor." Unless otherwise noted, reference to the Successor and Predecessor 2015 periods refer to the period from Inception through December 31, 2015, and the period from January 1, 2015 through June 30, 2015, respectively ("Successor and Predecessor 2015 Periods").

On May 2, 2016, ADT Inc.'s wholly owned subsidiary, Prime Security One MS, Inc., a Delaware corporation, ("Prime Merger Sub") was merged with and into The ADT Security Corporation (formerly named The ADT Corporation) ("The ADT Corporation") (the "ADT Acquisition"). Upon consummation of the ADT Acquisition, the separate corporate existence of Prime Merger Sub ceased, and The ADT Corporation continued as a wholly owned subsidiary of ADT Inc. Refer to Note 3 "Acquisitions" for further discussion.

Basis of Presentation —The consolidated financial statements include the accounts of ADT Inc. and its wholly owned subsidiaries, and have been prepared in U.S. dollars in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The Protection One Acquisition established a new accounting basis, and therefore, the consolidated financial statements present both Predecessor and Successor periods. The Predecessor and Successor periods are separated by a vertical line on the face of the consolidated financial statements, or elsewhere as necessary, to highlight that the financial information for such periods has been prepared under two different historical bases of accounting.

The Company conducts business through its operating entities based on the manner in which the Chief Executive Officer, who is the chief operating decision maker ("CODM"), evaluates performance and makes decisions about how to allocate resources. Beginning with the second quarter of 2017, in connection with the integration of The ADT Corporation business, the Company changed its operating segment structure to a single operating segment to better align with how the CODM evaluates the performance of the business. In connection with this realignment, the Company also changed its reporting units, which are now comprised of two reporting units: United States and Canada. The United States reporting unit is comprised of the Company's historical retail, wholesale, and ADT United States reporting units. The Company's historical ADT Canada reporting unit (now referred to as "Canada") was not impacted by this change. Refer to Note 4 "Goodwill and Other Intangible Assets" for further discussion.

All intercompany transactions have been eliminated. The results of companies acquired are included in the consolidated financial statements from the effective dates of the acquisitions.

Use of Estimates —The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Significant estimates and judgments inherent in the preparation of the consolidated financial statements include, but are not limited to, estimates of future cash flows and valuation related assumptions associated with asset impairment testing, useful lives and methods for depreciation and amortization, loss contingencies, income taxes and tax valuation allowances, and purchase price allocations. Actual results could differ materially from these estimates.

Stock Split —On January 4, 2018, the Board of Directors of the Company declared a 1.681-for-1 stock split (the "Stock Split") of the Company's common stock issued and outstanding as of January 4, 2018. The number of shares subject to, and the exercise price of, the Company's outstanding options were adjusted to equitably reflect the Stock Split. Unless otherwise noted, all share and per-share data included in these consolidated financial statements have been adjusted to give effect to the Stock Split.

Initial Public Offering —On January 23, 2018, the Company completed an initial public offering ("IPO" or "Initial Offering") in which the Company issued and sold 105,000,000 shares of common stock at an initial public offering price of $14.00 per share. The Company's common stock began trading on the New York Stock Exchange under the symbol "ADT."

Net proceeds from the IPO were $1,415 million, after deducting underwriting discounts and commissions. In connection with the IPO, the Company deposited $750 million of the net proceeds into a segregated account ("Segregated Account") for the purpose of redeeming the Koch Preferred Securities (as defined in Note 3 "Acquisitions") at a future date. Funds held in the Segregated Account will be reported as restricted cash in the Company's financial statements. Refer to Note 6 "Mandatorily Redeemable Preferred Securities" for further discussion. In addition, $649 million of the net proceeds from the IPO were used to voluntarily redeem a portion of the Prime Notes (as defined in Note 3 "Acquisitions") and pay the related call premium. Refer to Note 5 "Debt" for further discussion.

2. Summary of Significant Accounting Policies

Revenue Recognition —Substantially all of the Company's revenue is generated by contractual monthly recurring fees received for monitoring and related services provided to customers, which is recognized as those services are provided. Such revenue is reflected in monitoring and related services revenue in the Consolidated Statements of Operations. Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The balance of deferred revenue is included in current liabilities or long-term liabilities, as appropriate.

For transactions in which the Company retains ownership of the security system, non-refundable fees (referred to as deferred subscriber acquisition revenue) received in connection with the initiation of a monitoring contract are deferred and amortized over the estimated life of the customer relationship. These fees are included in installation and other revenue in the Consolidated Statements of Operations.

Sales of security monitoring systems, whereby ownership is transferred to the customer, may have multiple elements that may include equipment, installation, monitoring services, and maintenance agreements. The Company determines the deliverables under such arrangements, as well as the appropriate units of accounting for those deliverables. Revenues associated with the sale of equipment and related installations are recognized in installation and other revenue once delivery, installation, and customer acceptance is complete. Revenue associated with ongoing monitoring and maintenance services is recognized in monitoring and related services revenue as those services are rendered. Amounts assigned to each unit of accounting are based on an allocation of total arrangement consideration using a hierarchy of estimated selling price for the deliverables. The selling price used for each deliverable is based on Vendor Specific Objective Evidence ("VSOE") if available, Third Party Evidence ("TPE") if VSOE is not available, or estimated selling price if neither VSOE or TPE is available.

Early termination of the contract by the customer results in a termination charge in accordance with the customer contract, which is recognized in revenue when collectibility is reasonably assured. Contract termination charges recognized in monitoring and related services revenue during 2017, 2016, and 2015 were not material.

Advertising —Advertising costs were $134 million and $105 million for the years ended December 31, 2017 and 2016 , respectively. Advertising costs were not material for the Successor and Predecessor 2015 periods. These costs are expensed when incurred, and are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

Radio Conversion Costs —In 2015, the Company began a program to replace 2G cellular technology used in many of its security systems. During the years ended December 31, 2017 and 2016 , the Company incurred charges of $12 million and $34 million , respectively, related to this program, which includes costs related to The ADT Corporation customers under a similar program from the date of the ADT Acquisition. Charges related to this program during the Successor and Predecessor 2015 periods were not material. These costs are reflected in selling, general and administrative expenses in the Consolidated Statements of Operations.

Merger, Restructuring, Integration, and Other Costs —Included in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations are certain direct and incremental costs resulting from acquisitions made by the Company and certain related integration efforts as a result of those acquisitions, as well as costs related to the Company's restructuring efforts. Also, included in other costs are certain impairment charges primarily related to the Company's cost method investments. For the year ended December 31, 2017 , these costs are primarily due to restructuring charges incurred for employee severance and other employee benefits primarily due to the integration of The ADT Corporation business. For the year ended December 31, 2016 , these costs are primarily related to transaction costs and restructuring efforts incurred in connection with the ADT Acquisition.

In addition, costs incurred during the Successor and Predecessor 2015 periods primarily relate to charges associated with the Formation Transactions. Refer to Note 3 “Acquisitions” for further discussion.

Other Income (Expense) —Included in other income (expense) for the years ended December 31, 2017 and 2016 are charges primarily related to (i) net foreign currency transaction gains of $24 million and losses of $16 million , respectively, from the translation of monetary assets and liabilities that are denominated in Canadian dollars, most of which relates to intercompany loans, and (ii) losses on extinguishment of debt of $4 million and $28 million , respectively, primarily relating to the write-off of debt discount and issuance costs associated with the early debt repayment and amendments and restatements to the Company’s credit agreements. Charges included in other income (expense) were not material for the Successor and Predecessor 2015 periods.

Cash and Cash Equivalents —All highly liquid investments with original maturities of three months or less from the time of purchase are considered to be cash equivalents.

Restricted Cash and Cash Equivalents —Restricted cash and cash equivalents are restricted for a specific purpose and cannot be included in the general cash account. As of December 31, 2017 and 2016 , the Company’s restricted cash and cash equivalents were held by a third-party trustee and primarily related to amounts placed in escrow to cover potential adjustments to the purchase price of the Protection One Acquisition and ASG Acquisition. Restricted cash and cash equivalents consist of highly liquid investments with remaining maturities when purchased of three months or less. The fair value of restricted cash and cash equivalents is determined using quoted prices available in active markets for identical investments, which is a Level 1 input.

Allowance for Doubtful Accounts —The allowance for doubtful accounts reflects the best estimate of probable losses inherent in the Company’s receivable portfolio determined on the basis of historical experience and other currently available evidence.

Inventories —Inventories are primarily comprised of security system components and parts, as well as finished goods. The Company records inventory at the lower of cost and net realizable value. Inventories are presented net of an obsolescence reserve.

Work-in-Progress —Work-in-progress includes certain costs incurred for customer installations of security system equipment sold outright to customers that have not yet been completed.

Prepaid Expenses and Other Current Assets —Prepaid expenses are assets resulting from expenditures for goods or services that occur before the goods are used or services are received. Prepaid expenses are presented in prepaid expenses and other current assets on the Consolidated Balance Sheets and were $41 million and $25 million as of December 31, 2017 and 2016 , respectively.

Property and Equipment, Net —Property and equipment, net is recorded at cost less accumulated depreciation. Depreciation expense, including depreciation associated with capital lease assets, was $151 million and $77 million for the years ended December 31, 2017 and 2016 , respectively, and $8 million and $7 million for the Successor and Predecessor 2015 periods, respectively. Repairs and maintenance expenditures are expensed when incurred. Depreciation expense, which is included in depreciation and intangible asset amortization in the Consolidated Statements of Operations, is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and related improvements	Up to 40 years
Leasehold improvements	Lesser of remaining term of the lease or economic useful life
Capitalized software	3 to 10 years
Machinery, equipment, and other	Up to 14 years

The carrying value of property and equipment, net as of December 31, 2017 and 2016 , was as follows:

(in thousands)	December 31, 2017	December 31, 2016
Land	$ 13,381	$ 13,448
Buildings and leasehold improvements	78,298	73,353
Capitalized software	247,661	135,439
Machinery, equipment, and other	122,748	96,844
Construction in progress	52,610	64,146
Capital leases	49,740	44,385
Accumulated depreciation	(231,993)	(84,621)
Property and equipment, net	$ 332,445	$ 342,994

Included in accumulated depreciation in the table above is accumulated depreciation related to capital leases of $22 million and $13 million for the years ended December 31, 2017 and 2016 , respectively.

Subscriber System Assets, Net and Deferred Subscriber Acquisition Costs, Net —The Company capitalizes certain costs associated with transactions in which the Company retains ownership of the security system. These costs include equipment, installation costs, and other direct and incremental costs. These costs are recorded in subscriber system assets, net and deferred subscriber acquisition costs, net on the Consolidated Balance Sheet. These assets embody a probable future economic benefit as they contribute to the generation of future monitoring and related services revenue for the Company.

Subscriber system assets represent capitalized equipment and installation costs incurred in connection with the transactions described above. Upon customer termination, the Company may retrieve such assets. Accumulated depreciation of subscriber system assets was $870 million and $346 million as of December 31, 2017 and 2016 , respectively. Depreciation expense relating to subscriber system assets was $537 million and $346 million for the years ended December 31, 2017 and 2016 , respectively, and is included in depreciation and intangible asset amortization in the Consolidated Statements of Operations.

Deferred subscriber acquisition costs, net primarily represent direct and incremental selling expenses (primarily commissions) related to acquiring customers. Commissions paid in connection with the establishment of a monitoring contract are determined based on a percentage of the contractual fees and generally do not exceed deferred subscriber acquisition revenue. Amortization expense relating to deferred subscriber acquisition costs was $62 million and $27 million for the years ended December 31, 2017 and 2016 , respectively, and $3 million and $29 million for the Successor and Predecessor 2015 periods, respectively.

Subscriber system assets and any related deferred subscriber acquisition costs and deferred subscriber acquisition revenue resulting from customer acquisitions are accounted for using pools based on the month and year of acquisition. The Company amortizes its pooled subscriber system assets and related deferred subscriber acquisition costs and deferred subscriber acquisition revenue using an accelerated method over the expected life of the customer relationship, which is 15 years. In cases where deferred subscriber acquisition costs are in excess of deferred subscriber acquisition revenues, the Company amortizes such costs over the initial term of the contract on a straight-line basis. In order to align the amortization of subscriber system assets and related deferred costs and deferred revenue to the pattern in which their economic benefits are consumed, the accelerated method utilizes an average declining balance rate of approximately 250% and converts to straight-line methodology when the resulting amortization charge is greater than that from the accelerated method, resulting in an average amortization of approximately 55% of the pool within the first five years, 25% within the second five years, and 20% within the final five years.

Definite-Lived Intangible Assets —Definite-lived intangible assets primarily include customer and dealer relationships that originated from the Formation Transactions and the ADT Acquisition as well as customers contracts acquired under the ADT Authorized Dealer Program. The amortizable life and method of amortization of the Company's customer relationship intangible assets are based on management estimates about the amounts and timing of expected future revenue from customer accounts and average customer account life. The amortizable life and method of amortization of the Company's dealer relationship intangible assets are based on management estimates about the longevity of the underlying dealer network and the attrition of those respective dealers that existed as of the Formation Transactions and the ADT Acquisition.

The Company maintains agreements with a network of third-party independent alarm dealers who sell alarm equipment and ADT Authorized Dealer-branded monitoring and interactive services to end users (the "ADT Authorized Dealer Program"). The dealers of this program generate new end user contracts with customers which the Company has the right, but not the obligation, to purchase from the dealer. The Company may charge back the acquisition cost ("dealer charge-backs") of any end user contract if the end user contract is canceled during the charge-back period, generally twelve to fifteen months from acquisition by the Company. The Company records any dealer charge-backs as a reduction of the intangible assets.

Definite-lived intangible assets arising from the ADT Authorized Dealer Program, as described above, are accounted for using pools based on the month and year of acquisition. The Company amortizes its pooled dealer intangible assets using an accelerated method over the expected life of the pool of customer relationships, which is 15 years. The accelerated method for amortizing these intangible assets utilizes an average declining balance rate of approximately 300% and converts to straight-line methodology when the resulting amortization charge is greater than that from the accelerated method, resulting in an average amortization of approximately 65% of the pool within the first five years, 25% within the second five years, and 10% within the final five years.

Other definite-lived intangible assets are amortized on a straight-line basis over 2 to 10 years. The Company evaluates amortization methods and remaining useful lives of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the amortization method or remaining useful lives. Refer to Note 4 "Goodwill and Other Intangible Assets" for further discussion.

Long-Lived Asset Impairments —The Company reviews long-lived assets, including property and equipment, definite-lived intangible assets, and deferred subscriber acquisition costs for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability is measured by a comparison of the carrying value of the asset or asset group to the future undiscounted cash flows expected to be generated by the assets. The Company groups assets and liabilities at the lowest level for which cash flows are separately identified. The amount of impairment recognized, if applicable, is calculated based on the amount by which the carrying value exceeds fair value. There were no material long-lived asset impairments during the years ended December 31, 2017 and 2016 , or during the Predecessor and Successor 2015 periods.

Goodwill and Other Indefinite-Lived Intangible Assets —The Company evaluates goodwill for its reporting units and indefinite-lived intangible assets for impairment annually, or more frequently, any time an event occurs or circumstances change that would indicate that it is more likely than not that the carrying value of a reporting unit or indefinite-lived intangible asset exceeds its fair value. Refer to Note 4 “Goodwill and Other Intangible Assets” for further discussion.

Business Combinations and Asset Acquisitions —The Company accounts for businesses combinations using the acquisition method of accounting. Under the acquisition method of accounting, the consolidated financial statements reflect the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded at the date of acquisition at their estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Additionally, as noted above, the Company purchases customer accounts from an external network of independent dealers who operate under the ADT Authorized Dealer Program. Purchases of new accounts are considered asset acquisitions and are recorded at their contractually determined purchase price. Refer to Note 3 “Acquisitions” for further discussion.

Accrued Expenses and Other Current Liabilities —Accrued expenses and other current liabilities as of December 31, 2017 and 2016 consisted of the following:

(in thousands)	December 31, 2017	December 31, 2016
Accrued interest	$ 91,592	$ 92,901
Payroll-related accruals	94,501	44,253
Other accrued liabilities	165,247	149,580
Total accrued expenses and other current liabilities	$ 351,340	$ 286,734

Concentration of Credit Risks —The primary financial instruments that could potentially subject the Company to concentrations of credit risks are accounts receivable. The Company’s concentration of credit risk with respect to accounts receivable is limited due to the significant size of its customer base, which is primarily homogeneous in nature.

Financial Instruments —The Company’s financial instruments consist primarily of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, debt, preferred securities, and derivative financial instruments. Due to their short-term and/or liquid nature, the fair values of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable approximated their respective carrying values as of December 31, 2017 and 2016 .

Cash Equivalents —Included in cash and cash equivalents are investments in money market mutual funds, which were $51 million as of December 31, 2017 , and were not material as of December 31, 2016 . These investments are classified as Level 1 for purposes of fair value measurement.

Long-Term Debt Instruments and Preferred Securities —The fair values of the Company’s debt instruments were determined using broker-quoted market prices, which are considered Level 2 inputs. The carrying amount of debt outstanding, if any, under the Company’s revolving credit facilities approximates fair value as interest rates on these borrowings approximate current market rates, and are considered Level 2 inputs. The fair value of the Koch Preferred Securities (as defined in Note 3 “Acquisitions”) was estimated using a discounted cash-flow approach in conjunction with a binomial lattice interest rate model to incorporate the contractual dividends and the Company’s ability to redeem the Koch Preferred Securities. Key input assumptions to the valuation analysis are the credit spread, yield volatility, and expected time to redemption, which are considered Level 3 inputs. The credit spread was estimated using the credit spread at issuance of the Koch Preferred Securities and adjusted for the change in observed publicly traded debt of the Company between the issuance date and the measurement date. The yield volatility estimate was based on the historical yield volatility observed from comparable public high yield debt, and the expected time to redemption was based on the Company’s expectations regarding redemption following the IPO. Refer to Note 5 “Debt” and Note 6 “Mandatorily Redeemable Preferred Securities” for further discussion.

The carrying values and fair values of the Company's debt and Koch Preferred Securities that are subject to fair value disclosures as of December 31, 2017 and 2016 were as follows:

	December 31, 2017		December 31, 2016	
(in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt instruments, excluding capital lease obligations	$ 10,128,020	$ 10,868,626	$ 9,464,251	$ 10,014,292
Koch Preferred Securities	$ 682,449	$ 924,700	$ 633,691	$ 776,800

Derivative Financial Instruments —All derivative financial instruments are reported on the Consolidated Balance Sheets at fair value. The Company has not designated any of its derivative financial instruments as hedges, and therefore, all changes in fair value are recognized in the Consolidated Statements of Operations. Refer to Note 9 "Derivative Financial Instruments" for further discussion.

Translation of Foreign Currency —The Company's consolidated financial statements are reported in U.S. dollars. A portion of the Company's business is transacted in Canadian dollars. The functional currency of Company's Canadian entities is the Canadian dollar. The assets and liabilities of the Company's Canadian entities are translated into U.S. dollars using rates of exchange at the balance sheet date and translation adjustments are recorded in accumulated other comprehensive loss in the Consolidated Balance Sheets. Revenues and expenses are translated at average monthly rates of exchange in effect during the year.

Income Taxes —The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. The calculation of income taxes for the Company requires a considerable amount of judgment and use of both estimates and allocations.

In determining taxable income for the Company's consolidated financial statements, the Company must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative losses in the most recent years, and its forecast of future taxable income. In estimating future taxable income, the Company develops assumptions including the amount of future pre-tax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage its underlying businesses.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management records the effect of a tax rate or law change on the Company's deferred tax assets and liabilities in the period of enactment. Future tax rate or law changes could have a material effect on the Company's results of operations, financial condition, or cash flows. Refer to Note 7 "Income Taxes" for further discussion.

Loss Contingencies —The Company records accruals for various contingencies including legal proceedings and other claims that arise in the normal course of business. The accruals are based on judgment, the probability of losses, and where applicable, the consideration of opinions of internal and/or external legal counsel, and actuarially determined estimates. The Company records an accrual when a loss is deemed probable to occur and is reasonably estimable. Additionally, the Company records insurance recovery receivables from third-party insurers when recovery has been determined to be probable.

Guarantees —In the normal course of business, the Company is liable for contract completion and product performance. The Company does not believe such obligations will significantly affect its financial position, results of operations, or cash flows. As of December 31, 2017 and 2016 , the Company had no material guarantees other than $54 million and $53 million , respectively, primarily in standby letters of credit related to its insurance programs.

Hurricanes —During the year ended December 31, 2017 , there were three hurricanes impacting certain areas in which the Company operates that resulted in power outages and service disruptions to certain customers of the Company. The financial impact from these hurricanes to the year ended December 31, 2017 results was not material. The Company will continue to evaluate any potential financial and business impacts these hurricanes may have on future periods.

Recently Issued Accounting Pronouncements —In May 2014, the Financial Accounting Standards Board ("FASB") issued authoritative guidance, which sets forth a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Companies may use either a full retrospective or a modified retrospective approach to adopt this guidance. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. This guidance, including subsequently issued amendments by the FASB, will be effective for the Company in the first quarter of 2018.

The Company has elected to adopt the requirements of this new standard using the modified retrospective transition method, whereby the cumulative effect of initially applying the new standard is recognized as an adjustment to the opening balance of stockholders' equity. Based upon the Company's assessment of the impact of adopting this new standard, the most significant impact of the standard will be related to the timing of recognition for certain incremental selling costs associated with acquiring new customers. Under the new standard, such costs that are deferred will primarily be amortized over the customer life rather than the initial contract term. In addition, the adoption of this standard will also impact the allocation of transaction price to certain sales of security systems sold outright to customers, which is expected to result in recognition of a higher amount of upfront installation revenue and lower amount of monitoring and related services revenue in future periods. The Company expects to record approximately $46 million to opening accumulated deficit on January 1, 2018 for the cumulative effect of adopting this new guidance, which is primarily related to adjustments associated with certain incremental selling costs associated with acquiring new customers.

In January 2016, the FASB issued authoritative guidance related to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, this update clarifies the guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from the unrealized losses on available-for-sale debt securities. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. This guidance will be effective for the Company in the first quarter of 2018. Entities may early adopt the provision within this guidance to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. An entity should apply the amendments in the standard by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments in the standard that address equity securities without readily determinable fair values should be applied prospectively to equity investments that exist as of the date of adoption of the standard. The Company does not expect this guidance to have a material impact to its financial position, results of operations, or cash flows upon adoption.

In February 2016, the FASB issued authoritative guidance on accounting for leases. This new guidance requires lessees to recognize a right-to-use asset and a lease liability for substantially all leases and to disclose key information about leasing arrangements. The recognition, measurement, and presentation of expenses and cash flows for lessees will remain significantly unchanged from current guidance. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. This guidance will be effective for the Company in the first quarter of 2019. Early adoption is permitted. The guidance is to be adopted using a modified retrospective approach as of the earliest period presented. The Company is currently evaluating the impact of this guidance.

In November 2016, the FASB issued authoritative guidance amending the presentation of restricted cash within the Statement of Cash Flows. The new guidance requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company will adopt this guidance in the first quarter of 2018, using the retrospective transition approach for all periods presented. The adoption of this guidance will only impact the presentation of certain items in the Company's Consolidated Statements of Cash Flows.

In January 2017, the FASB issued authoritative guidance to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance will be effective for the Company for annual or any interim goodwill impairment tests beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests.

In May 2017, the FASB issued authoritative guidance that addresses changes to the terms or conditions of a share-based payment award, specifically regarding which changes to the terms or conditions of a share-based payment award would require modification accounting. This guidance does not change the accounting for modifications, but clarifies that an entity should apply modification accounting except when the fair value, vesting conditions, and classification of the modified award are the same as the original award immediately before the original award is modified. The Company will adopt this guidance in the first quarter of 2018. The Company will apply this guidance to any future modifications of its share-based awards upon adoption.

3. Acquisitions

The ADT Acquisition

On May 2, 2016, the Company completed its acquisition of The ADT Corporation, a leading provider of monitored security, interactive automation, and related monitoring services in the United States and Canada. The ADT Acquisition provides the Company the ability to continue to expand its market presence in the security industry by leveraging The ADT Corporation brand name and other best practices.

Upon completion of the ADT Acquisition, The ADT Corporation shareholders received $42.00 in cash, without interest and subject to applicable withholding taxes, for each share of common stock held immediately prior to the closing of the ADT Acquisition.

Additionally, pursuant to the agreement to acquire The ADT Corporation, all outstanding stock option awards, and restricted stock awards (except for certain performance share awards), held by The ADT Corporation employees were automatically canceled and converted into the right to receive cash consideration of $42.00 per share. Outstanding performance share awards held by The ADT Corporation employees were canceled and converted into the right to receive cash at 115% of the target award, and will be paid only if the requisite service period vesting conditions are met or if The ADT Corporation employee is separated from the Company under certain conditions.

Total consideration in connection with the ADT Acquisition was $12,114 million , which includes the assumption of The ADT Corporation's then outstanding debt (inclusive of capital lease obligations) at fair value of $3,551 million on the acquisition date and cash at the time of closing of $54 million .

The Company funded the ADT Acquisition, as well as amounts due for merger costs, using the net proceeds from a combination of the following:

(i) equity proceeds of $3,571 million , net of issuance costs, which resulted from equity issuances by the Company and Ultimate Parent to the Company's Sponsor and certain other investors;

(ii) incremental first lien term loan borrowings of $1,555 million and issuance of $3,140 million aggregate principal amount of second-priority secured notes (the "Prime Notes"); and

(iii) issuance by ADT Inc. of 750,000 shares of Series A preferred securities ("the Koch Preferred Securities") and issuance by Ultimate Parent of detachable warrants for the purchase of Class A-1 Units in Ultimate Parent (the "Warrants") to an affiliate of Koch Industries, Inc. (the "Koch Investor") for an aggregate amount of $750 million. The Company allocated $659 million to the Koch Preferred Securities, which is reflected net of issuance costs of $27 million as a liability in the Company's Consolidated Balance Sheets. The Company allocated the remaining $91 million in proceeds to the Warrants, which was contributed by Ultimate Parent in the form of common equity to the Company, net of $4 million in issuance costs.

The Company accounted for the ADT Acquisition using the acquisition method of accounting for business combinations, whereby the total purchase price was allocated to the net tangible and intangible assets acquired and liabilities assumed, based on estimated fair values as of the acquisition date, with the excess of the purchase price over the fair values of the acquired net assets allocated to goodwill. The goodwill associated with the ADT Acquisition is not deductible for income tax purposes.

The purchase price allocation, as reflected in these consolidated financial statements, was based on estimates from currently available information. The following table summarizes the allocation of the purchase price to the estimated fair values of the net tangible and intangible assets acquired and liabilities assumed for The ADT Corporation at the date of acquisition:

Fair value of assets acquired and liabilities assumed:

(in thousands)

Current assets	$	281,215
Property and equipment		296,246
Definite-lived intangible assets		6,245,564
Goodwill		4,126,512
Indefinite-lived intangible assets		1,333,000
Subscriber system assets		2,739,383
Other assets		167,454
Current liabilities		(626,707)
Long-term debt (excluding capital lease obligations)		(3,519,351)
Deferred tax liabilities, net		(2,330,491)
Other liabilities		(149,409)
Total consideration transferred	$	8,563,416

Significant assumptions inherent in developing the valuations included the estimated annual net cash flows for each indefinite-lived or definite-lived intangible asset (including net sales, cost of revenue, selling and marketing costs, and working capital/contributory asset charges), the discount rate that appropriately reflects the risk inherent in each future cash flow stream, the assessment of each asset's life cycle, as well as other factors. The primary assumptions used in the financial forecasts were developed using historical data, supplemented by current and anticipated market conditions, estimated growth rates, and attrition rates.

Goodwill from the ADT Acquisition was assigned to both the United States and Canada reporting units. Goodwill primarily represents the value of the assembled workforce, the value attributable to future customer additions and expansion of services to both new and existing customers, and expected synergies from combining operations.

Trade receivables and payables, as well as certain other current and non-current assets and liabilities were valued at the existing carrying values as they were determined to represent the fair value of those items at the time of the ADT Acquisition.

Property and equipment and subscriber system assets have been valued using the cost approach, which is based on current replacement and/or reproduction cost of the asset as new, less depreciation attributable to physical, functional, and economic factors.

Indefinite-lived intangible assets consist of the ADT trade name. The ADT trade name has been valued using the relief from royalty method. The relief from royalty method is an income approach that estimates the cost savings that accrue to the Company, which it would otherwise have to pay in the form of royalties or license fees on revenues earned through the use of the asset.

Definite-lived intangible assets consist of customer relationships, dealer relationships under the ADT Authorized Dealer Program, and other intangible assets. Customer relationships and dealer relationships were valued using the excess earnings method. The excess earnings method is an income approach that estimates the amount of residual (or excess) cash flows generated by an asset, which are reduced by certain contributory asset charges that represent the charges for the use of the asset. As of the acquisition date, customer relationships have a weighted average remaining useful life of approximately 6 years, and are amortized on an accelerated basis. Dealer relationships have a remaining life of 19 years and are amortized on a straight-line basis. The values assigned to other definite-lived intangible assets were not material to the consolidated financial statements.

The fair value of long-term debt assumed in the ADT Acquisition was determined using broker-quoted market prices of identical or similar instruments.

Deferred tax liabilities, net, which includes deferred tax assets and liabilities as of the acquisition date, represent the expected future tax consequences of temporary differences between the fair values of the assets acquired and liabilities assumed and their tax bases.

For the year ended December 31, 2016, the Company incurred $311 million in merger related costs on a pre-tax basis in connection with the ADT Acquisition. These costs consisted of (i) financing costs associated with unused bridge and backstop credit facilities, (ii) transaction fees paid to Apollo, (iii) incremental stock-based compensation expense as a result of the acceleration of vesting of all unvested stock options and restricted stock units outstanding as of the ADT Acquisition date, and (iv) other merger related costs such as advisory fees, legal, accounting, and other professional costs. These costs are reflected in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations.

Formation Transactions

The Formation Transactions were completed on July 1, 2015, and were funded by a combination of equity invested by Apollo and the Predecessor's management of $755 million, as well as borrowings under (i) a first lien credit facility, which included a term loan facility with an initial borrowing amount of $1,095 and a $95 million revolving credit facility, and (ii) a second lien term loan facility with an initial borrowing amount of $260 million (see Note 5 "Debt" for further discussion).

Cash from these transactions was used to repay outstanding borrowings, purchase all of the outstanding stock of Alarm Security Group LLC (the primary operating entity of ASG), settle share-based awards, purchase equity units of the Company, and pay transaction fees and expenses. In addition, a portion of the total purchase price was placed in escrow to cover potential adjustments to the purchase consideration associated with general representations and warranties and adjustments to tangible net worth.

Total consideration in connection with the Protection One Acquisition and ASG Acquisition was $1,526 million and $509 million , respectively.

The Company incurred costs associated with the Formation Transactions of approximately $20 million and $3 million during the Successor and Predecessor 2015 Periods, respectively. These costs consisted of accounting, investment banking, legal, and other professional fees associated with the Formation Transactions, and are included in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations. In addition, transaction costs of $14 million, that were contingent upon the Protection One Acquisition, were paid on July 1, 2015, and were included as part of the consideration for the Predecessor.

Pro Forma Results

The following summary, prepared on a pro forma basis, presents the Company's unaudited consolidated results of operations for the years ended December 31, 2016 and December 31, 2015 as if the ADT Acquisition had been completed as of January 1, 2015, and as if the Formation Transactions had been completed as of January 1, 2014. The pro forma results below include the impact of certain adjustments related to the amortization of intangible assets, merger related costs incurred as of the acquisition dates, and interest expense on related borrowings, and in each case, the related income tax effects, as well as certain other post-acquisition adjustments directly attributable to the acquisitions. This pro forma presentation does not include any impact of transaction synergies. The pro forma results are not necessarily indicative of the results of operations that actually would have been achieved had the ADT Acquisition and the Formation Transactions been consummated as of those dates:

(in thousands)	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**
Total Revenue	$ 4,104,071	$ 3,975,173
Net loss	(541,840)	(552,582)

Revenues and net loss attributable to ADT of $2,260 million and $78 million , respectively, are included in the Consolidated Statements of Operations from the acquisition date, May 2, 2016, to December 31, 2016.

Other Acquisitions

From time to time, the Company may pursue acquisitions of companies that either strategically fit with the Company's existing core business or expand the Company's security and monitoring solutions in new and attractive adjacent markets. The Company acquired four businesses during the year ended December 31, 2017 for total consideration of approximately $79 million . Cash paid for these businesses was $64 million , net of cash acquired. In addition, the Company recorded preliminary amounts of approximately $37 million of goodwill and approximately $21 million of customer relationships in the Consolidated Balance Sheet as of December 31, 2017 related to these acquisitions.

Dealer Generated Customer Accounts and Bulk Account Purchases

The Company paid $653 million and $407 million for customer contracts for electronic security services generated under the ADT Authorized Dealer Program and bulk account purchases during the year ended December 31, 2017 , and the period from the date of the ADT Acquisition, May 2, 2016, to December 31, 2016 , respectively.

4. Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill are as follows:

(in thousands)	
Balance as of December 31, 2015	$ 927,896
Acquisition (The ADT Corporation)	4,126,532
Currency translation and other	(41,052)
Balance as of December 31, 2016	5,013,376
Acquisitions	37,491
Currency translation and other	19,719
Balance as of December 31, 2017	$ 5,070,586

The Company did not record any goodwill impairment charges in any period presented. Refer below for further discussion around the Company's annual impairment tests.

Other Intangible Assets

The following table sets forth the gross carrying amounts and accumulated amortization of the Company's other intangible assets as of December 31, 2017 and 2016 :

	December 31, 2017		December 31, 2016	
(in thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Definite-lived intangible assets:				
Contracts and related customer relationships	$ 6,748,355	$ (1,749,327)	$ 6,046,702	$ (756,068)
Dealer relationships	1,605,910	(146,299)	1,600,231	(60,570)
Other	195,363	(130,227)	202,502	(57,048)
Total amortizable intangible assets	8,549,628	(2,025,853)	7,849,435	(873,686)
Indefinite-lived intangible assets:				
Trade names	1,333,000	—	1,333,000	—
Total intangible assets	$ 9,882,628	$ (2,025,853)	$ 9,182,435	$ (873,686)

For the year ended December 31, 2017 , the changes in the net carrying amount of customer contracts acquired and customer relationships were as follows:

(in thousands)

Balance as of December 31, 2016	$ 5,290,634
Acquisition of customer relationships	20,632
Customer contract additions, net of dealer charge-backs	654,488
Amortization	(989,553)
Currency translation and other	22,827
Balance as of December 31, 2017	$ 4,999,028

The weighted-average amortization period for customer contract additions primarily purchased through the ADT Authorized Dealer Network during the year ended December 31, 2017 was 15 years . Amortization expense for definite-lived intangible assets for the periods presented was as follows:

	Successor			Predecessor
(in thousands)	**Year Ended December 31, 2017**	**Year Ended December 31, 2016**	**From Inception through December 31, 2015**	**Period from January 1, 2015 through June 30, 2015**
Definite-lived intangible asset amortization expense	$ 1,164,283	$ 800,203	$ 74,126	$ 17,157

The estimated aggregate amortization expense over the next five years for definite-lived intangible assets is expected to be as follows:

(in thousands)

2018	$	1,141,790
2019	$	1,057,330
2020	$	1,019,182
2021	$	929,784
2022	$	593,314

In addition, the Company's indefinite-lived intangible assets as of December 31, 2017 is solely comprised of $1,333 million related to the ADT trade name acquired as part of the ADT Acquisition that was assigned to the United States reporting unit.

Annual Goodwill and Indefinite-Lived Intangible Asset Impairment Analysis

The Company assesses goodwill for impairment annually on the first day of the fourth quarter of each year, or more frequently if events or changes in business circumstances indicate that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. The Company tests goodwill for impairment by comparing the fair value of the Company's reporting units with their respective carrying values.

As discussed in Note 1 "Basis of Presentation," in connection with the change in the Company's reporting units during the second quarter of 2017, the Company tested goodwill for the historical retail, wholesale, and ADT United States reporting units for impairment. The fair values of the reporting units tested were determined under a discounted cash flow approach, which utilized forecast cash flows that were then discounted using an estimated weighted-average cost of capital of market participants. In determining fair value, management relies on and considers a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, and other market data. There are inherent uncertainties related to these factors that require judgment in applying them during these impairment tests. As a result of the impairment tests, the fair values of the Company's historical retail, wholesale, and ADT United States reporting units each substantially exceeded its respective carrying value, resulting in no impairment. Following the reporting unit change during the second quarter of 2017, the United States reporting unit consists entirely of the historical retail, wholesale, and ADT United States reporting units.

The Company qualitatively tested the goodwill associated with the United States reporting unit for impairment on October 1, 2017, the Company's annual test date, due to the recency of the quantitative test performed, as described above. As a result of the qualitative test, the Company concluded that it was not more likely than not that the fair value of the United States reporting unit was less than the respective carrying value.

On October 1, 2017, the Company quantitatively tested the goodwill associated with the Canada reporting unit for impairment. The fair value of the Canada reporting unit that was tested for impairment was determined using a discounted cash flow approach, which utilized forecast cash flows that were then discounted using an estimated weighted-average cost of capital of market participants. In determining fair value, management relies on and considers a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, and other market data. There are inherent uncertainties related to these factors, which require judgment in applying them during the annual impairment test. The fair value of the reporting unit exceeded the respective carrying value, resulting in no goodwill impairment.

Additionally, on October 1, 2017, the Company quantitatively tested the ADT trade name for impairment. When performing the test, the Company compares the carrying value of the trade name to its fair value, and if the carrying value exceeds the fair value, this excess would be recorded as an impairment charge and the asset would be subsequently written down to its estimated fair value. When estimating the fair value of the ADT trade name, the Company uses the relief from royalty method, which is an income approach that estimates the cost savings that accrue to the Company that it would otherwise have to pay in the form of royalties or license fees on revenues earned through the use of the asset. The utilization of the relief from royalty method requires the Company to make significant assumptions including revenue growth rates, the implied royalty rate, and the discount rate. As a result of the test, the fair value of the ADT trade name substantially exceeded its respective carrying value, resulting in no impairment.

While the Company's impairment tests resulted in fair values in excess of carrying values, if the Company's assumptions are not realized, or if there are changes in any of the assumptions in the future due to a change economic conditions, it is possible that in the future an impairment charge may need to be recorded.

5. Debt

Debt as of December 31, 2017 and 2016 was comprised of the following:

(in thousands)	December 31, 2017	December 31, 2016
Current maturities of long-term debt:		
First Lien Term B-1 Loan due 2022	$ 35,537	$ 27,626
Capital lease obligations	12,523	12,662
Current maturities of long-term debt	48,060	40,288
Long-term debt:		
First Lien Term B-1 Loan due 2022	3,500,567	2,734,975
Prime Notes due 2023	3,140,000	3,140,000
4.875% First-Priority Senior Secured Notes due 2032	547,832	547,832
5.250% Notes due 2020	313,506	313,506
6.250% Notes due 2021	1,050,000	1,050,000
3.500% Notes due 2022	940,470	940,470
4.125% Notes due 2023	651,000	651,000
4.875% Notes due 2042	16,543	16,543
Revolving Credit Facilities	—	140,000
Unamortized discount and deferred financing costs	(82,610)	(103,564)
Accretion of purchase accounting fair value adjustment	15,175	5,863
Capital lease obligations	28,643	33,057
Total long-term debt	10,121,126	9,469,682
Total debt	$ 10,169,186	$ 9,509,970

First Lien Credit Agreement

Concurrently with the consummation of the Formation Transactions, the Company entered into a first lien credit agreement dated as of July 1, 2015 (the ”First Lien Credit Agreement”), which included a term loan facility with an initial aggregate principal amount of $1,095 million maturing on July 1, 2021 (the “First Lien Term B Loan”) and a first lien revolving credit facility maturing on July 1, 2020, with an aggregate commitment of up to $95 million (the “2020 Revolving Credit Facility” and, together with the First Lien Term B Loan, the “First Lien Credit Facilities”).

The interest rate for the First Lien Term B Loan was originally calculated as a margin of 4.00% over the greater of three-month London Interbank Offered Rate (“LIBOR”) or a floor of 1.00% and was payable on each interest payment date, at least quarterly, in arrears. In addition, the First Lien Credit Agreement requires the Company to pay a commitment fee between 0.375% and 0.50% (determined based on a net first lien leverage ratio) in respect of the unused commitments under the Revolving Credit Facilities (as defined below).

First Lien Credit Facilities Amendments

On May 2, 2016, in connection with the ADT Acquisition, the Company amended and restated its First Lien Credit Agreement. Significant terms consist of the following:

- The Company issued an incremental first lien term loan facility in an aggregate principal amount of $1,555 million, maturing on May 2, 2022 (the “First Lien Term B-1 Loan”) and received net cash proceeds totaling $1,516 million. The interest rate for the First Lien Term B-1 Loan is calculated as a margin of 4.50% (subsequently reduced following amendments and restatements of the First Lien Credit Agreement described below) over the greater of LIBOR or a floor of 1.00% and is payable on each interest payment date, at least quarterly, in arrears.
- The Company entered into an incremental first lien revolving credit facility, with an aggregate commitment of up to $255 million, maturing on May 2, 2021 (the “2021 Revolving Credit Facility”) (collectively, with the 2020 Revolving Credit Facility, the “Revolving Credit Facilities”).
- ADT and its domestic subsidiaries were added as guarantors under the First Lien Credit Agreement.

- In connection with the amendment and restatement, the applicable margins utilized for the First Lien Term B Loan and the 2020 Revolving Credit Facility were increased from 4.00% to 4.50%.

On June 23, 2016, the Company amended and restated its First Lien Credit Agreement, dated as of July 1, 2015, and as amended and restated as of May 2, 2016. Significant terms consist of the following:

- The Company issued an incremental first lien term loan facility, in an aggregate principal amount of $125 million, maturing on May 2, 2022 (the "Incremental First Lien Term B-1 Loan") and received net cash proceeds totaling $108 million. The proceeds were used to pay down a portion of the outstanding principal balance on the Second Lien Term B Loan on July 1, 2016, see below for further discussion. The interest rate for the Incremental First Lien Term B-1 Loan is calculated as a margin of 3.75% over the greater of LIBOR or a floor of 1.00% and is payable on each interest payment date, at least quarterly, in arrears.
- The Company reallocated an aggregate principal amount of $172 million from the First Lien Term B Loan to the First Lien Term B-1 Loan.
- The applicable margin utilized in the calculation of interest for all term borrowings under the First Lien Credit Agreement was decreased from 4.50% to 3.75%, and the applicable margin with respect to borrowings under the Revolving Credit Facilities remained at 4.50%, subject to adjustment to 4.25% pursuant to a leverage-based pricing grid.

On December 28, 2016 (together with May 2, 2016 and June 23, 2016, the "2016 First Lien Credit Agreement Amendment Dates"), the Company amended and restated its First Lien Credit Agreement, dated as of July 1, 2015, and as amended and restated as of May 2, 2016 and June 23, 2016 (collectively, the "First Lien Credit Agreement Amendments"). Significant terms consist of the following:

- The Company allocated the remaining outstanding principal amount of $916 million from the First Lien Term B Loan to the First Lien Term B-1 Loan.
- The applicable margin utilized in the calculation of interest for all Eurocurrency borrowings under the First Lien Credit Agreement was decreased from 3.75% to 3.25%, and the applicable margin with respect to Eurocurrency borrowings under the Revolving Credit Facilities remained at 4.50%, subject to adjustment to 4.25% pursuant to a leverage-based pricing grid.

On February 13, 2017, the Company amended and restated the First Lien Credit Agreement as amended and restated on May 2, 2016, June 23, 2016, and December 28, 2016.

Significant terms of the February 13, 2017 amendment and restatement consist of the following:

- The Company issued an incremental first lien term loan facility under the First Lien Credit Agreement in an aggregate principal amount of $800 million (the "2017 Incremental First Lien Term B-1 Loan"). The 2017 Incremental First Lien Term B-1 Loan has the same terms as the existing first lien term loan under the First Lien Credit Agreement.
- Certain covenants under the First Lien Credit Agreement governing restricted payments were amended to permit the Company to fund one or more distributions to the Company's equity holders and Ultimate Parent in an aggregate amount not to exceed $795 million (collectively, the "Special Dividend").

During the year ended December 31, 2017, the net proceeds from the 2017 Incremental First Lien Term B-1 Loan, together with cash on hand, were used to fund distributions of $750 million of the Special Dividend, and to pay related fees and expenses.

On June 29, 2017, the Company further amended and restated its First Lien Credit Agreement. Under the June 29, 2017 amendment and restatement, the applicable margin utilized in the calculation of interest for all term borrowings under the First Lien Credit Agreement decreased from 3.25% to 2.75%, and the applicable margin with respect to borrowing under the Revolving Credit Facilities remained at 4.50%, subject to adjustment to 4.25% pursuant to a leverage-based pricing grid.

As a result of the February and June 2017 amendments and restatements to the First Lien Credit Agreement and the payment of the Special Dividend, the Company incurred fees of $64 million during the year ended December 31, 2017. These fees are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

As a result of the 2016 First Lien Credit Agreement Amendments noted above, the Company incurred third party modification fees of $22 million , a significant portion of which is included in merger, restructuring, integration, and other costs in the Consolidated Statement of Operations for the year ended December 31, 2016 .

The Company's obligations relating to the First Lien Credit Facility are guaranteed, jointly and severally, on a senior secured first-priority basis, by substantially all of the Company's domestic subsidiaries and are secured by first-priority security interests in substantially all of the domestic assets of the Company, subject to certain permitted liens and exceptions.

The First Lien Term B-1 Loan requires scheduled quarterly payments in annual amounts equal to 1.0% of the original principal amount of the term loan, as subsequently adjusted for the principal amount of the term loan outstanding on each of the 2016 First Lien Credit Agreement Amendment Dates, with the balance payable at maturity.

In addition, the Company is required to make mandatory prepayments on outstanding term loan borrowings with the Company's excess cash flow, as defined in the First Lien Credit Agreement, if it exceeds certain specified thresholds.

Second Lien Credit Agreement

Concurrently with the consummation of the Formation Transactions, the Company entered into a second lien credit agreement (the "Second Lien Credit Agreement"), which included second lien term loan facility with an initial aggregate principal amount of $260 million maturing on July 1, 2022 (the "Second Lien Term B Loan" and, together with the First Lien Credit Facilities, the "Credit Facilities"). Additionally, on May 2, 2016, ADT and its domestic subsidiaries were also added as guarantors under the Second Lien Credit Agreement. The Second Lien Credit Agreement was not otherwise amended or modified. The interest rate for the Second Lien Term B Loan was originally calculated as a margin of 8.75% over the greater of three-month LIBOR or a floor of 1.00%, payable in arrears.

Additionally, and as discussed above, in July 2016, the Company used the proceeds received from the Incremental First Lien Term B-1 Loan to voluntarily prepay $125 million of the Second Lien Term B Loan. In October 2016, the Company voluntarily prepaid the remaining outstanding balance of $135 million of the Second Lien Term B Loan using proceeds from operations, and terminated the Second Lien Credit Agreement.

During the year ended December 31, 2017 , loss on extinguishment of debt associated with the February and June 2017 amendments and restatements to the First Lien Credit Facilities was $4 million . During the year ended December 31, 2016 , loss on extinguishment of debt was $28 million, $14 million of which relates to the 2016 First Lien Credit Agreement Amendments noted above and $14 million relates to the write-off of deferred financing costs and discount in connection with the voluntary paydown of the Second Lien Term B Loan. Loss on extinguishment of debt is included in other income (expense) in the Consolidated Statements of Operations.

Revolving Credit Facilities

As of December 31, 2016 , the Company had $140 million of outstanding borrowings under the Revolving Credit Facilities, which the Company repaid in its entirety during the year ended December 31, 2017 . The applicable margin with respect to term borrowings under the Revolving Credit Facilities remains at 4.50%, subject to adjustment to 4.25% pursuant to a leverage-based pricing grid. As of December 31, 2017 , the Company had $350 million in available borrowing capacity under its Revolving Credit Facilities.

Prime Notes

On May 2, 2016, the Company completed the offering of $3,140 million aggregate principal amount of 9.250% Second-Priority Senior Secured Notes that mature on May 15, 2023 (the "Prime Notes") and received net cash proceeds totaling $3,096 million. Interest on the Prime Notes accrues at 9.250% per annum and will be paid semi-annually, in arrears, on May 15 and November 15 of each year.

The Prime Notes were offered and sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), to persons outside of the United States in compliance with Regulation S under the Securities Act, and to certain accredited investors as defined under Regulation D under the Securities Act. The Prime Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements or a transaction not subject to the registration requirements of the Securities Act or any state securities laws.

The Company's obligations relating to the Prime Notes are guaranteed, jointly and severally, on a senior secured second-priority basis, by substantially all of the Company's domestic subsidiaries and are secured by second-priority security interests in substantially all of the domestic assets of the Company, subject to certain permitted liens and exceptions.

On or after May 15, 2019, the Company may redeem the Prime Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in the Prime Notes Indenture, including exhibits and attachments. In addition, prior

to May 15, 2019, the Company may redeem the Prime Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Prime Notes redeemed, plus a make-whole premium and accrued and unpaid interest to, but excluding, the redemption date. Notwithstanding the foregoing, at any time and from time to time on or prior to May 15, 2019, the Company may redeem in the aggregate up to 40% of the original aggregate principal amount of the Prime Notes (calculated after giving effect to any issuance of additional notes) in an aggregate amount equal to the net cash proceeds of one or more equity offerings at a redemption price equal to 109.250%, plus accrued and unpaid interest, so long as at least 50% of the original aggregate principal amount of the Prime Notes (calculated after giving effect to any issuance of additional notes) shall remain outstanding after each such redemption.

As discussed in Note 1 "Basis of Presentation", on February 21, 2018, the Company redeemed $594 million aggregate principal amount of the Prime Notes and paid the related call premium using a portion of the net proceeds received from the IPO. The aggregate principal amount of Prime Notes outstanding after the repayment was $2,546 million.

ADT Notes

In connection with the ADT Acquisition, $718 million aggregate principal amount of The ADT Corporation's existing 4.875% Notes due 2042 (the "2042 Notes"), held by qualified institutional buyers pursuant to Rule 144A under the Securities Act, persons outside of the United States in compliance with Regulation S under the Securities Act, and accredited investors as defined under Regulation D under the Securities Act, were exchanged for 4.875% First-Priority Senior Secured Notes due 2032 (the "2032 Notes"), which were assumed by the Company. In August 2016, an additional $10 million of 2042 Notes were exchanged for 2032 Notes pursuant to a second supplemental indenture and constitute part of the same series of notes as the $718 million of 2032 Notes. The 2032 Notes will mature on July 15, 2032. Interest on the 2032 Notes accrues at 4.875% per annum and is payable on January 15 and July 15 of each year.

The 2032 Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements or a transaction not subject to the registration requirements of the Securities Act or any state securities laws.

The Company's obligations pertaining to the 2032 Notes are guaranteed, jointly and severally, on a senior secured first-priority basis, by substantially all of the Company's existing domestic subsidiaries and are secured by substantially all of the Company's existing and future domestic assets.

The Company may redeem the 2032 Notes, in whole at any time or in part from time to time, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon due on any date after the redemption date discounted to the redemption date at the applicable treasury rate plus 35 basis points.

In connection with the ADT Acquisition, the Company was added as a guarantor to the following notes originally issued by The ADT Corporation (collectively, the "ADT Notes"). These notes remained outstanding and became obligations of the combined Company:

- $300 million aggregate principal amount of 5.250% Senior Notes due 2020, which will mature on March 15, 2020. Interest is payable on March 15 and September 15 of each year;
- $1,000 million aggregate principal amount of 6.250% Senior Notes due 2021, which will mature on October 15, 2021. Interest is payable on April 15 and October 15 of each year;
- $1,000 million aggregate principal amount of 3.500% Notes due 2022, which will mature on July 15, 2022. Interest is payable on January 15 and July 15 of each year;
- $700 million aggregate principal amount of 4.125% Senior Notes due 2023, which will mature on June 15, 2023. Interest is payable on June 15 and December 15 of each year;
- $32 million aggregate principal amount of 4.875% Senior Notes due 2042, which will mature on July 15, 2042. Interest is payable on January 15 and July 15 of each year. As discussed above, in August 2016, an additional $10 million of 2042 Notes were exchanged for 2032 Notes pursuant to a second supplemental indenture.

The Company may redeem the ADT Notes, in whole at any time or in part from time to time, at a redemption price equal to the principal amount of the notes to be redeemed, plus a make-whole premium, plus accrued and unpaid interest to, but excluding, the redemption date.

In connection with the ADT Acquisition, the Company also entered into supplemental indentures providing for each series of ADT Notes to benefit from (i) guarantees by the Company and substantially all of its domestic subsidiaries and (ii) first-priority security interests, subject to permitted liens, in substantially all of the Company's existing and future domestic assets.

Debt Covenants

The credit agreement and indentures associated with the borrowings above contain certain covenants and restrictions that limit the Company's ability to, among other things, 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 the capital stock or make other restricted payments, consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets, sell assets, enter into certain transactions with the affiliates, enter into sale-leaseback transactions, restrict dividends from the Company's subsidiaries or restrict liens, change the Company's fiscal year; and modify the terms of certain debt or organizational agreements.

The Company is also subject to a springing financial maintenance covenant under the Revolving Credit Facilities, which requires the Company to not exceed a specified leverage ratio at the end of each fiscal quarter. The covenant is tested if the outstanding loans under the Revolving Credit Facilities, subject to certain exceptions, exceed 30% of the total commitments under the Revolving Credit Facilities at the testing date (i.e., the last day of any fiscal quarter).

Additionally, upon the occurrence of specified change of control events, the Company must offer to purchase the Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date.

Other

Aggregate annual maturities of long-term debt and capital lease obligations as of December 31, 2017 are as follows:

(in thousands)	
2018	$ 50,315
2019	48,083
2020	345,237
2021	1,041,207
2022	4,396,292
Thereafter	4,590,178
Total	10,471,312
Less: unamortized discount and deferred financing costs	(82,610)
Less: unamortized purchase accounting fair value adjustment	(215,474)
Less: amount representing interest on capital leases	(4,042)
Total	10,169,186
Less: current maturities of long-term debt	(48,060)
Total long-term debt	$ 10,121,126

Interest expense related to the Company's debt was as follows:

	Successor			Predecessor
(in thousands)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Interest expense	$ 644,830	$ 467,995	$ 45,184	$ 29,178

See Note 2 "Summary of Significant Accounting Policies" for further discussion on the fair value of the Company's debt.

6. Mandatorily Redeemable Preferred Securities

On May 2, 2016 (the "Issuance Date"), and concurrent with the consummation of the ADT Acquisition, the Company issued the Koch Preferred Securities at $0.01 par value per share, and Ultimate Parent issued the Warrants to the Koch Investor for an aggregate amount in cash of $750 million. The Koch Preferred Securities had a stated value of $1,000 per share as of the Issuance Date, which is a contractually stated amount in the certificate of designation which governs the Koch Preferred Securities. The Company allocated $659 million on the Issuance Date to the Koch Preferred Securities, which is reflected net of issuance costs of $27 million, as a liability in the Consolidated Balance Sheet in accordance with authoritative accounting guidance for distinguishing liabilities from equity, as the Koch Preferred Securities have a mandatory redemption feature, which requires repayment at 100% of the stated value, adjusted for any declared but unpaid dividends, on May 2, 2030. The Company allocated the remaining $91 million in proceeds to the Warrants, which was contributed by Ultimate Parent in the form of common equity to the Company, net of $4 million in issuance costs.

The Koch Preferred Securities have a payment priority, liquidation preference, and ranking senior to any other class or series of equity of the Company, subject to certain specified exceptions. The Koch Preferred Securities have no voting rights, except with respect to certain specified actions. The Koch Preferred Securities accrue and accumulate preferential cumulative dividends in arrears on the then current stated value of the Koch Preferred Securities. Dividends are payable quarterly in cash at a rate equal to the daily five-year treasury rate plus 9.00% per annum. In the event that dividends for any quarter are not paid in cash for any reason, dividends for such quarter will accrue and accumulate at a rate equal to the daily five-year treasury rate plus 9.75% per annum and will be added to the then current stated value of the Koch Preferred Securities at the end of such quarter.

The dividend obligation associated with the Koch Preferred Securities is reflected in interest expense, net in the Consolidated Statement of Operations. During the years ended December 31, 2017 and 2016 , the Company paid dividends associated with the Koch Preferred Securities of $41 million and $53 million , respectively. Additionally, during the third and fourth quarters of 2017, in lieu of declaring and paying a dividend on the Koch Preferred Securities, the Company elected to increase the accumulated stated value of such securities, which increased mandatorily redeemable preferred securities on the Consolidated Balance Sheet as of December 31, 2017 by approximately $45 million .

At its discretion, the Company may redeem the Koch Preferred Securities at various redemption prices, adjusted for any accrued but unpaid dividends. From Issuance Date to May 1, 2019, the Koch Preferred Securities may be redeemed at 105.5% of the stated value plus a "make-whole" premium. Thereafter, the Koch Preferred Securities may be redeemed based on varying redemption percentages of stated value through maturity. Redemption of the Koch Preferred Securities prior to maturity will result in a material impact on the Company's consolidated financial statements.

Under the certificate of designation and other definitive agreements governing the Koch Preferred Securities, the holders of a majority of the Koch Preferred Securities have the right, upon the occurrence of certain events, including on or after the tenth anniversary of the closing date of the ADT Acquisition, to require the initiation of a process to consummate:

(i) a sale of the Company and its subsidiaries, including a sale of all or substantially all of the assets of the Company,

(ii) an initial public offering of the common stock of the Company, the net cash proceeds of which must allow for and be used to redeem the Koch Preferred Securities in full, or

(iii) any other transaction resulting in the Company or any of its subsidiaries having sufficient cash on hand used to redeem the Koch Preferred Securities in full.

If any of the above transactions are not consummated within twelve months of such holders' request, then the Koch Investor will have the right to control and implement any such transaction.

Under the certificate of designation, the Company is required to offer to redeem all the Koch Preferred Securities in cash upon the occurrence of (i) any liquidation, dissolution, winding up, or voluntary or involuntary bankruptcy (ii) a change of control, or (iii) any acceleration of long-term debt.

While the Koch Preferred Securities restrict the Company from making dividend payments, the Koch Investor has consented to a one-time distribution on or before June 30, 2018, not to exceed $50 million.

On December 8, 2017, the Koch Investor and the Company amended and restated the Certificate of Designation and the Investors Rights Agreement governing the Koch Preferred Securities (the "Amendments"). The Amendments provide that in the event the Company redeems the Koch Preferred Securities on or after June 30, 2018, but prior to May 2, 2019, the "make-whole" amounts payable in connection with such redemption will be reduced by an amount equal to the sum of (x) the difference between (A) the "make-whole" premium per share calculated on the basis of the accumulated stated value of such share as of such redemption date and (B) the "make-whole" premium per share calculated on the basis of the accumulated stated value of such share as of such redemption date equal to $1,000 (without regard to any compounding dividends with respect to such share as of such redemption date), plus (y) the difference between (A) the aggregate accumulated dividends as of such redemption date for any optional

redemption and (B) the aggregate accumulated dividends as of such redemption date for any optional redemption, calculated assuming that (i) from June 30, 2017 to and including the redemption date, the accrued dividend rate was equal to the daily five-year treasury rate plus 9.00% per annum and (ii) dividends accrued on each date during such period accumulated in arrears on a stated value per share equal to $1,000. In addition, the Company agreed it will deposit into a segregated account an amount in cash equal to at least $750 million (the "Minimum Segregated Account Amount"), which the Company deposited into such account in January 2018 in connection with the IPO. The Company must use funds held in the segregated account solely to redeem the Koch Preferred Securities. In the event the Company shall not maintain the Minimum Segregated Account Amount at any time, the Company will be required to redeem the Koch Preferred Securities in full. Funds held in the segregated account will be reported as restricted cash in the Company's Consolidated Balance Sheet. The Company is required to increase the amounts held in the segregated account in the event the company shall consummate a public offering subsequent to its Initial Offering, but prior to the date that all Koch Preferred Securities should be redeemed in full.

Refer to Note 2 "Summary of Significant Accounting Policies" for information on the fair value of the Company's redeemable preferred securities.

7. Income Taxes

The "Tax Cuts and Jobs Act" ("Tax Reform") was signed into law on December 22, 2017. The legislation, among other things, reduces the U.S. federal corporate income tax rate from 35% to 21%, imposes a mandatory one-time tax on accumulated earnings of foreign subsidiaries, imposes significant limitations on the deductibility of interest, allows for the full expensing of capital expenditures, and puts into effect the migration from a "worldwide" system of taxation to a modified territorial system. In response to Tax Reform, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 118 ("SAB 118") that allows companies to record provisional estimates of the effects of the legislative change, and a one-year measurement period to finalize the accounting of those effects. As of December 31, 2017, the Company has not finalized the analysis of the implications of this legislative change; however, the Company's net deferred tax assets and liabilities have been revalued at the newly enacted U.S. corporate rate, and provisional amounts associated with the legislative change have been recognized in income tax benefit for the year ended December 31, 2017. The total provisional amount recorded as of December 31, 2017 is $690 million and includes a remeasurement of the Company's net deferred tax assets and liabilities as well as the impact of the mandatory one-time tax on accumulated earnings of foreign subsidiaries. Tax Reform includes complex changes that are subject to interpretation by various tax authorities such as the Treasury Department and the IRS and may differ from the Company's preliminary interpretations and analysis. State and local tax authorities also need to assess the impact to their jurisdictions, and may enact changes to their existing laws in response to the changes that have been enacted at the federal level. The Company expects the various tax authorities to issue their respective interpretations and guidance and will continue to assess the impact to the Company's business accordingly. Adjustments may be needed to the provisional amounts recorded in the Company's 2017 consolidated financial statements, and these adjustments may materially impact the consolidated financial statements in the period in which the adjustments are made.

Significant components of loss before income taxes for the periods presented are as follows:

	Successor			Predecessor
(in thousands)	**Year Ended December 31, 2017**	**Year Ended December 31, 2016**	**From Inception through December 31, 2015**	**Period from January 1, 2015 through June 30, 2015**
United States	$ (386,894)	$ (792,118)	$ (84,618)	$ (17,566)
Non-U.S.	(34,792)	(10,620)	—	—
Loss before income taxes	$ (421,686)	$ (802,738)	$ (84,618)	$ (17,566)

Significant components of income tax (benefit) expense for periods presented are as follows:

(in thousands)	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Current:				
United States:				
Federal	$ 3,924	$ (261)	$ —	$ —
State	(2,980)	1,630	126	67
Non-U.S.	11,426	4,992	—	—
Current income tax expense	12,370	6,361	126	67
Deferred:				
United States:				
Federal	(767,901)	(246,089)	(28,165)	663
State	8,176	(19,347)	(2,326)	295
Non-U.S.	(16,958)	(7,076)	—	—
Deferred income tax (benefit) expense	(776,683)	(272,512)	(30,491)	958
Income tax (benefit) expense	$ (764,313)	$ (266,151)	$ (30,365)	$ 1,025

The reconciliations between the actual effective tax rate on continuing operations and the statutory U.S. federal income tax rate for periods presented are as follows:

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Federal statutory tax rate	35.0 %	35.0 %	35.0 %	35.0 %
Increases (reductions) in taxes due to:				
State income taxes, net of federal benefits	(1.4)%	1.5 %	3.8 %	5.0 %
Non-U.S. net earnings	(0.3)%	0.6 %	— %	— %
Nondeductible charges	(11.3)%	(4.1)%	(1.9)%	14.0 %
Valuation Allowance	(2.1)%	— %	(1.0)%	(60.0)%
Unrecognized Tax Benefits	(1.9)%	— %	— %	— %
Tax Reform	163.7 %	— %	— %	— %
Other	(0.4)%	0.2 %	— %	0.2 %
Provision for income taxes	181.3 %	33.2 %	35.9 %	(5.8)%

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes.

The components of the Company's net deferred income tax liability as of December 31, 2017 and 2016 are as follows:

(in thousands)	December 31, 2017	December 31, 2016
Deferred tax assets:		
Accrued liabilities and reserves	$ 50,712	$ 56,649
Tax loss and credit carryforwards	901,326	1,313,756
Postretirement benefits	11,574	19,373
Deferred revenue	56,487	52,058
Other	13,557	7,911
Total deferred tax assets	1,033,656	1,449,747
Valuation allowance	(16,730)	(10,948)
Deferred tax assets net of valuation allowance	$ 1,016,926	$ 1,438,799
Deferred tax liabilities:		
Subscriber system assets	$ (632,789)	$ (734,327)
Intangible assets	(1,734,396)	(2,743,186)
Other	(23,235)	(76,196)
Total deferred tax liabilities	(2,390,420)	(3,553,709)
Net deferred tax liability	$ (1,373,494)	$ (2,114,910)

The valuation allowance for deferred tax assets relates to the uncertainty of the utilization of certain U.S. federal and state deferred tax assets. The Company believes that it is more likely than not that it will generate sufficient future taxable income to realize the tax benefits related to its remaining deferred tax assets, primarily net operating loss ("NOL") carryforwards, on the Company's Consolidated Balance Sheet.

As of December 31, 2017 , the Company had approximately $3,712 million of U.S. Federal NOL carryforwards with expiration periods between 2018 and 2036. Although future utilization will depend on the Company's actual profitability and the result of income tax audits, the Company anticipates that the majority of its NOL carryforwards will be fully utilized prior to expiration. Most of the Company's U.S. Federal NOL carryforwards are subject to limitation due to "ownership changes," which have occurred under Internal Revenue Code (the "Code") Section 382. The Company does not, however, expect that this limitation will impact its ability to utilize its tax attributes. A valuation allowance has been recorded against the portion of the Company's NOL that is not expected to be utilized prior to expiration or due to limitations.

Unrecognized Tax Benefits

As of December 31, 2017 and 2016 , the Company had unrecognized tax benefits of $71 million and $102 million , respectively, all of which if recognized, would affect the effective tax rate. The Company recognized interest and penalties related to unrecognized tax benefits in income tax expense. Accrued interest and penalties related to the unrecognized tax benefits as of December 31, 2017 and 2016 , were not material. All unrecognized tax benefits and related interest were presented as non-current in the Company's Consolidated Balance Sheet as of December 31, 2017 and 2016 .

The following is a rollforward of unrecognized tax benefits for the periods presented:

	Successor			Predecessor
(in thousands)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Beginning balance	$ 101,550	$ 109	$ 150	$ 3,619
Gross increase related to prior year tax positions	70,040	(470)	(41)	(21)
Gross decrease related to prior year tax positions	(42,883)	—	—	—
Increases related to acquisitions	—	102,822	—	—
Decrease related to settlements with taxing authorities	(38,488)	—	—	—
Other changes not impacting the statement of operations	8,137	(911)	—	—
Change in rate due to U.S. Tax Reform	(27,026)	—	—	—
Ending balance	$ 71,330	$ 101,550	$ 109	$ 3,598

During the year ended December 31, 2017 , the Company's gross increases and decreases related to prior year tax positions are primarily associated with deductions claimed in the Company's pre-separation from Tyco tax returns. The Company's uncertain tax positions relate to tax years that are subject to audit by the taxing authorities in the U.S. federal, state and local, and foreign jurisdictions. Based on the current tax statutes and status of its income tax audits, the Company does not expect any significant portion of its remaining unrecognized tax benefits to be resolved in the next twelve months.

Open tax years in significant jurisdictions are as follows:

Jurisdiction	Years Open To Audit
Canada	2012 – 2016
United States	2009 – 2016

Tax Sharing Agreement and Other Income Tax Matters

In connection with the Separation from Tyco, now known as Johnson Controls International plc (and hereinafter referred to as "Tyco"), the Company entered into a tax sharing agreement (the "2012 Tax Sharing Agreement") with Tyco and Pentair Ltd., formerly Tyco Flow Control International, Ltd. ("Pentair") that governs the rights and obligations of The ADT Corporation, Tyco, and Pentair for certain pre-Separation from Tyco tax liabilities, including Tyco's obligations under the tax sharing agreement among Tyco, Covidien Ltd. ("Covidien"), and TE Connectivity Ltd. ("TE Connectivity") entered into in 2007 (the "2007 Tax Sharing Agreement"). The 2012 Tax Sharing Agreement provides that The ADT Corporation, Tyco, and Pentair will share (i) certain pre-Separation from Tyco income tax liabilities that arise from adjustments made by tax authorities to The ADT Corporation's, Tyco's, and Pentair's U.S. and certain non-U.S. income tax returns, and (ii) payments required to be made by Tyco in respect to the 2007 Tax Sharing Agreement (collectively, "Shared Tax Liabilities"). Tyco will be responsible for the first $500 million of Shared Tax Liabilities. The ADT Corporation and Pentair will share 58% and 42%, respectively, of the next $225 million of Shared Tax Liabilities. The ADT Corporation, Tyco, and Pentair will share 27.5%, 52.5%, and 20.0%, respectively, of Shared Tax Liabilities above $725 million.

In addition, under the terms of the 2012 Tax Sharing Agreement, in the event the distribution of The ADT Corporation's common shares to the Tyco shareholders (the "Distribution"), the distribution of Pentair common shares to the Tyco shareholders (the "Pentair Distribution" and, together with the Distribution, the "Distributions"), or certain internal transactions undertaken in connection therewith were determined to be taxable as a result of actions taken by The ADT Corporation, Pentair, or Tyco after the Distributions, the party responsible for such failure would be responsible for all taxes imposed on The ADT Corporation, Pentair or Tyco as a result thereof. Taxes resulting from the determination that the Distribution, the Pentair Distribution, or any internal transaction that were intended to be tax-free is taxable are referred to herein as "Distribution Taxes." If such failure is not the result of actions taken after the Distributions by The ADT Corporation, Pentair, or Tyco, then The ADT Corporation, Pentair, and Tyco would be responsible for any Distribution Taxes imposed on The ADT Corporation, Pentair, or Tyco as a result of such determination in the same manner and in the same proportions as the Shared Tax Liabilities. The ADT Corporation has sole responsibility of any income tax liability arising as a result of Tyco's acquisition of Broadview Security in May 2010, including any liability of Broadview Security under the tax sharing agreement between Broadview Security and The Brink's Company, dated October 31, 2008 (collectively, "Broadview Tax Liabilities"). Costs and expenses associated with the management of Shared Tax Liabilities, Distribution Taxes, and Broadview Tax Liabilities will generally be shared 20.0% by Pentair, 27.5% by The ADT Corporation, and 52.5% by Tyco. The ADT Corporation is responsible for all of its own taxes that are not shared pursuant to the 2012 Tax Sharing Agreement's sharing formulae. In addition, Tyco and Pentair are responsible for their tax liabilities that are not subject to the 2012 Tax Sharing Agreement's sharing formulae.

The 2012 Tax Sharing Agreement also provides that, if any party defaults in its obligation to another party to pay its share of the distribution taxes that arise as a result of no party's fault, each non-defaulting party is required to pay, equally with any other non-defaulting party, the amounts in default. In addition, if another party to the 2012 Tax Sharing Agreement that is responsible for all or a portion of an income tax liability defaults in its payment of such liability to a taxing authority, The ADT Corporation could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, The ADT Corporation may be obligated to pay amounts in excess of its agreed-upon share of its, Tyco's, and Pentair's tax liabilities.

In conjunction with the Separation from Tyco, substantially all of Tyco's outstanding equity awards were converted into like-kind awards of The ADT Corporation, Tyco, and Pentair. Pursuant to the terms of the 2012 Separation from Tyco and Distribution Agreement, each of the three companies is responsible for issuing its own shares upon employee exercises of stock option awards or vesting of restricted stock units. However, the 2012 Tax Sharing Agreement provides that any allowable compensation tax deduction for such awards is to be claimed by the employee's current employer. The 2012 Tax Sharing Agreement requires the employer claiming a tax deduction for shares issued by the other companies to pay a percentage of the allowable tax

deduction to the company issuing the equity. During the years ended December 31, 2017 and 2016, amounts recorded in connection with this arrangement were not material.

8. Commitments and Contingencies

Lease Obligations

The Company leases facilities, vehicles, and equipment that have various lease terms and maturities that extend out through 2026. Rent expense, including vehicles, was $70 million and $55 million for the years ended December 31, 2017 and 2016, respectively. Rent expense was $4 million and $3 million for the Successor and Predecessor 2015 Periods, respectively. Sublease income was not material for all years presented.

The following table provides a schedule of minimum lease payments under non-cancelable operating leases as of December 31, 2017 ($ in thousands):

2018	$	60,379
2019		51,283
2020		40,303
2021		24,948
2022		16,414
Thereafter		16,643
		209,970
Less sublease income		13,523
Total	$	196,447

In addition to operating leases, the Company has commitments under capital leases for certain facilities and vehicles. Capital lease obligations were not material as of December 31, 2017 .

Purchase Obligations

The following table provides a schedule of commitments related to agreements to purchase certain goods and services, including purchase orders, entered into in the ordinary course of business, as of December 31, 2017 ($ in thousands):

2018	$	40,620
2019		6,708
Total	$	47,328

In May 2017, the Company entered into an agreement with one of its suppliers for the purchase of certain security system equipment and components. Based on certain milestones in the agreement, the Company could potentially be required to make purchases in aggregate of up to $150 million over a multi-year period. As of December 31, 2017 , the Company does not have any purchase obligation under this agreement.

Legal Proceedings

The Company is subject to various claims and lawsuits in the ordinary course of business, including from time to time, contractual disputes, employment matters, product and general liability claims, claims that the Company has infringed on the intellectual property rights of others, claims related to alleged security system failures, and consumer and employment class actions. In the ordinary course of business, the Company is also subject to regulatory and governmental examinations, information requests and subpoenas, inquiries, investigations, and threatened legal actions and proceedings. In connection with such formal and informal inquiries, the Company receives numerous requests, subpoenas, and orders for documents, testimony, and information in connection with various aspects of its activities. The Company has recorded accruals for losses that it believes are probable to occur and are reasonably estimable. While the ultimate outcome of these matters cannot be predicted with certainty, the Company believes that the resolution of any such proceedings (other than matters specifically identified below), will not have a material adverse effect on its financial position, results of operations, or cash flows.

Environmental Matters relating to ADT and Protection One

On October 25, 2013, ADT was notified by subpoena that the Office of the Attorney General of California, in conjunction with the Alameda County District Attorney, is investigating whether certain of ADT's electronic waste disposal policies, procedures, and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. During 2016, Protection One was also notified by the same parties that it was subject to a similar investigation. Both the Protection One and ADT investigations are ongoing and the Company is attempting to coordinate joint handling of both investigations and is cooperating fully with the respective authorities. The Company believes its reserves are adequate for this matter.

Wireless Encryption Litigation relating to ADT

The Company is subject to five class action claims regarding wireless encryption in certain ADT security systems. Jurisdictionally, three of the five cases are in Federal Court (in districts within Illinois, Arizona, and California), and both of the remaining two cases are in Florida State Court (both in Palm Beach County Circuit Court). Each of the five plaintiffs brought a claim under the respective state's consumer fraud statute alleging that The ADT Corporation made misrepresentations and material omissions in its advertising regarding the unencrypted wireless signal pathways in certain security systems monitored by The ADT Corporation. The complaints in all five cases further allege that certain security systems monitored by The ADT Corporation are not secure because the wireless signal pathways are unencrypted, and can be easily hacked. On January 10, 2017, the parties agreed to settle all five class action lawsuits. On October 16, 2017, the U.S. District Court for the Northern District of California entered an order granting preliminary approval of the settlement. Notice to class members was issued November 16, 2017, and the settlement is currently in the administration process. A fairness hearing regarding the settlement was conducted on February 1, 2018 and the Court has taken the matter under advisement and requested further submissions from the parties. The deadline for filing claims in the settlement has expired. The settlement administrator will not pay any claims until the Court has made a ruling regarding the fairness of the settlement. The Company believes its reserves are adequate for this matter.

TCPA Class Action relating to 2G-3G Radio Conversion Project

In August 2016, the Company was served with a class action complaint pending in the United States District Court for the Northern District of Georgia filed by a customer alleging that The ADT Corporation violated the Telephone Consumer Protection Act of 1991 ("TCPA") by calling his cell phone, which was the only telephone number he provided to The ADT Corporation for his customer account, as part of The ADT Corporation's efforts to communicate with customers affected by the Federal Communications Commission order allowing wireless carriers to sunset 2G wireless networks. Plaintiff seeks to represent a nationwide class of all The ADT Corporation customers who received such calls to their cell phones from 2013 to present. The premise of the plaintiff's claim is that The ADT Corporation's calls were telemarketing calls, which require a higher level of consent, and not transactional/business relationship calls because The ADT Corporation used the 2G transactional calls in an attempt to sell additional products and services. Plaintiff filed a motion for class certification. The ADT Corporation filed its opposition to class certification and further filed a motion for summary judgment in September 2017. The motions are fully briefed and are pending before the Court. The Company firmly disputes liability in this case.

Income Tax Matters

On September 28, 2012, Tyco distributed to its public stockholders The ADT Corporation's common stock (the "Separation from Tyco"), and The ADT Corporation became an independent public company. In connection with the Separation from Tyco in September 2012, The ADT Corporation entered into 2012 Tax Sharing Agreement that governs the rights and obligations of The ADT Corporation, Tyco, and Pentair Ltd. for certain pre-Separation from Tyco tax liabilities, including Tyco's obligations under the 2007 Tax Sharing Agreement among Tyco, Covidien, now operating as a subsidiary of Medtronic, and TE Connectivity. The ADT Corporation is responsible for all of its own taxes that are not shared pursuant to the 2012 Tax Sharing Agreement's sharing formulae. Tyco and Pentair Ltd. are likewise responsible for their tax liabilities that are not subject to the 2012 Tax Sharing Agreement's sharing formulae. Tyco has the right to administer, control, and settle all U.S. income tax audits for the periods prior to and including the Separation from Tyco.

On May 31, 2016, the U.S. Tax Court entered decisions consistent with the Stipulation of Settled Issues that settled all matters on appeal with respect to audit cycles 1997 through 2007. As a result, Tyco has resolved all aspects of the disputes with respect to these audit cycles before the U.S. Tax Court and before the Appeals Division of the IRS for audit cycles 1997 through 2007. The resolution did not have a material impact on the Company's financial position, results of operations, or cash flows.

During 2015, the IRS concluded its field examination of certain of Tyco's U.S. federal income tax returns for the 2008 and 2009 tax years of Tyco and its subsidiaries. Tyco received Revenue Agents' Reports (the "2008- 2009 RARs") proposing adjustments to certain Tyco entities' previously filed tax return positions, including the predecessor to The ADT Corporation, relating primarily to certain intercompany debt. In response, Tyco filed a formal, written protest with the IRS Office of Appeals requesting review

of the 2008-2009 RARs. During the first quarter of 2017, Tyco successfully resolved the dispute with the IRS. This resolution did not have a material impact on the Company's financial position, results of operations, and cash flows.

Any matters arising as a result of the current 2010-2012 IRS audit, the Company's share of the collective liability, if any, would be determined pursuant to the 2012 Tax Sharing Agreement. In accordance with the 2012 Tax Sharing Agreement, Tyco is responsible for the first $500 million of tax, interest, and penalties assessed against pre-2013 tax years including its 27% share of the tax, interest, and penalties assessed for periods prior to Tyco's 2007 spin-off transaction. In addition to the Company's share of cash taxes pursuant to the 2012 Tax Sharing Agreement, the Company's NOL and credit carryforwards may be significantly reduced or eliminated by audit adjustments to pre-2013 tax periods. NOL and credit carryforwards may be reduced prior to incurring any cash tax liability, and will not be compensated for under the tax sharing agreement. The Company believes that its income tax reserves and the liabilities recorded in the Consolidated Balance Sheet for the 2012 Tax Sharing Agreement continue to be appropriate. However, the ultimate resolution of these matters is uncertain, and if the IRS were to prevail, it could have a material adverse impact on the Company's financial position, results of operations, and cash flows, potentially including a significant reduction in or the elimination of the Company's available NOL and credit carryforwards generated in pre-Separation from Tyco periods. Further, to the extent The ADT Corporation is responsible for any liability under the 2012 Tax Sharing Agreement, there could be a material impact on its financial position, results of operations, cash flows, or its effective tax rate in future reporting periods.

During the third quarter of 2017, the Company was notified by the IRS of its intent to disallow amortization deductions claimed on the Company's $987 million trademark. The Company intends to challenge this decision before the Appeals Division of the IRS. If the Company were to lose the dispute, it would result in minimal cash tax liabilities to ADT, no impact to the Company's Statement of Operations, but material loss to the Company's NOL deferred tax assets. The Company strongly disagrees with the IRS's position and maintains that the deductions claimed are appropriate. The Company intends to vigorously defend its originally filed tax return position.

Other liabilities in the Company's Consolidated Balance Sheets as of December 31, 2017 and 2016 include $2 million and $11 million , respectively, related to The ADT Corporation's obligations under certain tax related agreements entered into in conjunction with the Separation from Tyco. The maximum amount of potential future payments is not determinable as such payments relate to unknown conditions and future events that cannot be predicted.

9. Derivative Financial Instruments

During the year ended December 31, 2017 , the Company entered into interest rate swap contracts with a notional amount of $1,000 million to economically hedge future cash flows associated with a portion of its variable-rate debt under its First Lien Credit Facilities. The Company did not apply hedge accounting to these derivative financial instruments and all changes in fair market value were recorded to interest expense, net in the Consolidated Statements of Operations.

During the year ended December 31, 2016 , the Company held interest rate swap contracts with varying counterparties to hedge forecasted cash flows in connection with the ADT Acquisition ("2016 Derivatives"). Additionally, in connection with the ADT Acquisition, the Company acquired $47 million of derivative assets related to The ADT Corporation interest rate swap transactions that were previously used to hedge certain of The ADT Corporation's outstanding debt. The Company did not apply hedge accounting to these derivative financial instruments and all changes in fair market value were recorded to other income (expense) in the Consolidated Statements of Operations.

In addition, the Company terminated the 2016 Derivatives and received approximately $42 million in net proceeds, which are reflected in the proceeds from the settlement of derivative contracts, net in the investing activities section on the Consolidated Statement of Cash Flows for the year ended December 31, 2016 . There was an immaterial impact to the Consolidated Statement of Operations as a result of the settlements.

10. Restructuring

The Company has identified and pursued opportunities for cost savings through restructuring activities and workforce reductions to improve operating efficiencies, including certain restructuring actions entered into in connection with the ADT Acquisition. The Company incurred certain expenses related to facility exits and employee severance and other employee benefits as a direct result of these restructuring efforts. These charges are reflected in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations for the years ended December 31, 2017 and 2016 , respectively.

The Company had accrued restructuring liabilities of $9 million and $11 million as of December 31, 2017 and 2016 , respectively. During the year ended December 31, 2017 , the Company incurred restructuring charges of $22 million that are primarily related to employee severance in connection with the continued integration of The ADT Corporation business. Restructuring payments during the year ended December 31, 2017 were $25 million .

For the year ended December 31, 2016 , the Company incurred restructuring charges of $54 million , which were primarily related to severance of certain former executives and employees of The ADT Corporation in connection with the ADT Acquisition. Restructuring payments during the year ended December 31, 2016 were $52 million .

11. Retirement Plans

Defined Contribution Plans

The Company maintains several qualified defined contribution plans, which include 401(k) matching programs in the U.S., as well as similar matching programs outside the U.S. related to the Company's Canadian operations. Expense for the defined contribution plans is computed as a percentage of participants' compensation and was $29 million and $18 million for the years ended December 31, 2017 and 2016 , respectively, and $1 million and $1 million for the Successor and Predecessor 2015 periods, respectively.

Defined Benefit Plans

The Company has retirement obligations that were assumed in connection with the ADT Acquisition. These retirement obligations relate to ADT's defined benefit plans, which provide a defined benefit pension plan and certain other postretirement benefits to certain employees. The Company measures its retirement plans as of year end. These plans were frozen prior to The ADT Corporation's Separation from Tyco and are not material to the Company's consolidated financial statements. As of December 31, 2017 and 2016, the fair values of pension plan assets were $68 million and $60 million , respectively, and the fair values of projected benefit obligations in aggregate were $93 million and $88 million , respectively. As a result, the plans were underfunded by approximately $25 million and $28 million at December 31, 2017 and 2016, respectively, and were recorded as a net liability in the Consolidated Balance Sheet as of December 31, 2017 and 2016. Net periodic benefit cost associated with these plans was not material for the years ended December 31, 2017 and 2016.

Deferred Compensation Plan

Following the ADT Acquisition, the Company maintains the ADT nonqualified Supplemental Savings and Retirement Plan ("SSRP"), which permits eligible employees to defer a portion of their compensation. A record keeping account is set up for each participant and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds correspond to a number of funds in the Company's 401(k) plan and the account balance fluctuates with the investment returns on those funds. Deferred compensation liabilities were $19 million and $23 million as of December 31, 2017 and 2016 , respectively. Deferred compensation expense was $4 million and $2 million for the years ended December 31, 2017 and 2016 , respectively.

12. Share-Based Compensation

Equity Compensation Plans

In 2016, the Company approved its 2016 Equity Incentive Plan, which provides for the issuance of non-qualified stock options and a special opportunity bonus to various employees of the Company. The Company records share-based compensation expense on options subject to time-based vesting. In addition, the Company records share-based compensation expense on certain Class B Unit awards granted to employees by Ultimate Parent ("Class B Units"). Share-based compensation expense is included in selling, general and administrative expenses in the Consolidated Statements of Operations. For the years ended December 31, 2017 and 2016 , and Successor period from Inception through December 31, 2015, share-based compensation expense was $11 million , $5 million , and $2 million respectively.

In January 2018, the Company approved its 2018 Omnibus Incentive Plan, which became effective upon consummation of the IPO. The Company does not expect to issue additional share-based compensation awards under the 2016 Equity Incentive Plan.

Option Awards

In 2016, the Company authorized an initial 25 million options under the 2016 Equity Incentive Plan. The following discussion on options takes into account the Stock Split that occurred on January 4, 2018. Refer to Note 1 "Basis of Presentation" for further discussion.

The option awards issued under the 2016 Equity Incentive Plan are subject to time-based and performance-based vesting conditions, with half of the options issued subject to ratable time-based vesting over a five-year period, and the other half subject to the achievement of certain investment return thresholds by Apollo. The Company records share-based compensation expense related to the time-based options. As of December 31, 2017, the Company has not recorded any share-based compensation expense related to the performance-based options as the achievement of certain vesting conditions is not yet deemed probable.

The fair value of the options is measured at the grant date and is recognized as compensation expense over the requisite service period. The grant date fair value was determined using a Black-Scholes valuation approach with the following assumptions:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Risk-free interest rate	1.07% - 1.61%	0.93% - 1.58%
Expected exercise term (years)	1.20 - 4.00	1.50 - 4.00
Expected dividend yield	—%	—%
Expected volatility	45% - 50%	40% - 55%

The weighted-average grant date fair value of all options granted during the years ended December 31, 2017 and 2016 was $1.93 per share and $1.94 per share, respectively.

The following table summarizes stock option activity under the 2016 Equity Incentive Plan for the year ended December 31, 2017 :

	Number of Options	Weighted-Average Exercise Price
Outstanding as of December 31, 2016	3,193,900	$ 6.59
Granted	1,991,664	7.08
Exercised	(4,203)	6.59
Canceled	(338,534)	6.63
Outstanding as of December 31, 2017	4,842,827	$ 6.79

The following table sets forth the vested and unvested outstanding stock options under the 2016 Equity Incentive Plan as of December 31, 2017 :

	Number of Options	Weighted-Average Exercise Price
Vested stock options (time-based vesting)	288,105	$ 6.59
Unvested stock options (time-based vesting)	2,115,565	6.81
Unvested stock options (performance-based vesting)	2,439,157	6.78
Total	4,842,827	$ 6.79

As of December 31, 2017 , total unrecognized compensation cost related to the options subject to time-based vesting conditions was $5 million , which will be recognized over a period of 3.8 years. As of December 31, 2017 , total unrecognized compensation cost related to the options subject to performance-based vesting conditions was approximately $3 million .

Class B Units

Ultimate Parent has authorized Class B Units that represent the right to share a portion of the value appreciation on the initial member capital contribution. As of December 31, 2017, a total of 25 million Class B Units have been authorized.

The Class B Units are subject to time-based and performance-based vesting conditions, with half of the Class B Units issued subject to ratable time-based vesting over a five-year period (“Service Tranche”), and the other half subject to the achievement of certain investment return thresholds by Apollo (“Performance Tranche”).

The fair value of the Class B Units is measured at the grant date and is recognized as share-based compensation expense over the requisite service period. Share-based compensation expense related to the Service Tranche was $9 million and $5 million for the years ended December 31, 2017 and 2016 , respectively. Share-based compensation expense was not material for the

Successor period from Inception through December 31, 2015. The Company has not recorded any share-based compensation expense related to the Performance Tranche, as the achievement of certain vesting conditions is not yet deemed probable.

The grant date fair value was determined using a Black-Scholes valuation approach with the following assumptions:

	Successor		
	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015
Risk-free interest rate	1.07% - 1.61%	0.76% - 1.58%	0.59% - 1.39%
Expected exercise term (years)	1.20 - 4.00	1.50 - 4.00	1.75 - 4.00
Expected dividend yield	—%	—%	—%
Expected volatility	45% - 50%	40% - 55%	60%

The weighted-average grant date fair values of Class B Units granted in 2017, 2016, and during the Successor period from Inception through December 31, 2015 were $4.07 , $3.85 , and $3.16 , respectively.

The following table summarizes the Class B Units activity for the year ended December 31, 2017 :

	Number of Class B Units	Weighted-Average Grant Date Fair Value
As of December 31, 2016	20,078,692	$ 3.63
Granted	180,556	4.07
Canceled	(362,891)	3.74
As of December 31, 2017	19,896,357	$ 3.63

As of December 31, 2017 , total unrecognized share-based compensation expense related to the Service Tranche was $29 million , which will be recognized over a period of 3.1 years. In January 2018, upon consummation of the IPO, any unrecognized share-based compensation expense related to the Service Tranche will be recognized over a period of six months in accordance with the terms of the awards. As of December 31, 2017 , total unrecognized share-based compensation expense related to the Performance Tranche was approximately $39 million . As of December 31, 2017 , 2.7 million Service Tranche Class B Units have vested.

Redemption of Class B Units in Connection with IPO

In January 2018, simultaneously with the consummation of the IPO, each holder of Class B Units in Ultimate Parent had his or her entire Class B interest in Ultimate Parent redeemed in full for the number of shares of the Company's common stock that would have been distributed to such holder under the terms of Ultimate Parent's operating agreement if Ultimate Parent were to distribute to its partners in-kind all of the shares of the common stock that it holds, valuing such shares at the IPO price, in a hypothetical liquidation on the date of the IPO. All vesting terms remained the same after the redemption. The Company is currently evaluating the financial statement impact from the redemption of the Class B Units.

Predecessor

The Predecessor had no share-based compensation arrangements of its own. However, profit interest awards were issued to certain employees ("Profit Interest Awards"). No Profit Interest Awards were granted during the Predecessor period January 1, 2015 through June 30, 2015. The Predecessor accounted for the Profit Interest Awards using the Black-Scholes option-pricing model to determine the fair value.

All Profit Interest Awards became fully vested upon consummation of the Protection One Acquisition when it met certain criterion that qualified it as a sale or liquidation. The Predecessor recorded share-based compensation expense of $1 million for the Predecessor period January 1, 2015 through June 30, 2015.

13. Equity

Discussions below have been adjusted to reflect the stock split that occurred on January 4, 2018 in connection with the IPO. Refer to Note 1 "Basis of Presentation" for further discussion.

Common Stock Authorized and Outstanding

The Company has 3,999,000,000 shares of $0.01 par value common stock authorized, of which shares of 641,118,571 and 641,046,968 were outstanding as of December 31, 2017 and December 31, 2016 , respectively.

Common Stock Activity

During the year ended December 31, 2017 , the Company had the following activity relating to its common stock:

- The Company issued 67,400 shares of common stock to Ultimate Parent for total proceeds of approximately $490 thousand.
- The Company issued 4,203 shares of common stock to former employees upon such former employees' exercise of vested options.

Equity Contributions

During the year ended December 31, 2016, as a result of the ADT Acquisition, the Company received equity proceeds in the amount of $3,571 million, net of issuance costs, which resulted from equity issuances by the Company and Ultimate Parent to the Company's Sponsor and certain other investors. In addition, Ultimate Parent issued the Warrants, which proceeds of $91 million were contributed by Ultimate Parent in the form of common equity to the Company, net of $4 million in issuance costs. The Company also received $4 million in equity contributions from certain management investors during the fourth quarter of 2016. These contributions are reflected in the Consolidated Statements of Stockholders' Equity for the year ended December 31, 2016.

In addition, during the year ended December 31, 2015, the Company received equity proceeds in the amount of $755 million from Apollo and the Predecessor's management as a result of the Formation Transactions, which is reflected in the Consolidated Statement of Stockholder's Equity for the period from Inception through December 31, 2015.

Dividends

During the year ended December 31, 2017 , the Company paid $750 million of dividends (or $1.17 per share) to the Company's equity holders and Ultimate Parent, which primarily includes distributions to the Company's Sponsor. Such dividends are presented on the Consolidated Statements of Shareholders' Equity for the year ended December 31, 2017 .

Accumulated Other Comprehensive Loss

During the year ended December 31, 2017 , the Company did not record any material reclassifications out of accumulated other comprehensive loss. The components of accumulated other comprehensive loss reflected on the Consolidated Balance Sheets as of December 31, 2017 and 2016 are as follows:

(in thousands)	Currency Translation Adjustments	Deferred Pension Gains	Accumulated Other Comprehensive Loss
Balance as of December 31, 2015	$ —	$ —	$ —
Pre-tax current period change	(30,663)	3,433	(27,230)
Income tax expense	—	(1,277)	(1,277)
Balance as of December 31, 2016	(30,663)	2,156	(28,507)
Pre-tax current period change	25,889	1,115	27,004
Income tax expense	(2,169)	(335)	(2,504)
Balance as of December 31, 2017	$ (6,943)	$ 2,936	$ (4,007)

14. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common shares by the weighted average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net income (loss) per share is calculated by dividing net income (loss) available to common stockholders by the diluted weighted average number of common shares outstanding for the period. Diluted net income (loss) per share would reflect the potential dilutive effect of common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of the diluted net income (loss) per share calculation, stock options with performance-based conditions of approximately 2.4 million and 1.6 million shares for the years ended December 31, 2017 and 2016 , respectively, were excluded from the calculation of diluted net income (loss) per share as the performance condition on these awards were not met in these periods. In addition, there were no material anti-dilutive stock options during the years ended December 31, 2017 and 2016 . There were no stock options were issued or outstanding in the periods from Inception through December 31, 2015 and January 1, 2015 through June 30, 2015 , respectively.

The computations of basic and diluted net income (loss) per share for the periods presented are as follows:

	Successor			Predecessor
(in thousands, except per share amounts)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Numerator:				
Net income (loss)	$ 342,627	$ (536,587)	$ (54,253)	$ (18,591)
Denominator:				
Basic weighted-average shares outstanding	641,074	640,725	640,723	0.1
Dilutive effect of stock options	—	—	N/A	N/A
Diluted weighted-average shares outstanding	641,074	640,725	640,723	0.1
Net income (loss) per share:				
Basic	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)
Diluted	$ 0.53	$ (0.84)	$ (0.08)	$ (185,910)

15. Geographic Data

Revenue by geographic area for the periods presented was as follows:

	Successor			Predecessor
(in thousands)	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
United States	$ 4,076,420	$ 2,791,233	$ 311,567	$ 237,709
Canada	239,082	158,533	—	—
Total Revenue	$ 4,315,502	$ 2,949,766	$ 311,567	$ 237,709

Revenues are attributed to individual countries based upon the operating entity that records the transaction.

Long-lived assets, which are comprised of subscriber system assets, net and property and equipment, net located in the United States approximate 95% of total long-lived assets as of December 31, 2017 and 2016, respectively, with the remainder residing in Canada.

16. Related Party Transactions

Management Consulting Agreement

In connection with the ADT Acquisition, Apollo Management Holdings, L.P., an affiliate of the Company's Sponsor (the "Management Service Provider") entered into a management consulting agreement with the Company (the "Management Consulting Agreement") relating to the provision of certain management consulting and advisory services to the Company following

the ADT Acquisition. In exchange for the provision of such services, the Company is required to pay the Management Service Provider $5 million each quarter.

Fees under the Management Consulting Agreement were $20 million and $13 million for the years ended December 31, 2017 and 2016 , respectively. These costs are included in selling, general and administrative expenses in the Consolidated Statements of Operations.

In January 2018, in connection with the completion of the IPO, this agreement was terminated in accordance with its terms.

Transaction Fee Agreement

Apollo Global Securities, LLC, an affiliate of the Company's Sponsor (the "Service Provider") entered into a transaction fee agreement with the Company (the "Transaction Fee Agreement"), relating to the provision of certain structuring, financial, investment banking, and other similar advisory services by the Service Provider to the Company, in connection with the ADT Acquisition and future transactions. During the second quarter of 2016, the Company paid the Service Provider a one-time transaction fee of $65 million in the aggregate in exchange for services rendered in connection with structuring, arranging the financing, and performing other services in connection with the ADT Acquisition. This transaction fee is reflected in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations for the year ended December 31, 2016.

Participation of the Company's Sponsor in the Issuance of the Prime Notes

An affiliate of the Sponsor purchased $4 million of the Prime Notes upon their issuance on May 2, 2016. All of such Prime Notes have been sold by such affiliate in 2016.

Koch

In connection with the ADT Acquisition, the Company issued the Koch Preferred Securities, and Ultimate Parent issued the Warrants, to the Koch Investor for an aggregate amount of $750 million. Of this amount, $659 million, net of issuance costs of $27 million, was allocated to the Koch Preferred Securities and reflected as a liability in the Consolidated Balance Sheet. The remaining $91 million in proceeds was allocated to the Warrants and was contributed by Ultimate Parent in the form of common equity to the Company, net of $4 million in issuance costs.

The Company paid cash dividends of $41 million and $53 million to meet the dividend obligation associated with the Koch Preferred Securities to the Koch Investor during the years ended December 31, 2017 and 2016 , respectively. These costs are reflected in interest expense in the Consolidated Statements of Operations.

Additionally, the Company incurred fees of $64 million for the year ended December 31, 2017 in connection with the February and June 2017 amendments and restatements to the First Lien Credit Agreement and the payment of the Special Dividend. Of this amount, $45 million of structuring fees was paid to the Koch Investor. Refer to Note 5 "Debt" and Note 6 "Mandatorily Redeemable Preferred Securities" for further discussion.

Other Fees

During the year ended December 31, 2017 , the Company paid $750 million of dividends to the Company's equity holders and Ultimate Parent, which primarily includes distributions to its Sponsors. Such dividends are presented on the Consolidated Statement of Stockholders' Equity for the year ended December 31, 2017 . Refer to Note 13 "Equity" for further discussion.

During the year ended December 31, 2017 , the Company paid approximately $980 thousand to the Service Provider related to the February and June 2017 amendments and restatements to the First Lien Credit Agreement. These expenses are reflected in selling, general and administrative expenses in the Consolidated Statement of Operations for the year ended December 31, 2017 . Similar fees paid to the Service Provider related to amendments and restatements of the First Lien Credit Agreement during the year ended December 31, 2016 were not material.

Additionally, during the second quarter of 2016, the Company paid various structuring fees associated with the ADT Acquisition, primarily to the Service Provider in the amount of $9 million , which are reflected in merger, restructuring, integration, and other costs in the Consolidated Statement of Operations for the year ended December 31, 2016 .

In addition, in connection with the Formation Transactions, the Company incurred expenses of $10 million with the Service Provider. These expenses are reflected in merger, restructuring, integration, and other costs in the Consolidated Statements of Operations for the Successor period ended December 31, 2015.

During the Predecessor period ended June 30, 2015, the Predecessor had a Professional Services Agreement with GTCR, which required Predecessor to pay GTCR a management fee as well as certain reimbursements for out-of-pocket expenses incurred in connection with the management services provided under a professional services agreement. The management fees were not material for the Predecessor period ended June 30, 2015.

17. Quarterly Financial Data

The following table presents quarterly financial data for the periods presented ($ in thousands, except per share data):

	For the Quarters Ended			
	March 31, 2017	**June 30, 2017**	**September 30, 2017**	**December 31, 2017**
Total Revenue	$ 1,059,228	$ 1,067,780	$ 1,082,962	$ 1,105,532
Operating income	5,534	89,627	92,251	95,027
Net income (loss)	(140,875)	(92,656)	(62,030)	638,188
Net income (loss) per share:				
Basic	$ (0.22)	$ (0.14)	$ (0.10)	$ 1.00
Diluted	$ (0.22)	$ (0.14)	$ (0.10)	$ 0.99

	For the Quarters Ended			
	March 31, 2016	**June 30, 2016**	**September 30, 2016**	**December 31, 2016**
Total Revenue	$ 170,419	$ 690,688	$ 1,037,507	$ 1,051,152
Operating income (loss)	(1,602)	(332,579)	29,852	75,014
Net loss	(22,931)	(337,294)	(91,417)	(84,945)
Net loss per share:				
Basic	$ (0.04)	$ (0.53)	$ (0.14)	$ (0.13)
Diluted	$ (0.04)	$ (0.53)	$ (0.14)	$ (0.13)

Tax Reform —The fourth quarter of 2017 net income was impacted by the recognition of income tax amounts associated with Tax Reform, which impacts quarter over quarter and year over year comparability. Refer to Note 7 “Income Taxes” for further discussion.

Acquisitions —During the second quarter of 2016, the Company acquired The ADT Corporation. The operating results of The ADT Corporation have been included from the date of the acquisition and impact quarter over quarter and year over year comparability. Refer to Note 3 “Acquisitions” for further discussion.

Note 18. Condensed Financial Information of Registrant

ADT INC.
(PARENT COMPANY ONLY)
CONDENSED BALANCE SHEETS
(in thousands)

	December 31, 2017	December 31, 2016
Assets		
Current Assets:		
Prepaid expenses and other current assets	$ 5,551	$ —
Total current assets	5,551	—
Investment in subsidiaries	4,110,010	4,438,667
Total Assets	$ 4,115,561	$ 4,438,667
Liabilities and Stockholders' Equity		
Mandatorily redeemable preferred securities	$ 682,449	$ 633,691
Total Stockholders' Equity	3,433,112	3,804,976
Total Liabilities and Stockholders' Equity	$ 4,115,561	$ 4,438,667

The accompanying note is an integral part of these condensed financial statements

ADT INC.
(PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME LOSS
(in thousands , except share data)

	Year Ended December 31, 2017	Year Ended December 31, 2016	From Inception through December 31, 2015
Selling, general and administrative expenses	$ (45,000)	$ —	$ —
Operating loss	(45,000)	—	—
Interest expense, net	(89,775)	(54,907)	—
Equity in net income (loss) of subsidiaries	451,901	(481,680)	(54,253)
Income (loss) before income taxes	317,126	(536,587)	(54,253)
Income tax benefit	25,501	—	—
Net income (loss) and total comprehensive income (loss)	$ 342,627	$ (536,587)	$ (54,253)
Net income (loss) per share:			
Basic	$ 0.53	$ (0.84)	$ (0.08)
Diluted	$ 0.53	$ (0.84)	$ (0.08)
Weighted average number of shares:			
Basic	641,074	640,725	640,723
Diluted	641,074	640,725	640,723

The accompanying note is an integral part of these condensed financial statements

A statement of cash flows has not been presented as ADT Inc. parent company did not have any cash as of, or any point in time during the years ended December 31, 2017 and 2016 , or the period from Inception through December 31, 2015.

Note to Condensed Financial Statements (Parent Company Only)

Basis of Presentation

These condensed parent-company-only financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X, as the restricted net assets of the subsidiaries of ADT Inc. (as defined in Rule 4-08(e)(3) of Regulation S-X) exceed 25% of the consolidated net assets of the company. The ability of ADT Inc.'s operating subsidiaries to pay dividends may be restricted due to the terms of the subsidiaries' First Lien Credit Agreement and indenture. Refer to Note 5 "Debt" for further discussion on restrictions.

These condensed parent-company-only financial statements have been prepared using the same accounting principles and policies described in Note 2 "Summary of Significant Accounting Policies," with the only exception being that the parent company accounts for its subsidiaries using the equity method of accounting. These condensed parent-company-only financial statements should be read in conjunction with the Company's consolidated financial statements and related notes thereto.

Note 19. Subsequent Events

Stock Split and Initial Public Offering Related Matters

Refer to Note 1 "Basis of Presentation" for a discussion regarding the Stock Split, the Company's completion of an IPO in January 2018, and the related use of proceeds from the IPO. In addition, refer to Note 12 "Share-Based Compensation" for a discussion regarding the redemption of the Class B Units in Ultimate Parent in connection with IPO.

Common Stock Dividend

On March 15, 2018, the Company's board of directors declared a cash dividend of $0.035 per share to common stockholders of record on March 26, 2018. This dividend will be paid on April 5, 2018.

ADT INC. AND SUBSIDIARIES (SUCCESSOR) AND
PROTECTION ONE, INC. AND SUBSIDIARIES (PREDECESSOR)
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Successor			Predecessor
(thousands)	December 31, 2017	December 31, 2016	From Inception through December 31, 2015	Period from January 1, 2015 through June 30, 2015
Allowance for Doubtful Accounts:				
Beginning balance	$ 28,109	$ 1,498	$ —	$ 5,692
Additions charged to income	54,074	37,407	2,141	862
Deductions	(48,141)	(10,796)	(643)	(1,027)
Ending balance	$ 34,042	$ 28,109	$ 1,498	$ 5,527

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF
ADT INC.

ADT Inc. is a corporation duly organized and validly existing under the laws of the State of Delaware (the " Corporation "). The Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware on May 15, 2015 under the name "Apollo Security Services Parent, Inc." (as heretofore amended and/or restated, the " Certificate of Incorporation "). This Amended and Restated Certificate of Incorporation of the Corporation (this " Amended and Restated Certificate of Incorporation "), which further amends and restates and integrates the provisions of the Certificate of Incorporation, has been duly adopted by all necessary action of the board of directors of the Corporation (the " Board ") and the stockholders of the Corporation, pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as the same now exists or may hereafter be amended and/or supplemented from time to time (the " DGCL "), with the stockholders of the Corporation acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL. The Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the Corporation is ADT Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

The total number of shares of capital stock that the Corporation shall have authority to issue is four billion (4,000,000,000), divided into two classes, consisting of three billion, nine hundred ninety-nine million (3,999,000,000) shares of common stock, par value $0.01 per share (" Common Stock "), and one million (1,000,000) shares of preferred securities, par value $0.01 per share (" Preferred Securities ").

Upon the effectiveness of this Amended and Restated Certificate of Incorporation (the " Effective Time "), the three hundred eighty-one million, three hundred ninety-one thousand, one hundred seventy-eight and thirty-eight hundredths (381,391,178.38) shares of Common Stock issued and outstanding immediately prior to the Effective Time (the " Old Common Stock ") shall automatically and without further action on the part of the Corporation or any holder of the Old Common Stock be reclassified as six hundred sixty-four million, six hundred eleven thousand, nine hundred fifty-six and thirty hundredths (664,611,956.30) shares of Common Stock (the " New Common Stock "). From and

after the Effective Time, certificates (if any) representing the Old Common Stock shall represent the number of shares of the New Common Stock into which such shares shall have been reclassified pursuant to this Amended and Restated Certificate of Incorporation.

Shares of Preferred Securities may be issued from time to time in one or more series. The Board is hereby expressly authorized, by resolution or resolutions, to provide, out of the authorized and unissued shares of Preferred Securities, for one or more series of Preferred Securities and, with respect to each such series, to fix the voting rights, if any, designations, powers, preferences and the relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions, of each such series of Preferred Securities, and the number of shares constituting such series. Whenever the Corporation desires to do so, a certificate of designation setting forth a copy of such resolution or resolutions providing for such series of Preferred Securities, fixing the voting rights, if any, designations, powers, preferences and the relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions, of such series of Preferred Securities and the number of shares of such series of Preferred Securities shall be executed and filed with the Secretary of State of the State of Delaware. Unless otherwise provided in any such resolution or resolutions providing for one or more series of Preferred Securities, the number of shares of each such series may be increased or decreased (but not below the number of shares thereof then outstanding). Unless otherwise provided in any such resolution or resolutions providing for one or more series of Preferred Securities, the voting rights, if any, designations, powers, preferences and the relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions, of each series of Preferred Securities may differ from those of any and all other series at any time outstanding. Without obtaining the vote or consent of the holders of outstanding shares of any series of Preferred Securities required by the certificate of designation of such series, the Corporation shall not have the power to take any action in violation of the rights, powers or preferences of such series set forth in such certificate of designation.

Pursuant to the authority conferred upon the Board by this Article IV, the Board created (i) a series of 750,000 shares of Preferred Securities designated as Series A Preferred Securities by filing the Certificate of Designation of Series A Preferred Securities of the Corporation with the Secretary of State of the State of Delaware on May 2, 2016, as amended by the Certificate of Amendment of the Certificate of Designation of Series A Preferred Securities of the Corporation filed with the Secretary of State of the State of Delaware on or around the date hereof (the " Series A Preferred Securities "), and (ii) a series of 250,000 shares of Preferred Securities designated as Series Z Preferred Securities by filing the Certificate of Designation of Series Z Preferred Securities of the Corporation with the Secretary of State of the State of Delaware on May 2, 2016, as amended by the Certificate of Amendment of the Certificate of Designation of Series Z Preferred Securities of the Corporation filed with the Secretary of State of the State of Delaware on or around the date hereof (the " Series Z Preferred Securities "). The voting powers, designations, preferences and relative, participating, optional or other special rights of the shares of the Series A Preferred Securities and the Series Z Preferred Securities, respectively, and the qualifications, limitations and restrictions thereof are as set forth on Annex I and Annex II hereto, respectively, and are incorporated herein by reference.

Except as otherwise required by the DGCL, each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter submitted to the stockholders of the Corporation; provided that, except as otherwise required by the DGCL, the holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of

Incorporation that relates solely to the terms of one or more outstanding series of Preferred Securities if the holders of such affected series of Preferred Securities are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation.

ARTICLE V

From time to time, any of the provisions of this Amended and Restated Certificate of Incorporation may be amended, altered or repealed, and other provisions authorized by the DGCL or other applicable law at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this Amended and Restated Certificate of Incorporation are granted subject to this reservation. Subject to the second and third paragraph of Article IV, this Amended and Restated Certificate of Incorporation shall not be amended (including by way of merger or consolidation of the Corporation with another corporation or entity) without the prior vote or written consent of the holders of a majority of the voting power of the issued and outstanding shares of Common Stock, voting separately as a class.

ARTICLE VI

In furtherance and not in limitation of the rights, powers, privileges and discretionary authority granted or conferred by the DGCL or other applicable law, subject to the rights, if any, of the holders of outstanding shares of any series of Preferred Securities, as set forth in the certificate of designation of such series, the Board is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation (the " Bylaws "), without any action on the part of the stockholders, but the stockholders may make, alter, amend or repeal the Bylaws whether adopted by them or otherwise.

ARTICLE VII

Election of directors need not be by written ballot unless the Bylaws shall so require.

ARTICLE VIII

To the fullest extent permitted by law, as it now exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty owed to the Corporation or its stockholders. Neither the amendment nor repeal of this Article VIII, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation, nor, to the fullest extent permitted by the DGCL, any modification of law shall eliminate, reduce or otherwise adversely affect any right or protection of a current or former director of the Corporation existing at the time of such amendment, repeal, adoption or modification. If the DGCL is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any amendment, adoption or repeal of this Article VIII shall not adversely affect any right or protection of any director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, adoption or repeal.

ARTICLE IX

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. Any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted, and shall be delivered to the Corporation.

The books of the Corporation may be kept (subject to any provision contained in the DGCL) within or outside of the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws.

ARTICLE X

Neither any contract or other transaction between the Corporation and any other corporation, partnership, limited liability company, joint venture, firm, association, or other entity (an " Entity "), nor any other acts of the Corporation with relation to any other Entity will, in the absence of fraud, to the fullest extent permitted by applicable law, in any way be invalidated or otherwise affected by the fact that any one or more of the directors, officers or observers of the Corporation or its subsidiaries or other affiliates are pecuniary or otherwise interested in, or are directors, officers, partners, or members of, such other Entity or its subsidiaries or other affiliates (such directors, officers, Entities, subsidiaries and other affiliates, each a " Related Person "). Any Related Person may be a party to, or may be pecuniary or otherwise interested in, any contract or transaction of the Corporation; provided that the fact that person is a Related Person or is pecuniary or otherwise interested in such contract or transaction is disclosed or is known to the Board or a majority of directors present at any meeting of the Board at which action upon any such contract or transaction is taken. Any director of the Corporation who is also a Related Person or who is pecuniary or otherwise interested in such contract or transaction may be counted in determining the existence of a quorum at any meeting of the Board during which any such contract or transaction is authorized and may vote thereat to authorize any such contract or transaction, with like force and effect as if such person were not a Related Person or were not pecuniary or otherwise interested in such contract or transaction. Any director of the Corporation may vote upon any contract or any other transaction between the Corporation and any subsidiary or other affiliated Entity without regard to the fact that such person is also a director, officer, manager, partner, member or other fiduciary of such subsidiary or other affiliated Entity.

Any contract, transaction or act of the Corporation or of the directors of the Corporation that is ratified at any annual meeting of the stockholders of the Corporation, or at any special meeting of the stockholders of the Corporation called for such purpose, will, insofar as permitted by applicable law, be as valid and as binding as though ratified by every stockholder of the Corporation; provided that any failure of the stockholders to approve or ratify any such contract, transaction or act, when and if submitted, will not be deemed in any way to invalidate the same or deprive the Corporation, its subsidiaries and other affiliates, and their respective directors, officers or employees, of its or their right to proceed with such contract, transaction or act.

To the fullest extent permitted under the DGCL and notwithstanding any other duty (contractual, fiduciary or otherwise, whether at law or in equity), any former, current or future stockholder, director, officer or observer of the Corporation, or any of their respective affiliates, or the

former, current or future direct or indirect equity holders, controlling persons, stockholders, directors, officers, employees, agents, affiliates (including any portfolio company), members, financing sources, direct or indirect managers, general or limited partners or assignees of any of the foregoing (collectively, " Representatives ") (i) shall have the right to, and shall have no duty (contractual, fiduciary or otherwise, whether at law or in equity) not to, directly or indirectly engage in and possess interests in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business as the Corporation or any of its subsidiaries or other affiliates or deemed to be competing with the Corporation or any of its subsidiaries or other affiliates, on its own account, or in partnership with, or as a direct or indirect equity holder, controlling person, stockholder, director, officer, employee, agent, affiliate (including any portfolio company), member, financing source, investor, director or indirect manager, general or limited partner or assignee of any other person or entity with no obligation to offer to the Corporation or its subsidiaries or other affiliates the right to participate therein and (ii) shall have the right to invest in, or provide services to, any person that is engaged in the same or similar business activities as the Corporation or its subsidiaries or other affiliates or directly or indirectly competes with the Corporation or any of its subsidiaries or other affiliates.

In the event that any former, current or future stockholder, director, officer or observer of the Corporation and/or any of their respective Representatives acquires knowledge of a potential transaction or matter which may be an investment, corporate or business opportunity or prospective economic or competitive advantage in which the Corporation or its subsidiaries or other affiliates, or the foregoing's direct or indirect equity holders, could have an interest or expectancy (contractual, equitable or otherwise) (a " Competitive Opportunity ") or otherwise is then exploiting any Competitive Opportunity, to the fullest extent permitted under the DGCL and notwithstanding any other duty existing at law or in equity, the Corporation and its subsidiaries and other affiliates, and the foregoing's direct and indirect equity holders will have no interest in, and no expectation (contractual, equitable or otherwise) that such Competitive Opportunity be offered to it. To the fullest extent permitted by law, any such interest or expectation (contractual, equitable or otherwise) is hereby renounced so that such former, current or future stockholder, director, officer or observer of the Corporation and their respective Representatives shall (i) have no duty to communicate or present such Competitive Opportunity to the Corporation, (ii) have the right to either hold any such Competitive Opportunity for such stockholder's, director's, officer's, observer's or Representative's own account and benefit or the account of the former, current or future direct or indirect equity holders, controlling persons, stockholders, directors, officers, employees, agents, affiliates, members, financing sources, investors, direct or indirect managers, general or limited partners or assignees of any of the foregoing or to direct, recommend, assign or otherwise transfer such Competitive Opportunity to persons or entities other than the Corporation or any of its subsidiaries, affiliates or direct or indirect equity holders and (iii) notwithstanding any provision in this Amended and Restated Certificate of Incorporation to the contrary, not be obligated or liable to the Corporation, any stockholder, director, officer or observer of the Corporation or any of their Representatives or any other person or entity by reason of the fact that such former, current or future stockholder, director, officer, observer or Representative, directly or indirectly, took any of the actions noted in the immediately preceding clause (ii), pursued or acquired such Competitive Opportunity for itself or any other person or entity or failed to communicate or present such Competitive Opportunity to the Corporation or its subsidiaries, affiliates or direct or indirect equity holders.

Any person or entity purchasing or otherwise acquiring or holding any interest in any shares of capital stock of the Corporation or any other interest in the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article X.

In the event of a conflict or other inconsistency between this Article X and any other Article or provision of this Amended and Restated Certificate of Incorporation, this Article X shall prevail under all circumstances. Notwithstanding anything to the contrary herein, under no circumstances shall the provisions of this Article X (other than this paragraph) apply to (or result in or be deemed to result in a limitation or elimination of any duty (contractual, fiduciary or otherwise, whether at law or in equity)) owed by any employee of the Corporation or any of its subsidiaries, irrespective of whether such employee is otherwise a Representative, and any Competitive Opportunity waived or renounced by any Person pursuant to such other provisions of this Article X shall be expressly reserved and maintained by such person or entity, as applicable (and shall not be waived or renounced) as to any such employee.

For the avoidance of doubt, subject to the preceding paragraph, this Article X is intended to disclaim and renounce, to the fullest extent permitted under Section 122(17) of the DGCL any right of the Corporation or any of its subsidiaries or other affiliates, each current, former or future stockholder, director, officer or observer of the Corporation or any of the foregoing, or any of their respective Representatives with respect to the matters set forth in this Article X, and this Article X shall be construed to effect such disclaimer and renunciation to the fullest extent permitted under the DGCL.

ARTICLE XI

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, observer, employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware (including, without limitation, any action asserting a claim arising pursuant to this Amended and Restated Certificate of Incorporation or the Bylaws), or (d) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

ARTICLE XII

The Corporation elects not to be governed by Section 203 of the DGCL.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer on this January 4, 2018.

ADT INC.

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

[Signature Page to Amended and Restated Certificate of Incorporation of ADT Inc.]

Annex I

Series A Designation

SECOND AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION

OF

SERIES A PREFERRED SECURITIES

OF

ADT INC.

Pursuant to the General Corporation Law of the State of Delaware

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Pursuant to the General Corporation Law of the State of Delaware (the " DGCL "), ADT Inc., a corporation duly organized and validly existing under the DGCL (the " Company "), in accordance with the provisions of Section 103 of the DGCL, does hereby certify the following:

The Board of Directors of the Company (the " Board of Directors ") adopted resolutions on May 2, 2016 designating a new series of 750,000 shares of preferred securities, par value $0.01 per share, of the Company designated as Series A Preferred Securities (as defined below);

WHEREAS, the Certificate of Incorporation of the Company (as amended, restated, supplemented or otherwise modified from time to time, in each case to the extent not prohibited by Section 10 , the " Certificate of Incorporation ") authorizes (a) the issuance of up to 1,000,000 shares of preferred securities, par value $0.01 per share, of the Company (the " Preferred Securities ") in one or more series and (b) the Board of Directors to (i) designate one or more series of the Preferred Securities and (ii) with respect to each such series, establish the number of shares and the rights, preferences, powers, and the qualifications, restrictions and limitations, of each such series; and

WHEREAS, it is the desire of the Board of Directors to amend and restate certain rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby amend and restate the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities as follows, and the Board of Directors directs this Second Amended and Restated Certificate of Designation of Series A Preferred

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Securities (this " Second Amended and Restated Certificate of Designation ") to be filed with the Secretary of State of the State of Delaware in accordance with Section 103 of the DGCL:

1. Definitions; Interpretation .

(a) As used in this Second Amended and Restated Certificate of Designation, the following terms shall have the meanings specified below:

" Accrued Dividend Rate " shall mean the Five-Year Treasury Yield plus 9.75% per annum; provided that the then-current Accrued Dividend Rate shall automatically increase by an additional 1.00% per annum on the fifth anniversary of the Closing Date and on each anniversary of the Closing Date thereafter; provided , further , that (a) if and for so long as any Event of Default (other than a Senior Debt Event of Default) occurs and is continuing or (b) if and for so long as a Senior Debt Event of Default occurs and is continuing, on the tenth Business Day following the occurrence of such Senior Debt Event of Default, then, in each case, the then-current Accrued Dividend Rate shall automatically increase by an additional 2.00% per annum.

" Accumulated Stated Value " shall mean, as of the relevant date, an amount per Share equal to (a) the Stated Value of such Share as of such date plus (b) any declared but unpaid Dividends on such Share for the most recent Dividend Period as of such date (to the extent not part of the Stated Value of such Share as of such date) plus (c) the amount of accumulated and unpaid Dividends on such Share from the last Dividend Payment Date to, but not including, such date (to the extent not part of the Stated Value of such Share as of such date).

" ADTSC " shall mean The ADT Security Corporation, a Delaware corporation.

" Affiliate " shall mean , when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, with respect to any Covered Person, this definition shall include any parent, spouse, domestic partner or child (including those adopted) of such Covered Person and each custodian or guardian of any property of one or more of such Persons in the capacity as such custodian or guardian and trust, investment vehicle or other entity formed by such Covered Person for tax or estate planning purposes .

" Affiliate Investment Transaction " shall have the meaning assigned to such term in the definition of "Permitted Affiliate Transactions."

" Aggregate Accumulated Dividend " shall mean, as of the relevant date, an amount per Share equal to the difference of (a) the Accumulated Stated Value of such Share as of such date minus (b) the Stated Value of such Share as of the Closing Date.

" Amendment Date " means January 23, 2018.

" Applicable Treasury Rate " shall mean, as of the relevant date, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to such date (or, if such statistical release is not so published or available, any publicly available source of similar market data reasonably selected by the Company)) most nearly equal to the period from such date to the First Call Date; provided that if the period from such date to

the First Call Date is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Applicable Treasury Rate shall be obtained by linear interpolation (calculated to the nearest 1/12th of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from such date to the First Call Date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

" Beneficially Own " shall mean to possess beneficial ownership as determined pursuant to Rule 13d-3 and Rule 13d-5 of the Exchange Act.

" Board of Directors " shall have the meaning assigned to such term in the recitals hereof.

" Board of Managers " shall have the meaning assigned to such term in the LLC Agreement; provided that, if the Board of Managers is not the board of directors, board of managers or other governing body that is the primary functioning board of directors, board of managers or other governing body governing (or that is charged with the material governance authority with respect to) the business of the General Partner, Parent, the Company or any of its Subsidiaries, then the Board of Managers shall be deemed to refer to such primary functioning board of directors, board of managers or other governing body.

" Borrower " shall mean Prime Security Services Borrower, LLC, a Delaware limited liability company.

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

" Capitalized Lease Obligations " shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries, either existing on July 1, 2015 or created thereafter that (a) initially were not included on the consolidated balance sheet of the Company or any of its Subsidiaries as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming

consolidated with the Company and its Subsidiaries, were required to be characterized as capital lease obligations upon such consideration, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on July 1, 2015 and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on July 1, 2015 had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

" Cash Dividend Rate " shall mean the Five-Year Treasury Yield plus 9.00% per annum; provided that the then-current Cash Dividend Rate shall automatically increase by an additional 1.00% per annum on the fifth anniversary of the Closing Date and on each anniversary of the Closing Date thereafter; provided , further , that (a) if and for so long as any Event of

Default (other than a Senior Debt Event of Default) occurs and is continuing or (b) if and for so long as a Senior Debt Event of Default occurs and is continuing, on the tenth Business Day following the occurrence of such Senior Debt Event of Default, then, in each case, the then-current Cash Dividend Rate shall automatically increase by an additional 2.00% per annum.

" Certificate of Incorporation " shall have the meaning assigned to such term in the recitals hereof.

A " Change in Control " shall be deemed to occur if:

(a) the Member shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner; provided that no Change of Control shall be deemed to have occurred pursuant to this clause (a) if the Member transfers all or any portion of the issued and outstanding Equity Interests of the General Partner to the general partner of the Fund or an Affiliate controlled by such general partner so long as (i) the Member or its general partner determines in good faith that it is necessary or desirable to consummate such transfer for legal, tax, regulatory or similar technical reasons and (ii) such transfer does not adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, or the value, of the Series A Preferred Securities;

(b) the General Partner shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the general partnership interests in Parent;

(c) [Reserved];

(d) the Company shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of Holdings or the Borrower;

(e) a "Change in Control" (as defined in (i) the First Lien Credit Agreement as in effect on the Closing Date, (ii) the Second Lien Credit Agreement as in

effect on the Closing Date, (iii) the Second Priority Senior Secured Notes Indenture as in effect on the Closing Date, (iv) the indentures governing the Existing ADTSC Roll-Over Notes as in effect on the Closing Date, (v) any indenture or credit agreement in respect of Permitted Refinancing Indebtedness with respect to the Indebtedness referenced in clauses (i) through (iv) of this clause (e), in each case, constituting Material Indebtedness, or (vi) any indenture or credit agreement in respect of any Junior Financing constituting Material Indebtedness) shall have occurred; or

(f) a Fund Change in Control shall have occurred.

" Closing Date " shall mean May 2, 2016.

" Code " shall mean the Internal Revenue Code of 1986.

" Common Stock " shall mean the Company's common stock, par value $ 0.01 per share.

" Company " shall have the meaning assigned to such term in the recitals hereof.

" Company Insolvency Material Event " shall have the meaning assigned to such term in Section 7(b)(i) .

" Compensation Arrangement " shall mean any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement, including any employment arrangement or equity purchase agreement.

" Compounded Dividends " shall have the meaning assigned to such term in Section 5 .

" Consolidated Total Assets " shall mean, as of any date of determination, the total assets of the Borrower and its consolidated Subsidiaries without giving effect to any impairment or amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 4.1(f) of the Securities Purchase Agreement or Sections 1.2(b)(i) or 1.2(b)(ii) of the Second Amended and Restated Series A Investors Rights Agreement, as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a Person or assets that may have occurred on or after the last day of such fiscal quarter.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Covered Person " shall mean any future, present or former employee, director, manager, officer, member of management or consultant of the General Partner, Parent, the Company, or any of their respective Subsidiaries that is unaffiliated with the Fund and the Fund Affiliates.

" Deemed Dividend Gross-Up Payment " shall have the meaning assigned to such term in the Second Amended and Restated Series A Investors Rights Agreement.

" DGCL " shall have the meaning assigned to such term in the recitals hereof.

" Dispose " shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset (including the issuance of Equity Interests). The term " Disposition " shall have a correlative meaning to the foregoing.

" Disqualified Stock " shall mean, with respect to any Person, any Equity Interests of such Person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior redemption in full of all Shares in accordance with Section 6 and Section 7), (b) is redeemable at the option of the holder thereof

(other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is 91 days after the Mandatory Redemption Date; provided that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock. Notwithstanding the foregoing, (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Company or any of its Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Company or any of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability and (ii) any class of Equity Interests of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

" Dividend Payment Date " shall mean March 31, June 30, September 30 and December 31 of each year, commencing on June 30, 2016; provided that, if any Dividend Payment Date is not a Business Day, the Dividend Payment Date shall be the immediately preceding Business Day.

" Dividend Period " shall mean the period commencing on and including a Dividend Payment Date that ends on, but does not include, the next Dividend Payment Date; provided that the initial Dividend Period shall commence on and include the Closing Date and end on, but not include, the first Dividend Payment Date.

" Dividends " shall have the meaning assigned to such term in Section 5 .

" DRD Gross-Up Payments " shall have the meaning assigned to such term in the Second Amended and Restated Series A Investors Rights Agreement.

" EBITDA " shall have the meaning assigned to such term in the First Lien Credit Agreement as in effect on the Closing Date.

" Equity Interests " of any Person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such Person, including any preferred stock, any preferred securities, any limited or general partnership interest, any limited liability company membership interest, any related stock appreciation rights or similar securities, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

" Equityholders Agreement " shall mean the Equityholders Agreement, dated as of the Closing Date, by and among the Member, the General Partner, Parent, Prime Security Services GP, LLC, a Delaware limited liability company, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership, and the Purchaser.

" ERISA " shall mean the Employment Retirement Income Security Act of 1974.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Parent, the Company or any of its Subsidiaries, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code

with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, or in "endangered" or "critical" status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a Lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

" Event of Default " shall mean the happening of any of the following events:

(a) any representation or warranty made or deemed made by Parent or the Company in the Securities Purchase Agreement or by Parent, the Company or any of its Subsidiaries in any other Related Agreement to which it is a party or any certificate or document delivered by it pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made and such false or misleading representation or warranty (if curable) shall remain false or misleading for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Second Amended and Restated Series A Investors Rights Agreement;

(b) the Company shall fail to declare or pay any Dividends in accordance with Section 5 or any failure or default shall be made in the payment or distribution on any Share (including pursuant to Section 5 , Section 6 or Section 7 of this Second Amended and Restated Certificate of Designation or Section 1.1 of the Second Amended and Restated Series A Investors Rights Agreement) or any other Preferred Securities, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise, in each case for any reason whatsoever and, solely with respect to any failure to declare or pay any Dividends in accordance with Section 5 , such failure shall continue unremedied for a period of five Business Days;

(c) any failure or default shall be made in the due observance or performance by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Section 9 of this Second Amended and Restated Certificate of Designation or by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Sections 1.2(a), 1.2(c) or 1.2(e) of the Second Amended and Restated Series A Investors Rights Agreement;

(d) any failure or default shall be made in the due observance or performance by the Member, the General Partner, Parent, the Company or any of its Subsidiaries of any covenant, condition or agreement contained herein or in any other Related Agreement to which it is a party (other than those specified in clauses (a), (b) and (c) above) and such failure or default shall continue unremedied for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Second Amended and Restated Series A Investors Rights Agreement, in each case for any reason whatsoever;

(e) (i) any event or condition occurs that results in any Senior Debt becoming due prior to its scheduled maturity (a " Senior Debt Acceleration "), (ii) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or (iii) Parent, the Company or any of its Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (e) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(f) Parent, the Company or any of its Subsidiaries shall fail to (i) make any payment of principal, interest or other amount when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) in respect of any Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension thereof) or (ii) observe or perform any other agreement set forth in any Senior Debt or contained in any instrument or agreement evidencing, securing or relating to such Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension

thereof), which failure would enable or permit the holder or holders of such Senior Debt or any trustee or agent on its or their behalf to cause such Senior Debt to become due or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that, in each case, a forbearance with respect to any such failure shall not be deemed to eliminate such failure unless the requisite holders execute and deliver to

Parent, the Company or any of its Subsidiaries, as applicable, an irrevocable extension or waiver under the terms of such Senior Debt with respect to such failure (any failure described in this clause (f), a " Senior Debt Event of Default ");

(g) there shall have occurred a Change in Control;

(h) there shall have occurred an Insolvency Event;

(i) the failure by Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to pay one or more final judgments aggregating in excess of $84,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to enforce any such judgment;

(j) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Parent, the Company or any of its Subsidiaries or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, or (iv) Parent, the Company or any of its Subsidiaries shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(k) this Second Amended and Restated Certificate of Designation or any other Related Agreement shall for any reason be asserted in writing by the Member, the General Partner, Parent, the Company or any of its Subsidiaries or any of their respective Affiliates not to be a legal, valid and binding obligation of any party thereto.

" Exchange Act " shall mean the Securities Exchange Act of 1934.

" Existing ADTSC Roll-Over Notes " shall mean, collectively, (a) the $1,000,000,000 in aggregate principal amount of the 3.50% Notes due 2022, (b) the $750,000,000 in aggregate principal amount of the 4.875% Notes due 2042 or 2032, as applicable, (c) the $700,000,000 in aggregate principal amount of the 4.125% Senior Notes due 2023, (d) the $1,000,000,000 in aggregate principal amount of the 6.25% Senior Notes due 2021 and (e) the $300,000,000 in aggregate principal amount of the 5.25% Senior Notes due 2020.

" First Call Date " shall mean May 2 , 2019.

" First Lien Credit Agreement " shall mean the Amended and Restated First Lien Credit Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the lenders party thereto and Barclays Bank PLC, as administrative agent.

" Five-Year Treasury Yield " shall mean, as of the relevant date, the greater of (a) 1.25% per annum and (b) the yield (rounded upwards if necessary to the nearest 1/100th of 1.00%) on actively traded U.S. Treasury securities adjusted to a constant maturity of five years, as determined by reference to the 5-Year Constant Maturity Treasury Rate for such date published by the U.S. Department of the Treasury (currently located under the caption "Daily Treasury Yield Curve Rates" at http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx? data=yield), or, if such information is no longer published by the U.S. Department of the Treasury, by reference to comparable information contained in any other publicly available source of similar market data as reasonably determined in good faith by the Company.

" Foreign Subsidiary " shall mean any Subsidiary of the Borrower that is incorporated or organized under the laws of any jurisdiction other than the U.S., any state thereof or the District of Columbia.

" Fund " shall mean, collectively, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, and Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership.

" Fund Affiliate " shall mean (a) each Affiliate of the Fund that is neither a "portfolio company" (which shall mean a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a "portfolio company" and (b) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

A " Fund Change in Control " shall be deemed to occur if:

(a) the Fund ceases to have the ability or right to appoint, directly or indirectly, directors or managers constituting a majority of the voting power of the Board of Directors, the Board of Managers or the board of directors or board of managers or other governing body of the General Partner, Parent, the Company or any of its Subsidiaries;

(b) (i) the Fund ceases to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner or the Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to the General Partner, as applicable, (ii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 125,000,000 Units and/or Units representing at least 32.81 % of the issued and outstanding Units or the equivalent Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to Parent, as applicable, or (iii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 311,649.94 shares of Common Stock and/or Common Stock representing at least 32.81 % of the issued and outstanding Common Stock or the equivalent Equity Interests of the other Person surviving or

resulting from a Fund Change in Control relating to the Company, as applicable, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination; provided that the percentage calculations in clauses (ii) and (iii) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate; or

(c) the General Partner, Parent or the Company (i) merges or consolidates with or into any other Person, another Person merges with or into the General Partner, Parent or the Company, or the General Partner, Parent or, except in connection with a Permitted Securitization Financing, the Company Disposes to another Person all or substantially all of the assets of the General Partner, Parent, the Company and its Subsidiaries, taken as a whole, whether directly or indirectly through the sale of assets of one or more of their respective Subsidiaries, or (ii) engages in any recapitalization, reclassification or other transaction unless, in the context of any such merger or consolidation referenced in the foregoing clause (i) or recapitalization, reclassification or other transaction referenced in the foregoing clause (ii), (A) the Fund continues to Beneficially Own and own of record, directly or indirectly, immediately after giving effect to such transaction, (I) 100% of the issued and outstanding Equity Interests of the General Partner, (II) at least 125,000,000 Units and/or 32.81 % of the issued and outstanding Units and (III) at least 311,649.94 shares of Common Stock and/or 32.81 % of the issued and outstanding Common Stock or, in each case, the equivalent Equity Interests of the other Person surviving or resulting from such transaction, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination and (B) no Shares are cancelled or converted into shares of any other class or series of capital stock of the Company or any Equity Interests of the Company or any other Person (or the right to receive any such Equity Interests), any property (including cash or the right to receive cash or other property) or any combination of the foregoing; provided that the percentage calculations in clauses (II) and (III) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate.

" GAAP " shall mean generally accepted accounting principles in effect from time to time in the U.S., applied on a consistent basis, subject to the provisions of Section 1(b) ; provided that any reference to the application of GAAP in Sections 2.13(b) or 2.20 of the Securities Purchase Agreement or Section 1.2(d) of the Second Amended and Restated Series A Investors Rights Agreement to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

" General Partner " shall mean Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company.

" Guarantee " of or by any Person (the " guarantor ") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another

Person (the " primary obligor ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other Person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by the Loan Documents and this Second Amended and Restated Certificate of Designation (other than such obligations with respect to Indebtedness). 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.

" 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 Parent, the Company or any of its Subsidiaries shall be a Hedging Agreement.

" Holder " shall mean, as of the relevant date, any Person that is the holder of record of at least one Share as of such date.

" Holdings " shall mean Prime Security Services Holdings, LLC, a Delaware limited liability company. Unless the context otherwise requires, "Holdings" shall also include any Intermediate Holding Company.

" Immaterial Subsidiary " shall mean any Subsidiary of the Borrower that (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 4.1(f) of the Securities Purchase Agreement or Sections 1.2(b)(i) or 1.2(b)(ii) of the Second Amended and Restated Series A Investors Rights Agreement, have assets with a value in excess of 5.00% of the Consolidated Total Assets or revenues representing in excess of 5.00% of total revenues of

the Borrower and its Subsidiaries on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of such date, did not have assets with a value in excess of 10.0% of Consolidated Total Assets or revenues representing in excess of 10.0% of total revenues of the Borrower and its Subsidiaries on a consolidated basis as of such date; provided that the Company may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary of the Borrower that would otherwise meet the definition of "Immaterial Subsidiary". Each Immaterial Subsidiary as of the Amendment Date shall be set forth in Exhibit E to the Second Amended and Restated Series A Investors Rights Agreement and the Company shall update such Exhibit from time to time after the Amendment Date as necessary to reflect all Immaterial Subsidiaries at such time (the selection of Subsidiaries of the Borrower to be added to or removed from such Exhibit to be made as the Company may determine).

" Incremental Assumption and Amendment Agreement " shall mean the Incremental Assumption and Amendment Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the lenders party thereto, Barclays Bank PLC, as administrative agent, and the other parties thereto.

" Indebtedness " of any Person shall mean, if and to the extent (other than with respect to clause (i) of this definition) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such Person, (f) all net payments that such Person would have to make in the event of an early termination, on the date Indebtedness of such Person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit, (h) the principal component of all obligations of such Person in respect of bankers' acceptances, (i) all Guarantees by such Person of Indebtedness described in clauses (a) through (h) above and (j) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided that, in the case of the Borrower and its Subsidiaries, Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the

ordinary course of business, (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) earn-out obligations until such obligations become a liability on the balance sheet of such Person in accordance with GAAP, (E) obligations in respect of Third Party Funds or (F): (I) 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 (II) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and its Subsidiaries. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing

such Indebtedness limits the liability of such Person in respect thereof. To the extent not otherwise included, Indebtedness shall include the amount of any Receivables Net Investment.

" Initial Public Offering " shall mean a consummated underwritten initial public offering of Common Stock.

" Insolvency Event " shall mean:

(a) any voluntary or involuntary liquidation, dissolution or winding up of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries;

(b) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, or of a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or (iii) the winding-up or liquidation of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries (except, solely with respect to the Borrower or any of its Material Subsidiaries, in a transaction permitted under the Loan Documents), and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(c) the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted

or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (b) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due.

For purposes of this definition, "Material Subsidiary" shall mean any Subsidiary of the Borrower that would not be an Immaterial Subsidiary under clause (a) of the definition thereof.

" Intermediate Holding Company " shall have the meaning assigned to such term in Section 9(a)(iv) .

" Junior Financing " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Junior Stock " shall mean Common Stock, any other Preferred Securities and any other Equity Interest of the Company (other than the Series A Preferred Securities).

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

" LLC Agreement " shall mean the Limited Liability Company Agreement of the General Partner dated as of the Closing Date.

" Loan Documents " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" LP Agreement " shall mean the Third Amended and Restated Limited Partnership Agreement of Parent dated as of the Closing Date.

" Make-Whole Amount " shall mean, with respect to any Share as of any Redemption Date occurring prior to the First Call Date, the difference of (I) the present value as of such Redemption Date of the Series A Preference Amount as of the First Call

Date of the Share being redeemed (i.e., the product of 105.50% multiplied by the Accumulated Stated Value as of the First Call Date of such Share being redeemed), assuming (a) that such Share were to remain outstanding through the First Call Date and then be redeemed on the First Call Date and (b) for purposes of determining the Accumulated Stated Value as of the First Call Date of such Share that (i) all the Dividends that would accumulate on such Share (based on the Accrued Dividend Rate as in effect as of such Redemption Date) from such Redemption Date to, but not including, the Dividend Payment Date immediately prior to the First Call Date (the " Nearest Dividend Payment Date ") would not be paid and would compound and increase the Stated Value of such Share on each Dividend Payment Date that would occur during the period from such date through the Nearest Dividend Payment Date with such Dividends in each case accumulating on the Stated Value of such Share as it so increased and (ii) all the Dividends that would accumulate on such Share (based on the Accrued Dividend Rate as in effect as of such Redemption Date and, for the avoidance of doubt, after giving effect to the increase to the Stated Value of such Share described in clause (i) of this definition) from the Nearest Dividend Payment Date (or, if such Redemption Date occurs after the Nearest Dividend Payment Date and prior to the First Call Date, from such Redemption Date (and in such case, without duplication of amounts in clause (i) already included in the Accumulated Stated Value)) to, but not including, the First Call Date

would not be paid and would compound and increase the Stated Value of such Share on the First Call Date, with such present value being computed using an annual discount rate (applied quarterly) equal to the Applicable Treasury Rate as of such Redemption Date plus 50 basis points, minus (II) the Accumulated Stated Value of the Share being redeemed as of such Redemption Date, provided that, with respect to any Share as of any Redemption Date occurring after June 30, 2018 and before the First Call Date, if the cash balance in the Segregated Account has been at all times prior to the Redemption Date at least equal to the Minimum Segregated Account Amount, then the Make-Whole Amount per Share shall be reduced by the Reduction Amount.

" Manager " shall have the meaning assigned to such term in the LLC Agreement.

" Mandatory Redemption Date " shall have the meaning assigned to such term in Section 6(a)(ii) .

" Material Adverse Effect " shall mean a material adverse effect on the business, property, operations or financial condition of the Company and its Subsidiaries, taken as a whole, or the validity or enforceability of this Second Amended and Restated Certificate of Designation or any other Related Agreement or the rights and remedies of the Purchaser and the Holders hereunder or thereunder.

" Material Event " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer Period " shall have the meaning assigned to such term in Section 7(c)(i) .

" Material Event Redemption " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Date " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Notice " shall have the meaning assigned to such term in Section 7(c)(iii) .

" Material Indebtedness " shall mean (a) any Senior Debt and/or (b) any Indebtedness of any one or more of Parent, the Company or any of its Subsidiaries in an aggregate principal amount exceeding $84,000,000; provided that in no event shall any Permitted Securitization Financing be considered Material Indebtedness.

" Material Subsidiary " shall mean any Subsidiary other than an Immaterial Subsidiary.

" Member " shall mean AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership.

" Merger " shall have the meaning assigned to such term in the definition of "Merger Agreement".

" Merger Agreement " shall mean the Agreement and Plan of Merger, dated as of February 14, 2016, by and among ADT, the Borrower, Merger Sub (as defined therein), the Company and, solely for the purposes of Article IX thereof, Parent, pursuant to which Merger Sub will merge with and into ADT, with ADT surviving as an indirect wholly owned subsidiary of the Borrower (the " Merger ").

" Minimum Segregated Account Amount " shall mean either (a) at any time following the consummation of an Initial Public Offering (but before the consummation of any subsequent Public Offering (a " Subsequent Offering ")), an amount in cash equal to at least $750,000,000, or (b) at any time following the consummation of a Subsequent Offering, an amount equal to at least the aggregate Redemption Price for all outstanding Series A Preferred Securities outstanding as of such time, (i) in the event such Subsequent Offering occurs on or prior to June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was July 1, 2018 and for each calendar quarter ending after June 30, 2018, the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter and (ii) in the event such Subsequent Offering occurs after June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was the last date of the calendar quarter during which such Subsequent Offering was consummated and for each calendar quarter

thereafter the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Parent, the Company or any of its Subsidiaries or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Nearest Dividend Payment Date " shall have the meaning assigned to such term in the definition of "Make-Whole Amount".

" Optional Redemption Date " shall have the meaning assigned to such term in Section 6(a)(i) .

" Parent " shall mean Prime Security Services TopCo Parent, L.P., a Delaware limited partnership.

" Parent Entity " shall mean any direct or indirect controlling parent of the Company (excluding the Fund, the Fund Affiliates and their respective parent entities).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permitted Affiliate Transaction " shall mean:

(a) other than Affiliate Investment Transactions, which are Permitted Affiliate Transactions only if satisfying clause (i) of this definition of "Permitted Affiliate Transaction", any transaction (or series of related transactions) upon terms that are substantially no less favorable to the Company and any of its Subsidiaries that are party to such transaction (or series of related transactions) than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate, as determined by the Board of Managers in good faith;

(b) loans or advances to employees or consultants of the Company, any of the Company's Subsidiaries or any Parent Entity that are, in each case, made in connection with recruiting or retaining such employees or consultants to operate or manage their respective businesses, as determined by the Board of Managers in good faith to be reasonably necessary to successfully recruit or retain such employees or consultants, and the payment and cancellation of such loans or advances;

(c) [Reserved];

(d) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate

in an aggregate amount in any fiscal year for all such agreements and payments not to exceed the lesser of (i) 1.00% of EBITDA for such fiscal year and (ii) $20,000,000;

(e) any Permitted Restricted Payment;

(f) the payment of (i) reasonable out-of-pocket costs to any Covered Person, in each case relating to services performed for or on behalf of the Company and (ii) amounts arising out of the Company's or any Parent Entity's indemnification and advancement obligations to any Covered Person;

(g) (i) any Compensation Arrangement with any Covered Person and employment agreements entered into by the Company or any of its Subsidiaries in the ordinary course of business, (ii) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to any Permitted Restricted Payment and (iii) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers bona fide employees of the Company and its Subsidiaries, and any reasonable employment contract and transactions pursuant thereto;

(h) any transaction in respect of which the Company delivers to the Holders a letter addressed to the Board of Managers from an independent accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Company qualified to render such letter, which letter states that (i) (A) such transaction is on terms that are substantially no less favorable to the Company or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate or (B) such transaction is fair to the Company or such Subsidiary, as applicable, from a financial point of view and (ii) such transaction does not disproportionately affect the rights of the Holders or the value of the Shares;

(i) investments in securities of, or the extension of any debt or equity financing to, the Company or any of its Subsidiaries by the Fund or any Fund Affiliate (any such

investment or financing, an " Affiliate Investment Transaction ") so long as (i) the investment is being offered generally to other investors (including the Holders) on the same or more favorable terms and (ii) the investment constitutes less than 5.00% of the outstanding issue amount of such class of securities; or

(j) transactions between the Company and any of its Subsidiaries and any Person, a director of which is also a director of the Company or any Parent Entity; provided that (i) such director abstains from voting as a director of the Company or such Parent Entity, as the case may be, on any matter involving such other Person and (ii) such Person is not an Affiliate of the Company for any other reason other than such director's acting in such capacity.

" Permitted Refinancing Indebtedness " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Permitted Restricted Payment " shall mean:

(a) any Restricted Payment on account of any Share;

(b) [Reserved];

(c) [Reserved]; or

(d) any dividends, distributions or other payments made to Parent or the Company, in order to permit Parent or the Company to make payments in respect of (i) dividends, distributions or other payments on account of purchases or redemptions, or payments, dividends or distributions in respect of, Equity Interests held by a Covered Person or under any Compensation Arrangement or any shareholders agreement then in effect upon such Person's death, disability, retirement or termination of employment or under the terms of any Compensation Arrangement and (ii) dividends, distributions or other payments (A) in respect of bona fide overhead, legal, accounting and other professional fees and expenses of the Company or any Parent Entity, (B) in respect of bona fide franchise and similar taxes and other fees and expenses in connection with the maintenance of the Company's (or any Parent Entity's) existence and the Company's (or any Parent Entity's indirect) ownership of its Subsidiaries, (C) Permitted Affiliate Transactions (other than pursuant to clause (a) or (h) of such definition), (D) to the Company (and, if applicable, any Parent Entity) in an amount not to exceed the amount of any U.S., federal, state, local or foreign taxes that the Company and/or its Subsidiaries, as applicable, would have paid if the Company and/or its Subsidiaries, as applicable, had been a stand-alone corporate taxpayer or stand-alone corporate group with respect to any taxable period during which (x) the Company and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes and (y) the Company or any Parent Entity is the common parent of such group, or (E) in respect of bona fide non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options; provided that, in the case of clauses (A) and (B) above, the amount of such Restricted Payments shall not exceed the portion of any amounts referred to in such clauses (A) and (B) that are allocable to Parent and its Subsidiaries (which shall be 100% at any time that, as the case may be, (x) the Company owns no material assets other than the Equity Interests of Holdings and assets incidental to such equity ownership or (y) any Parent Entity owns, directly or indirectly, no material assets other than Equity Interests of the Company and any other Parent Entity and assets incidental to such equity ownership).

" Permitted Securitization Documents " shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

" Permitted Securitization Financing " shall mean 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 the Borrower or any of its Subsidiaries (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Company in good faith in consultation with the Preferred Majority Holder) 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 the Borrower or any of its Subsidiaries (other than a Special Purpose Securitization Subsidiary)).

" Person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (a) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (b) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate, and (c) in respect of which Parent, the Company, any of its Subsidiaries or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" Preferred Majority Holder " shall mean the Holder (together with its Affiliates) or the Holders (together with their respective Affiliates) of not less than a majority of the voting power and the aggregate Accumulated Stated Value of all Shares.

" Preferred Securities " shall have the meaning assigned to such term in the recitals hereof.

" Pro Forma Basis " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Public Offering " means an underwritten public offering of Common Stock.

" Purchaser " shall have the meaning assigned to such term in the Securities Purchase Agreement.

" Qualified Equity Interests " shall mean any Equity Interest other than Disqualified Stock.

" Qualified IPO " shall mean an Initial Public Offering that (a) generates gross cash proceeds of at least $750,000,000 and (b) on or prior to which the Company shall have deposited in a Segregated Account an amount in cash equal to at least $750,000,000.

" 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 the Borrower or any of its Subsidiaries.

" Receivables Net Investment " shall mean the aggregate cash amount paid by the lenders or purchasers under any Permitted Securitization Financing in connection with their purchase of, or the making of loans secured by, Receivables Assets or interests therein, as the same may be reduced from time to time by collections with respect to such Receivables Assets or otherwise in accordance with the terms of the Permitted Securitization Documents (but excluding any such collections used to make payments of, with respect to any Person for any period, commissions, discounts, yield and other fees and charges incurred in connection with any Permitted Securitization Financing which are payable to any Person other than the Borrower or a Subsidiary, minus interest income for such period); provided that if all or any part of such Receivables Net Investment shall have been reduced by application of any distribution and thereafter such distribution is rescinded or must otherwise be returned for any reason, such Receivables Net Investment shall be increased by the amount of such distribution, all as though such distribution had not been made.

" Redemption Date " shall mean an Optional Redemption Date, a Mandatory Redemption Date or a Material Event Redemption Date, as applicable.

" Redemption Percentage " shall mean, as of the relevant date, the applicable percentage under the heading "Redemption Percentage" set forth in the table below:

Period In Which Such Date Occurs	Redemption Percentage
If such date occurs during the period from and including the First Call Date to, but not including, May 2 , 2020	105.50%
If such date occurs during the period from and including May 2 , 2020 to, but not including, May 2 , 2021	102.75%
If such date occurs on or after May 2 , 2021	100%

" Redemption Price " shall have the meaning assigned to such term in Section 6(b)(ii) .

" Reduction Amount " shall mean an amount equal to the sum of (x) the difference between (A) the Make-Whole Amount per Share calculated on the basis of the Accumulated Stated Value assuming a redemption date of July 1, 2018 and (B) the Make-Whole Amount per Share calculated on the basis of an Accumulated Stated Value per share equal to $1,000 assuming a redemption date of July 1, 2018 (without regard to any

Compounding Dividends with respect to such Share as of July 1, 2018), plus (y) the difference between (A) the Aggregate Accumulated Dividends assuming a redemption date of July 1, 2018 for purposes of Section 6(a)(i) and Section 6(b)(i)(A) and (B) the Aggregate Accumulated Dividends assuming a redemption date of July 1, 2018 for purposes of Section 6(a)(i) and Section 6(b)(i)(A) calculated assuming that (i) from June 30, 2017 to and including July 1, 2018, the Accrued Dividend Rate equaled the Five-Year Treasury plus 9.00% per annum and (ii) Dividends accrued on each date during such period accumulated on a daily basis in arrears on the Stated Value per Share, with the Stated Value per Share for such purposes being $1,000 (without regard to any Compounded Dividends with respect to such Share as of any date during such period).

" Related Agreements " shall mean the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the Second Amended and Restated Series A Investors Rights Agreement, the Securities Purchase Agreement, the Equityholders Agreement, the LLC Agreement, the LP Agreement and the Warrant.

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

" Restricted Payment " shall mean (a) to declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of the Equity Interests of the Company or any of its Subsidiaries (other than, in each case, to the Company or any direct or indirect Subsidiary of the Company which Equity Interests of such Subsidiary shall be at least 90.0% owned, directly or indirectly, by the Company) or (b) directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Person to purchase or acquire) any of the Equity Interests of the Company or set aside any amount for any such purpose. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Company in good faith).

" Second Amended and Restated Certificate of Designation " shall have the meaning assigned to such term in the recitals hereof.

" Second Amended and Restated Series A Investors Rights Agreement " shall mean the Second Amended and Restated Series A Investors Rights Agreement, dated as of the date hereof, by and among the Purchaser, the Holders party thereto, the Member, the General Partner, Parent and the Company.

" Second Lien Credit Agreement " shall mean the Second Lien Credit Agreement, dated as of July 1, 2015, by and among Holdings, the Borrower, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent.

" Second Priority Senior Secured Notes " shall mean the $3,140,000,000 in aggregate principal amount of the 9.25 % Second Priority Senior Secured Notes due 2023 issued pursuant to the Second Priority Senior Secured Notes Indenture.

" Second Priority Senior Secured Notes Documents " shall mean the Second Priority Senior Secured Notes, the Second Priority Senior Secured Notes Indenture, the "Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture), the "First Lien/Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture) and the "Security Documents" (as defined in the Second Priority Senior Secured Notes Indenture), each as in effect on the Closing Date.

" Second Priority Senior Secured Notes Indenture " shall mean the Indenture, dated as of the Closing Date, among the Borrower, Prime Finance Inc., a Delaware corporation, as co-issuer, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee.

" Securities Act " shall mean the Securities Act of 1933.

" Securities Purchase Agreement " shall mean the Securities Purchase Agreement, dated as of the Closing Date, by and among the Purchaser, Parent and the Company.

" Securitization Assets " shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Borrower or any of its Subsidiaries or in which the Borrower or any of its Subsidiaries 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 the Borrower 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 Company in good faith).

" Segregated Account " shall mean the deposit account established and owned by the Company solely for the purpose of holding the Minimum Segregated Account Amount, which Minimum Segregated Account Amount may only be used by the Company to redeem the Series A Preferred Securities, in whole or in part, from time to time, in each case, in accordance with Section 1.5 of the Second Amended and Restated Series A Investors Rights Agreement.

" Senior Debt " shall mean any Indebtedness incurred pursuant to any of (a) the Loan Documents, (b) the Second Priority Senior Secured Notes Documents and/or (c) the

documents governing the Existing ADTSC Roll-Over Notes, in each case as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders, holders 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 any 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 and whether or not such original Senior Debt remains outstanding.

" Senior Debt Acceleration " shall have the meaning assigned to such term in clause (e)(i) of the definition of "Event of Default".

" Senior Debt Event of Default " shall have the meaning assigned to such term in clause (f) of the definition of "Event of Default".

" Series A Preference Amount " shall mean, as of any date that is on or after the First Call Date, an amount per Share equal to the product of (a) the Redemption Percentage applicable as of such date multiplied by (b) the Accumulated Stated Value of such Share as of such date.

" Series A Preferred Securities " shall have the meaning assigned to such term in Section 2 .

" Share " shall mean, as of the relevant date, any issued and outstanding share of the Series A Preferred Securities as of such date.

" Similar Business " shall mean any business, the majority of whose revenues are derived from (a) business or activities conducted by the Company and its Subsidiaries on the Closing Date, (b) any business that is a natural outgrowth or 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 (c) any business that in the Company's good faith business judgment constitutes a reasonable diversification of businesses conducted by the Company and its Subsidiaries.

" Special Purpose Securitization Subsidiary " shall mean (i) a direct or indirect Subsidiary of the Borrower 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 the Company in good faith) intended to reduce the likelihood that it would be substantively consolidated with Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any of its Subsidiaries (other than Special Purpose Securitization Subsidiaries)

in the event Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law) and (ii) any Subsidiary of a Special Purpose Securitization Subsidiary.

" Stated Value " shall mean, as of the relevant date and with respect to each Share, the sum of (a) $1,000 (adjusted as appropriate in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination) plus (b) the aggregate Compounded Dividends with respect to such Share as of such date.

" Subsidiary " shall mean, with respect to any Person (in this definition referred to as the " parent "), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50.0% of the equity or more than 50.0% of the ordinary voting power or more than 50.0% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

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

" Units " shall mean the limited partnership units of Parent.

" U.S. " shall mean the United States of America.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code or any similar federal or state law for the relief of debtors.

" Warrant " shall mean the Warrant to Purchase Class A-1 Units, designated as Warrant No. 1, issued by Parent to the Purchaser on the Closing Date.

" Wholly Owned Subsidiary " of any Person shall mean a Subsidiary of such Person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such Person or another Wholly Owned Subsidiary of such Person. Unless the context otherwise requires, "Wholly Owned Subsidiary" shall mean a Subsidiary of the Company that is a Wholly Owned Subsidiary of the Company.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

(a) Interpretation. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The headings are for convenience only and shall not be given effect in interpreting this Second Amended and Restated Certificate of Designation. References herein to any Section shall be to a Section hereof unless otherwise specifically provided. References herein to any law shall mean such law, including all rules and regulations promulgated under or implementing such law, as amended from time to time and any successor law unless otherwise specifically provided. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Second Amended and Restated Certificate of Designation, refer to this Second Amended and Restated

Certificate of Designation as a whole and not to any particular provision of this Second Amended and Restated Certificate of Designation. The use of the masculine, feminine or neuter gender or the singular or plural form of words shall not limit any provisions of this Second Amended and Restated Certificate of Designation. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning as the word "shall". With respect to the determination of any period of time, "from" shall mean "from and including". The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The terms lease and license shall include sub-lease and sub-license, as applicable. All references to "$", currency, monetary values and dollars set forth herein shall mean U.S. dollars. When the terms of this Second Amended and Restated Certificate of Designation refer to a specific agreement or other document or a decision by any body or Person that determines the meaning or operation of a provision hereof, the secretary of the Company shall maintain a copy of such agreement, document or decision at the principal executive offices of the Company and a copy thereof shall be provided free of charge to any Holder who makes a request therefor. Any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or unless expressly provided herein or the context otherwise requires). Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Holders that the Company has requested an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing 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 herewith. Notwithstanding any changes in GAAP after the Closing Date, any lease of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Company or any of its Subsidiaries under this Second Amended and Restated Certificate of Designation as a result of such changes in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 805, 810 or 825 (or any other part of FASB Accounting Standards Codification having a similar result or effect), to value any Indebtedness at "fair value".

2. Designation. A total of 750,000 shares of the Preferred Securities are designated as a series known as Series A Preferred Securities, with each such share having an initial Stated Value of $1,000 per share (the " Series A Preferred Securities ").

3. Ranking. With respect to (a) payment of dividends and (b) distribution of assets upon, or in connection with, any redemption under Section 6 or Section 7, the Series A Preferred Securities shall rank senior to all Junior Stock (except pursuant to any Permitted Restricted Payment).

4. Voting.

(a) Generally. The Holders have no voting rights with respect to the Shares except as set forth in this Second Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law.

(b) Voting Power. At the time of any vote or consent of the Holders under this Second Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law, the voting power of each Share, as a percentage of the aggregate voting power of all Shares, shall equal the product of (i) the quotient of (x) the Accumulated Stated Value of such Share as of such time divided by (y) the aggregate Accumulated Stated Value of all Shares as of such time multiplied by (ii) 100.

5. Dividends. From and after the Closing Date, preferential cumulative dividends (" Dividends ") shall accumulate on a daily basis in arrears during each Dividend Period at the Cash Dividend Rate (or, with respect to Dividends that become part of the Stated Value pursuant to this Section 5, the Accrued Dividend Rate) in effect from time to time on the then-current Stated Value of each Share, whether or not Dividends are earned or declared by the Board of Directors or the Company is prohibited by law to pay Dividends, and, if declared, shall be due and payable on the Dividend Payment Date with respect to such Dividend Period in accordance with this Section 5. To the extent not prohibited by law, Dividends may be paid in cash on each Dividend Payment Date, when, as and if declared by the Board of Directors. On each Dividend Payment Date related to a Dividend Period for which the Company does not for any reason (including because payment of any Dividend

is prohibited by law) pay in cash all Dividends that accumulated during such Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date (" Compounded Dividends "); provided that, unless the Board of Directors shall otherwise notify the Holders on or prior to the fifth Business Day prior to the applicable Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date pursuant to this Section 5 . The Company may not declare or pay any Dividend in additional Shares. Dividends shall be calculated on the basis of actual days elapsed over a year of 360 days. All Dividends, including Compounded Dividends, are prior to and in preference over any dividend on any Junior Stock and shall be declared and fully paid before any dividends are declared and paid, or any other distributions or redemptions are made, on any Junior Stock (except pursuant to any Permitted Restricted Payment). Except as set forth in Section 7 , Dividends shall be payable to the Holders as they appear on the records of the Company on the record date for such Dividends, which, to the extent the Board of Directors determines to declare Dividends in respect

of any Dividend Period, shall be the date that is 15 days prior to the applicable Dividend Payment Date, and which record date and Dividend Payment Date, to the extent so determined, shall be declared by the Board of Directors during each Dividend Period on the date that is at least 20 days prior to the Dividend Payment Date and 5 days prior to the record date.

6. Redemption .

(a) Redemption Generally .

(i) Optional Redemption . At any time and from time to time, from and after the Closing Date, to the extent not prohibited by law, the Company may elect to redeem any or all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 ; provided that the Shares to be redeemed shall have an aggregate Accumulated Stated Value of at least $50.0 million (unless the aggregate Accumulated Stated Value of all Shares is less than $50.0 million, in which case the Company shall be required to redeem all Shares). Any election by the Company pursuant to this Section 6(a)(i) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends and the Make-Whole Amount described in Section 6(b)(i)(A) or the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) , as applicable, at least 15 days prior to the elected redemption date (each such date, an " Optional Redemption Date "), which notice shall indicate the amount of such Aggregate Accumulated Dividends (and, if applicable, such Make-Whole Amount), provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends (and, if applicable, such Make-Whole Amount), which shall occur on the Optional Redemption Date but prior to redemption of the applicable Shares, and (B) written notice of the Company's election to redeem at least 15 days prior to the Optional Redemption Date, which notice shall indicate the number of Shares being redeemed, the Optional Redemption Date and the manner of

and place designated for surrender (as set forth in Section 6(d)) of certificates representing the Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(i) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders. For the avoidance of doubt, the Shares are not redeemable at the Company's election except pursuant to this Section 6(a)(i) .

(ii) Mandatory Redemption . On May 2 , 2030 (the " Mandatory Redemption Date "), to the extent not prohibited by law, the Company shall redeem all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 . The redemption by the Company pursuant to this Section 6(a)(ii) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) at least 15 days prior to the Mandatory Redemption Date, which notice shall indicate the amount of such Aggregate Accumulated Dividends, provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends, which shall occur on the Mandatory Redemption Date but prior to redemption of all Shares, and (B) written notice of the Company's redemption at least 15 days prior to the Mandatory Redemption Date, which notice shall

indicate the number of all Shares being redeemed, the Mandatory Redemption Date and the manner of and place designated for surrender (as set forth in Section 6(d)) of certificates representing all Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(ii) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of all Shares held by the Holders.

(b) Redemption Price . The total price for each Share redeemed pursuant to Section 6(a) or Section 7 (and as adjusted to take into account the prior separate payment of Aggregate Accumulated Dividends in cash as set forth below) shall be:

(i) with respect to any Redemption Date occurring prior to the First Call Date, an amount per Share equal to (A) the sum of (1) the Aggregate Accumulated Dividends as of such Redemption Date plus (2) the Make-Whole Amount as of such Redemption Date plus (3) the Deemed Dividend Gross-Up Payment (if any) (which shall, in each case, be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(i)(B)) and (B) the sum of (1) 100% of the Stated Value of such Share as of the Closing Date and (2) any and all DRD Gross-Up Payments owing; and

(ii) with respect to any Redemption Date occurring on or after the First Call Date, an amount per Share equal to (A) the Aggregate Accumulated Dividends as of such Redemption Date (which shall be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(ii)(B)) and (B) any and all DRD Gross-Up Payments owing and (C) an amount equal to the difference of (1) the Series A Preference Amount as of such Redemption Date minus (2) the Aggregate Accumulated Dividends as of such Redemption Date (such per Share

aggregate price of the payment of cash dividends and the separate payments described in each of clauses (i)(A) and (i)(B) and (ii)(A) and (ii)(B) and (ii)(C), respectively, each, as applicable, the " Redemption Price ").

The applicable aggregate Redemption Price shall be due and payable, and paid in cash in immediately available funds, to the applicable Holders on the applicable Redemption Date.

(c) Rights After a Redemption Date . If any Shares are not redeemed on the applicable Redemption Date, for any reason, all such unredeemed Shares shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities, including the right to accumulate and receive Dividends thereon as set forth in Section 5 until the date on which the Company actually redeems and pays in full the Redemption Price for such Shares.

(d) Surrender of Certificates . Each Holder of the Shares to be redeemed pursuant to this Section 6 shall surrender the certificates representing such Shares to the Company, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share powers relating thereto), or, in the event the certificates are lost, stolen, missing, destroyed or mutilated, shall deliver an affidavit of loss and customary indemnity in a form reasonably acceptable to the Company, at the principal executive office of the Company or such other place as the Company may from time to time designate by notice to the Holders, and each

surrendered certificate shall be canceled and retired and the Company shall thereafter make payment of the Redemption Price by certified check or wire transfer of immediately available funds; provided that, to the extent such certificates represent a greater number of Shares than the Shares actually redeemed, such Holder shall, in addition to receiving the payment of the Redemption Price for each redeemed Share, receive a new share certificate for the Shares not so redeemed.

(e) Redemption Preference . Any redemption under this Section 6 or Section 7 shall be in preference to and in priority over any dividend or other distribution upon any Junior Stock.

7. Material Event Redemption Offer .

(a) Material Event Offer . Upon any (x) Insolvency Event, (y) Fund Change in Control or (z) Senior Debt Acceleration (each, a " Material Event "), the Company shall make an irrevocable and unconditional offer (a " Material Event Offer ") to each Holder to redeem all of such Holder's Shares (such redemption, a " Material Event Redemption ") on the applicable redemption date pursuant to Section 7(c) (the " Material Event Redemption Date "), for cash to the extent not prohibited by law, at a price per Share equal to the applicable Redemption Price. Each Holder shall be deemed to have accepted a Material Event Offer with respect to all of its Shares unless such Holder shall have delivered a written notice declining such Material Event Offer with respect to any or all of its Shares during the Material

Event Offer Period; provided that, with respect to a Material Event Offer arising from a Senior Debt Acceleration, only the Purchaser or any of its Affiliates that own one or more Shares, on behalf of all Holders, shall have the right to decline such Material Event Offer with respect to any or all Shares. If, on the Material Event Redemption Date, the Company is prohibited by law to redeem all Shares held by Holders that have not declined to have their Shares redeemed, then the Company shall redeem such Shares to the fullest extent not so prohibited. Any Shares that are not redeemed pursuant to the immediately preceding sentence shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities, including the right to continue to accumulate and receive Dividends thereon as set forth in Section 5 and, under such circumstances, the redemption requirements provided hereby shall be continuous, so that at any time thereafter when the Company is not prohibited by law to redeem such Shares, the Company shall immediately redeem such Shares at a price per Share equal to the Redemption Price as of the Material Event Redemption Date in accordance with Section 6 and this Section 7 , together with payment of an amount equal to the product of (i) the additional accumulated and unpaid Dividends following the Material Event Redemption Date multiplied by (ii) the Redemption Percentage applicable as of the Material Event Redemption Date.

(b) Company Insolvency Material Event . Notwithstanding anything to the contrary in this Section 7 :

(i) Upon an Insolvency Event with respect to the Company (a " Company Insolvency Material Event "), (A) a Material Event Offer for all Shares shall be deemed made by the Company prior to the occurrence of such Company Insolvency Material Event without any notice or other action on the part of the Company, (B) each

Holder of such Shares shall be deemed to have accepted such Material Event Offer immediately after such Material Event Offer is made pursuant to Section 7(b)(i)(A) and prior to the occurrence of such Company Insolvency Material Event without any action on the part of such Holder and (C) such Shares shall be redeemed on the date such Company Insolvency Material Event occurs immediately prior to the occurrence thereof without any action on the part of the Company or the Holder thereof and, with respect to such redemption, such date shall be the Material Event Redemption Date.

(ii) A redemption under Section 7(b)(i) shall be (A) for cash, to the extent not prohibited by law, (B) in preference to and in priority over any dividend or other distribution upon any Junior Stock and (C) effected at a price per Share equal to the Redemption Price. The Company shall pay or cause to be paid in full the aggregate Redemption Price as promptly as practicable and, in any event, before any payment, dividend or other distribution shall be made to the holders of Junior Stock by reason of their ownership thereof. Any such redemption shall occur without the requirement of notice or adherence to the procedures set forth Section 7(c) . If, upon such Company Insolvency Material Event, the assets of the Company available for distribution to its equity holders shall be insufficient to pay the Holders the full amount of the Redemption Price, the Holders of such Shares shall

share ratably in any distribution of the assets available for distribution based on such Holder's portion of the aggregate Accumulated Stated Value of such Shares.

(c) Material Event Offer Mechanics .

(i) A Material Event Offer required to be made pursuant to Section 7(a) shall be commenced within five Business Days following a Material Event and shall remain open for exactly 15 Business Days, except to the extent that a longer period is required by law (the " Material Event Offer Period ").

(ii) On the fifth Business Day following the expiration of the Material Event Offer Period, the Company shall redeem all Shares (other than those Shares held by Holders that declined to have their Shares redeemed during the Material Event Offer Period) at a price per Share equal to the Redemption Price. If the Company is prohibited by law to redeem all Shares held by such Holders, then the Company shall redeem on a pro rata basis among such Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders.

(iii) Prior to commencing a Material Event Offer, the Company shall send a notice (the " Material Event Redemption Notice ") to each Holder, which shall state:

(A) that a Material Event Offer is being made and that, unless such Holder provides written notice declining to have its Shares redeemed, all of such Holder's Shares will be redeemed pursuant to this Section 7 ;

(B) (1) the Redemption Price (including the separate payment amount for the Aggregate Accumulated Dividends), (2) the bank or trust company

with which the aggregate Redemption Price shall be deposited on or prior to the Material Event Redemption Date and (3) the Material Event Redemption Date;

(C) that Holders may decline such Material Event Offer by delivering a written notice of declination to the Company prior to the expiration of the Material Event Offer Period; and

(D) a reasonably detailed description of such Material Event.

(iv) On or before any Material Event Redemption Date, the Company shall deposit the amount of the applicable aggregate Redemption Price with a bank or trust company having an office in New York City irrevocably in trust for the benefit of such Holders. On the Material Event Redemption Date, the Company shall immediately cause to be paid the applicable Redemption Price for such Shares to such Holders. Upon such payment in full, such Shares will be deemed to have been redeemed, whether or not the certificates for such Shares have been surrendered for redemption and canceled, and Dividends with respect to such redeemed Shares shall cease to accumulate and all of the

rights, preferences, powers, and the qualifications, restrictions and limitations, of such redeemed Shares shall forthwith terminate.

(v) In case fewer than all Shares represented by any certificate are redeemed in accordance with this Section 7, new certificates shall be issued representing the unredeemed Shares without cost to the Holder thereof.

(vi) The Company shall comply, to the extent applicable, with the requirements of Section 14 of the Exchange Act and any other securities laws (or rules of any exchange on which any Shares are then listed) in connection with a redemption under this Section 7. To the extent there is any conflict between the notice or other timing requirements of this Section 7 and the applicable requirements of Section 14 of the Exchange Act, Section 14 of the Exchange Act shall govern.

(d) Company Efforts. The Company shall take such actions as are necessary to give effect to the provisions of Section 6 and this Section 7, including, in the event the Company is prohibited by law from redeeming or otherwise unable to redeem any Share in connection with any Material Event Redemption on the applicable Redemption Date, taking any action necessary or appropriate to remove as promptly as practicable any impediments to its ability to redeem such Share required to be so redeemed, including (i) to the extent not prohibited by law, reducing the stated capital of the Company or revaluing the assets of the Company to their fair market values under Section 154 of the DGCL if such revaluation would create surplus sufficient to make all or any portion of such Material Event Redemption and (ii) if the Company has sufficient surplus but insufficient cash to effect such Material Event Redemption, borrowing the cash necessary to make such Material Event Redemption to the extent it would not result in an Event of Default. In the event of any Fund Change in Control in which the Company is not the continuing or surviving corporation or entity, proper provision shall be made so that such continuing or surviving corporation or entity shall agree to carry out and observe the obligations of the Company under this Second Amended and Restated Certificate of Designation and the other Related Agreements.

8. Affirmative Covenants. The Company shall, and shall cause each of its Subsidiaries to, comply with Section 1.2 of the Second Amended and Restated Series A Investors Rights Agreement, unless the prior affirmative vote or written consent of the Preferred Majority Holder has been obtained.

9. Negative Covenants.

(a) Without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission, the Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise):

(i) except pursuant to any Permitted Restricted Payment, make any Restricted Payment in respect of any Equity Interests of the Company or any of its

Subsidiaries (including, for the avoidance of doubt, any Equity Interests issued pursuant to a Qualified IPO);

(ii) except in connection with an Initial Public Offering, issue any new, reclassify any existing Equity Interests into, or issue to any Person (other than a Wholly Owned Subsidiary) any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests of any Subsidiary of the Company; provided , that the Company may issue Equity Interests of the Company in connection with any Public Offering;

(iii) issue any new, reclassify any existing Equity Interests into, or issue any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests senior or *pari passu* to the Series A Preferred Securities;

(iv) except in connection with an Initial Public Offering, take any action, including forming a Subsidiary, or effect any recapitalization or reorganization, that results in any Person owning or holding any Equity Interests in (A) Holdings, other than the Company or a Wholly Owned Subsidiary, or (B) the Borrower, other than Holdings or any other Wholly Owned Subsidiary (any such Wholly Owned Subsidiary, an " Intermediate Holding Company "); provided , that the Company may issue Equity Interests of the Company in connection with any Public Offering;

(v) except pursuant to any Permitted Affiliate Transaction, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (including the Fund and the Fund Affiliates) (other than transactions between or among the Company and its Subsidiaries or any Person that becomes a Subsidiary of the Company as a result of such transaction);

(vi) settle or consent to any settlement, judgment or award in any litigation, arbitration or other proceeding if such settlement, judgment or award involves a guilty plea or any other acknowledgement of criminal wrongdoing that would reasonably be expected to have a Material Adverse Effect;

(vii) engage at any time in any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business, and in the case of a Special Purpose Securitization Subsidiary, Permitted Securitization Financings;

(viii) make any election, alter its legal structure or enter into any transaction, agreement or arrangement or take any other action, other than any action contemplated in the Related Agreements, that would reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes (it being understood and agreed that any transaction, agreement or arrangement or action taken or entered into in the ordinary course

of business of the Company and its Subsidiaries would not reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes);

(ix) effect, permit the effectiveness of, approve or fail to contest any Insolvency Event;

(x) except in connection with a Public Offering, solely with respect to the Company, (A) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the obligations under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), and the Second Amended and Restated Series A Investors Rights Agreement and the Securities Purchase Agreement, (B) create or suffer to exist any Lien upon any property or assets of the Company now owned or hereafter acquired, leased or licensed by it or (C) engage in any business or activity or own any assets other than (1) holding 100% of the Equity Interests of Holdings and (2) performing its obligations and activities incidental thereto under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the Second Amended and Restated Series A Investors Rights Agreement and the Securities Purchase Agreement, in each case of clauses (A), (B) or (C) above, except for de minimis amounts related to maintaining its corporate existence and general overhead and corporate housekeeping matters; or

(xi) enter into any agreement to do or consent to any of the foregoing.

(b) Any of the actions or omissions prohibited by this Section 9 (if taken without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission) shall be ultra vires, null and void ab initio and of no force or effect. The Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise), by amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, any provision of this Second Amended and Restated Certificate of Designation or any other Related Agreement or through any Material Event, any Change in Control, any Disposition or any other reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, agreement or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be

observed or performed under this Second Amended and Restated Certificate of Designation or any other Related Agreement.

10. Waivers; Amendment .

(a) No failure or delay of any Holder in exercising any right or power hereunder or any other Related Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance

of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Holders hereunder or any other Related Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Second Amended and Restated Certificate of Designation or any other Related Agreement or any consent to any departure by the Company or any of its Subsidiaries therefrom shall in any event be effective unless the same shall not be prohibited by Section 10(b) , and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Company or any of its Subsidiaries in any case shall entitle such Person to any other or further notice or demand in similar or other circumstances.

(b) Any amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), any other Related Agreement or the bylaws of the Company or any provision hereof or thereof in a manner that would adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, of the Series A Preferred Securities (in each case, by merger, consolidation, operation of law or otherwise) shall be ultra vires, null and void ab initio and of no force or effect without (i) being in writing, (ii) the Company first having provided written notice of such proposed action to each Holder and (iii) the Company having obtained the affirmative vote or written consent of the Preferred Majority Holder.

(c) The various provisions set forth in this Second Amended and Restated Certificate of Designation are for the benefit of the Holders and shall be enforceable by them, including by one or more actions for specific performance.

11. Notice .

(a) Any notice or other communication required or permitted to be delivered under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the bylaws or the DGCL shall be in writing and delivered by (i) personal delivery or electronic mail, (ii) overnight delivery via a national courier service or (iii) regular mail, with respect to any holder, at the email address or physical address on file with the Company.

(b) Notice or other communication pursuant to Section 11(a) shall be deemed to have been received (i) in the case of personal delivery or delivery by electronic mail, on the date of such delivery, (ii) in the case of dispatch by nationally recognized overnight courier, on

the next Business Day following such dispatch and (iii) in the case of mailing, on the fifth Business Day after the posting thereof.

12. Cancellation; No Conversion Rights .

(a) No Share acquired by the Company by reason of redemption, purchase or otherwise shall be reissued or held in treasury for reissuance, and the Company shall take all necessary action to cause such Share to be canceled, retired and eliminated from the Shares which the Company shall be authorized to issue.

(b) The Holders have no rights to convert any Shares into any other Equity Interests of the Company.

13. Severability . In the event any one or more of the provisions contained in this Second Amended and Restated Certificate of Designation should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The Company and the Holders shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

14. Effect of Amendment and Restatement . As of the date hereof, this Second Amended and Restated Certificate of Designation shall amend, and restate as amended, the Amended and Restated Certificate of Designation, but shall not constitute a novation thereof or in any way impair or otherwise affect the rights or obligations of the parties under the Amended and Restated Certificate of Designation except as such rights or obligations are amended and restated by this Second Amended and Restated Certificate of Designations. The Amended and Restated Certificate of Designation as amended and restated by this Second Amended and Restated Certificate of Designations shall be deemed to be a continuing agreement among the parties hereto and thereto, and all documents, instruments and agreements delivered pursuant to or in connection with the Amended and Restated Certificate of Designation not amended and restated in connection with the entry of the parties into this Second Amended and Restated Certificate of Designation shall remain in full force and effect, each in accordance with its terms, as of the date of delivery or such other date as contemplated by such document, instrument or agreement to the same extent as if the modifications to the Amended and Restated Certificate of Designation contained herein were set forth in an amendment to the Amended and Restated Certificate of Designation in a customary form, unless such document, instrument or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Second Amended and Restated Certificate of Designation, the Amended and Restated Certificate of Designation or such document, instrument or agreement or as otherwise agreed by the required parties hereto or thereto.

Annex II

Series Z Designation

AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION

OF

SERIES Z PREFERRED SECURITIES

OF

ADT INC.

Pursuant to the General Corporation Law of the State of Delaware

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Pursuant to the General Corporation Law of the State of Delaware (the " DGCL "), ADT Inc., a corporation duly organized and validly existing under the DGCL (the " Company "), in accordance with the provisions of Section 103 of the DGCL, does hereby certify the following:

The Board of Directors of the Company (the " Board of Directors ") adopted resolutions on May 2 , 2016 designating a new series of 250,000 shares of preferred securities, par value $0.01 per share, of the Company designated as Series Z Preferred Securities (as defined below);

WHEREAS, the Certificate of Incorporation of the Company (as amended, restated, supplemented or otherwise modified from time to time, in each case to the extent not prohibited by Section 10 , the " Certificate of Incorporation ") authorizes (a) the issuance of up to 1,000,000 shares of preferred securities, par value $0.01 per share, of the Company (the " Preferred Securities ") in one or more series and (b) the Board of Directors to (i) designate one or more series of the Preferred Securities and (ii) with respect to each such series, establish the number of shares and the rights, preferences, powers, and the qualifications, restrictions and limitations, of each such series; and

WHEREAS, it is the desire of the Board of Directors to amend and restate certain rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series Z Preferred Securities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby amend and restate the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series Z Preferred Securities as follows, and the Board of Directors directs this Amended and Restated Certificate of Designation of Series Z Preferred Securities (this

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" Amended and Restated Certificate of Designation ") to be filed with the Secretary of State of the State of Delaware in accordance with Section 103 of the DGCL:

1. Definitions; Interpretation .

(a) As used in this Amended and Restated Certificate of Designation, the following terms shall have the meanings specified below:

" Accrued Dividend Rate " shall mean 20.0% per annum.

" Accumulated Stated Value " shall mean, as of the relevant date, an amount per Share equal to (a) the Stated Value of such Share as of such date plus (b) any declared but unpaid Dividends on such Share for the most recent Dividend Period as of such date (to the extent not part of the Stated Value of such Share as of such date) plus (c) the amount of accumulated and unpaid Dividends on such Share from the last Dividend Payment Date to, but not including, such date (to the extent not part of the Stated Value of such Share as of such date).

" ADTSC " shall mean The ADT Security Corporation, a Delaware corporation.

" Affiliate " shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, with respect to any Covered Person, this definition shall include any parent, spouse, domestic partner or child (including those adopted) of such Covered Person and each custodian or guardian of any property of one or more of such Persons in the capacity as such custodian or guardian and trust, investment vehicle or other entity formed by such Covered Person for tax or estate planning purposes.

" Affiliate Investment Transaction " shall have the meaning assigned to such term in the definition of "Permitted Affiliate Transactions".

" Aggregate Accumulated Dividend " shall mean, as of the relevant date, an amount per Share equal to the difference of (a) the Accumulated Stated Value of such Share as of such date minus (b) the Stated Value of such Share as of the Issue Date.

" Alternative Exit Transaction " shall have the meaning assigned to such term in the Amended and Restated Series Z Investors Rights Agreement.

" Amended and Restated Certificate of Designation " shall have the meaning assigned to such term in the recitals hereof.

" Amended and Restated Series A Certificate of Designation " shall mean the Amended and Restated Certificate of Designation of Series A Preferred Securities of the Company.

" Amended and Restated Series A Investors Rights Agreement " shall mean the Amended and Restated Series A Investors Rights Agreement, dated as of the date hereof, by and among the purchaser of the Series A Preferred Securities, the holders party thereto, the Member, the General Partner, Parent and the Company.

" Amended and Restated Series Z Investors Rights Agreement " shall mean the Amended and Restated Series Z Investors Rights Agreement, dated as of the date hereof, by and among the Purchaser, the Holders party thereto, the Member, the General Partner, Parent and the Company.

" Beneficially Own " shall mean to possess beneficial ownership as determined pursuant to Rule 13d-3 and Rule 13d-5 of the Exchange Act.

" Board of Directors " shall have the meaning assigned to such term in the recitals hereof.

" Board of Managers " shall have the meaning assigned to such term in the LLC Agreement; provided that, if the Board of Managers is not the board of directors, board of managers or other governing body that is the primary functioning board of directors, board of managers or other governing body governing (or that is charged with the material governance authority with respect to) the business of the General Partner, Parent, the Company or any of its Subsidiaries, then the Board of Managers shall be deemed to refer to such primary functioning board of directors, board of managers or other governing body.

" Borrower " shall mean Prime Security Services Borrower, LLC, a Delaware limited liability company.

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

" Capitalized Lease Obligations " shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries, either existing on July 1, 2015 or created thereafter that (a) initially were not included on the consolidated balance sheet of the Company or any of its Subsidiaries as capital lease obligations and were subsequently

recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with the Company and its Subsidiaries, were required to be characterized as capital lease obligations upon such consideration, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on July 1, 2015 and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on July 1, 2015 had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

" Certificate of Incorporation " shall have the meaning assigned to such term in the recitals hereof.

A " Change in Control " shall be deemed to occur if:

(a) the Member shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner; provided that no Change of Control shall be deemed to have occurred pursuant to this clause (a) if the Member transfers all or any portion of the issued and outstanding Equity Interests of the General Partner to the general partner of the Fund or an Affiliate controlled by such general partner so long as (i) the Member or its general partner determines in good faith that it is necessary or desirable to consummate such transfer for legal, tax, regulatory or similar technical reasons and (ii) such transfer does not adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, or the value, of the Series Z Preferred Securities;

(b) the General Partner shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the general partnership interests in Parent;

(c) at any time prior to a Qualified IPO, Parent shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Common Stock; provided that the percentage calculation in this clause (c) shall be calculated without regard to any Common Stock granted to or held by any Covered Person (or any Affiliate of such Covered Person);

(d) the Company shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of Holdings or the Borrower;

(e) a "Change in Control" (as defined in (i) the First Lien Credit Agreement as in effect on the Closing Date, (ii) the Second Lien Credit Agreement as in effect on the Closing Date, (iii) the Second Priority Senior Secured Notes Indenture as in effect on the Closing Date, (iv) the indentures governing the Existing ADTSC Roll-Over Notes as in effect on the Closing Date,

(v) any indenture or credit agreement in respect of Permitted Refinancing Indebtedness with respect to the Indebtedness referenced in clauses (i) through (iv) of this clause (e), in each case, constituting Material Indebtedness, or (vi) any indenture or credit agreement in respect of any Junior Financing constituting Material Indebtedness) shall have occurred; or

(f) a Fund Change in Control shall have occurred.

" Closing Date " shall mean May 2, 2016.

" Code " shall mean the Internal Revenue Code of 1986.

" Common Stock " shall mean the Company's common stock, par value $ 0.01 per share.

" Company " shall have the meaning assigned to such term in the recitals hereof.

" Company Insolvency Material Event " shall have the meaning assigned to such term in Section 7(b)(i) .

" Compensation Arrangement " shall mean any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement, including any employment arrangement or equity purchase agreement.

" Compounded Dividends " shall have the meaning assigned to such term in Section 5 .

" Consolidated Total Assets " shall mean, as of any date of determination, the total assets of the Borrower and its consolidated Subsidiaries without giving effect to any impairment or amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Sections 1.2(b)(i) or 1.2(b)(ii) of the Amended and Restated Series Z Investors Rights Agreement, as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a Person or assets that may have occurred on or after the last day of such fiscal quarter.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Covered Person " shall mean any future, present or former employee, director, manager, officer, member of management or consultant of the General Partner, Parent, the Company or any of their respective Subsidiaries that is unaffiliated with the Fund and the Fund Affiliates.

" Deemed Dividend Gross-Up Payment " shall have the meaning assigned to such term in the Amended and Restated Series Z Investor Rights Agreement.

" DGCL " shall have the meaning assigned to such term in the recitals hereof.

" Dispose " shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset (including the issuance of Equity Interests). The term " Disposition " shall have a correlative meaning to the foregoing.

" Disqualified Stock " shall mean, with respect to any Person, any Equity Interests of such Person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior redemption in full of all Shares in accordance with Section 6 and Section 7), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is 91 days after the Mandatory Redemption Date; provided that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock. Notwithstanding the foregoing, (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Company or any of its Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Company or any of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability and (ii) any class of Equity Interests of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

" Dividend Payment Date " shall mean March 31, June 30, September 30 and December 31 of each year, commencing on the last day of the fiscal quarter in which the Issue Date occurs; provided that, if any Dividend Payment Date is not a Business Day, the Dividend Payment Date shall be the immediately preceding Business Day.

" Dividend Period " shall mean the period commencing on and including a Dividend Payment Date that ends on, but does not include, the next Dividend Payment Date; provided that the initial Dividend Period shall commence on and include the Issue Date and end on, but not include, the first Dividend Payment Date.

" Dividends " shall have the meaning assigned to such term in Section 5 .

" DRD Gross-Up Payments " shall have the meaning assigned to such term in the Amended and Restated Series Z Investors Rights Agreement.

" Equity Interests " of any Person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such Person, including any preferred stock, any preferred securities, any limited or general partnership interest, any limited liability company membership interest, any related stock appreciation rights or similar securities, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

" Equityholders Agreement " shall mean the Equityholders Agreement, dated as of the Closing Date, by and among the Member, the General Partner, Parent, Prime Security Services GP, LLC, a Delaware limited liability company, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership, and the purchaser of the Series A Preferred Securities.

" ERISA " shall mean the Employment Retirement Income Security Act of 1974.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Parent, the Company or any of its Subsidiaries, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, or in "endangered" or "critical" status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a Lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

" Event of Default " shall mean the happening of any of the following events:

(a) any representation or warranty made or deemed made by Parent or the Company in the Series Z Securities Purchase Agreement or by Parent, the Company or any of its Subsidiaries in any other Related Agreement to which it is a party or any certificate or document delivered by it pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made and such false or misleading representation or warranty (if curable) shall remain false or misleading for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Amended and Restated Series Z Investors Rights Agreement;

(b) the Company shall fail to declare or pay any Dividends in accordance with Section 5 or any failure or default shall be made in the payment or distribution on any Share (including pursuant to Section 5 , Section 6 or Section 7 of this Amended and Restated Certificate of Designation or Section 1.1 of the Amended and Restated Series Z Investors Rights Agreement), the Series A Preferred Securities or any other Preferred Securities, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise, in each case for any reason whatsoever and, solely with respect to any failure to declare or pay any Dividends in accordance with Section 5 , such failure shall continue unremedied for a period of five Business Days;

(c) (i) any failure or default shall be made in the due observance or performance by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Section 9 of this Amended and Restated Certificate of Designation or by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Sections 1.2(a) or 1.2(c) of the Amended and Restated Series Z Investors Rights Agreement or (ii) prior to a Qualified IPO, the Board of Managers or the Member, the General Partner, Parent, the Company or any of their respective Affiliates shall fail to consummate the Selected Exit Transaction (or an Alternative Exit Transaction) within 12 months of an Exit Demand (or within nine months of an applicable Exit Demand issued pursuant to Section 1.4(a)(iii) of the Amended and Restated Series Z Investors Rights Agreement) (subject to extension upon the prior written consent of the Preferred Majority Holder in its sole and absolute discretion) as specified in Section 1.4 of the Amended and Restated Series Z Investors Rights Agreement, in each case for any reason whatsoever;

(d) any failure or default shall be made in the due observance or performance by the Member, the General Partner, Parent, the Company or any of its Subsidiaries of any covenant, condition or agreement contained herein or in any other Related Agreement to which it is a party (other than those specified in clauses (a), (b) and (c) above) and such failure or default shall continue unremedied for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Amended and Restated Series Z Investors Rights Agreement, in each case for any reason whatsoever;

(e) (i) any event or condition occurs that results in any Senior Debt becoming due prior to its scheduled maturity (a " Senior Debt Acceleration "), (ii) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or (iii) Parent, the Company or any of its Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (e) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer

of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(f) Parent, the Company or any of its Subsidiaries shall fail to (i) make any payment of principal, interest or other amount when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) in respect of any Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension thereof) or (ii) observe or perform any other agreement set forth in any Senior Debt or contained in any instrument or agreement evidencing, securing or relating to such Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension thereof), which failure would enable or permit the holder or holders of such Senior Debt or any trustee or agent on its or their behalf to cause such Senior Debt to become due or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that, in each case, a forbearance with respect to any such failure shall not be deemed to eliminate such failure unless the requisite holders execute and deliver to Parent, the Company or any of its Subsidiaries, as applicable, an irrevocable extension or waiver under the terms of such Senior Debt with respect to such failure (any failure described in this clause (f), a " Senior Debt Event of Default ");

(g) there shall have occurred a Change in Control;

(h) there shall have occurred an Insolvency Event;

(i) the failure by Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to pay one or more final judgments aggregating in excess of $84,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to enforce any such judgment;

(j) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Parent, the Company or any of its Subsidiaries or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, or (iv) Parent, the Company or any of its Subsidiaries shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(k) this Amended and Restated Certificate of Designation or any other Related Agreement shall for any reason be asserted in writing by the Member, the General

Partner, Parent, the Company or any of its Subsidiaries or any of their respective Affiliates not to be a legal, valid and binding obligation of any party thereto.

" Exchange Act " shall mean the Securities Exchange Act of 1934.

" Existing ADTSC Roll-Over Notes " shall mean, collectively, (a) the $1,000,000,000 in aggregate principal amount of the 3.50% Notes due 2022, (b) the $750,000,000 in aggregate principal amount of the 4.875% Notes due 2042 or 2032, as applicable, (c) the $700,000,000 in aggregate principal amount of the 4.125% Senior Notes due 2023, (d) the $1,000,000,000 in aggregate principal amount of the 6.25% Senior Notes due 2021 and (e) the $300,000,000 in aggregate principal amount of the 5.25% Senior Notes due 2020.

" Exit Demand " shall have the meaning assigned to such term in the Amended and Restated Series Z Investors Rights Agreement.

" First Lien Credit Agreement " shall mean the Amended and Restated First Lien Credit Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the lenders party thereto and Barclays Bank PLC, as administrative agent.

" Foreign Subsidiary " shall mean any Subsidiary of the Borrower that is incorporated or organized under the laws of any jurisdiction other than the U.S., any state thereof or the District of Columbia.

" Fund " shall mean, collectively, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, and Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership.

" Fund Affiliate " shall mean (a) each Affiliate of the Fund that is neither a "portfolio company" (which shall mean a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a "portfolio company" and (b) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

A " Fund Change in Control " shall be deemed to occur if:

(a) the Fund ceases to have the ability or right to appoint, directly or indirectly, directors or managers constituting a majority of the voting power of the Board of Directors, the Board of Managers or the board of directors or board of managers or other governing body of the General Partner, Parent, the Company or any of its Subsidiaries;

(b) (i) the Fund ceases to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner or the Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to the General Partner, as applicable, (ii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 125,000,000 Units and/or Units representing at least 32.81% of the issued and outstanding Units or the equivalent Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to Parent, as applicable, or (iii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 311,649.94 shares of Common Stock and/or Common Stock representing at least 32.81% of the issued and outstanding Common Stock or the equivalent Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to the Company, as applicable, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination; provided that the percentage calculations in clauses (ii) and (iii) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate; or

(c) the General Partner, Parent or the Company (i) merges or consolidates with or into any other Person, another Person merges with or into the General Partner, Parent or the Company, or the General Partner, Parent or, except in connection with a Permitted Securitization Financing, the Company Disposes to another Person all or substantially all of the assets of the General Partner, Parent, the Company and its Subsidiaries, taken as a whole, whether directly or indirectly through the sale of assets of one or more of their respective Subsidiaries, or (ii) engages in any recapitalization, reclassification or other transaction unless, in the context of any such merger or consolidation referenced in the foregoing clause (i) or recapitalization, reclassification or other transaction referenced in the foregoing clause (ii), (A) the Fund continues to Beneficially Own and own of record, directly or indirectly, immediately after giving effect to such transaction, (I) 100% of the issued and outstanding Equity Interests of the General Partner, (II) at least 125,000,000 Units and/or 32.81% of the issued and outstanding Units and (III) at least 311,649.94 shares of Common Stock and/or 32.81% of the issued and outstanding Common Stock or, in each case, the equivalent Equity Interests of the other Person surviving or resulting from such transaction, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination and (B) no Shares are cancelled or converted into shares of any other class or series of capital stock of the Company or any Equity Interests of the Company or any other Person (or the right to receive any such Equity Interests), any property (including cash or the right to receive cash or other property) or any combination of the foregoing; provided that the percentage calculations in clauses (II) and (III) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate.

" GAAP " shall mean generally accepted accounting principles in effect from time to time in the U.S., applied on a consistent basis, subject to the provisions of Section 1(b) ; provided that any reference to the application of GAAP in Section 1.2(d) of the Amended and Restated Series Z Investors Rights Agreement to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

" General Partner " shall mean Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company.

" Guarantee " of or by any Person (the " guarantor ") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another Person (the " primary obligor ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other Person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by the Loan Documents and this Amended and Restated Certificate of Designation (other than such obligations with respect to Indebtedness). 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.

" 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 Parent, the Company or any of its Subsidiaries shall be a Hedging Agreement.

" Holder " shall mean, as of the relevant date, any Person that is the holder of record of at least one Share as of such date.

" Holdings " shall mean Prime Security Services Holdings, LLC, a Delaware limited liability company. Unless the context otherwise requires, "Holdings" shall also include any Intermediate Holding Company.

" Immaterial Subsidiary " shall mean any Subsidiary of the Borrower that (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Sections 1.2(b)(i) or 1.2(b)(ii) of the Amended and Restated Series Z Investors Rights Agreement, have assets with a value in excess of 5.00% of the Consolidated Total Assets or revenues representing in excess of 5.00% of total revenues of the Borrower and its Subsidiaries on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of such date, did not have assets with a value in excess of 10.0% of Consolidated Total Assets or revenues representing in excess of 10.0% of total revenues of the Borrower and its Subsidiaries on a consolidated basis as of such date; provided that the Company may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary of the Borrower that would otherwise meet the definition of "Immaterial Subsidiary". Each Immaterial Subsidiary as of the Closing Date shall be set forth in Exhibit E to the Amended and Restated Series Z Investors Rights Agreement and the Company shall update such Exhibit from time to time after the Closing Date as necessary to reflect all Immaterial Subsidiaries at such time (the selection of Subsidiaries of the Borrower to be added to or removed from such Exhibit to be made as the Company may determine).

" Indebtedness " of any Person shall mean, if and to the extent (other than with respect to clause (i) of this definition) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such

Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such Person, (f) all net payments that such Person would have to make in the event of an early termination, on the date Indebtedness of such Person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit, (h) the principal component of all obligations of such Person in respect of bankers' acceptances, (i) all Guarantees by such Person of Indebtedness described in clauses (a) through (h) above and (j) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided that, in the case of the Borrower and its Subsidiaries, Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business, (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) earn-out obligations until such obligations become a liability on the balance sheet of such Person in accordance with GAAP, (E) obligations in respect of Third Party Funds or (F): (I) 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 (II) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and its Subsidiaries. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness limits the liability of such Person in respect thereof. To the extent not otherwise included, Indebtedness shall include the amount of any Receivables Net Investment.

" Initial Public Offering " shall mean a consummated underwritten initial public offering of Common Stock.

" Insolvency Event " shall mean:

(a) any voluntary or involuntary liquidation, dissolution or winding up of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries;

(b) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Member, the General Partner, Parent, the Company,

Holdings, the Borrower or any of its Material Subsidiaries, or of a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or (iii) the winding-up or liquidation of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries (except, solely with respect to the Borrower or any of its Material Subsidiaries, in a transaction permitted under the Loan Documents), and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(c) the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (b) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due.

For purposes of this definition, "Material Subsidiary" shall mean any Subsidiary of the Borrower that would not be an Immaterial Subsidiary under clause (a) of the definition thereof.

" Intermediate Holding Company " shall have the meaning assigned to such term in Section 9(a)(iv) .

" Issue Date " shall mean, with respect to any Share, the date on which such Share is issued by the Company.

" Junior Financing " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Junior Stock " shall mean Common Stock, any other Preferred Securities and any other Equity Interest of the Company (other than the Series A Preferred Securities and the Series Z Preferred Securities).

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

" LLC Agreement " shall mean the Limited Liability Company Agreement of the General Partner dated as of the Closing Date.

" Loan Documents " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" LP Agreement " shall mean the Third Amended and Restated Limited Partnership Agreement of Parent dated as of the Closing Date.

" Manager " shall have the meaning assigned to such term in the LLC Agreement.

" Mandatory Redemption Date " shall have the meaning assigned to such term in Section 6(a)(ii) .

" Material Adverse Effect " shall mean a material adverse effect on the business, property, operations or financial condition of the Company and its Subsidiaries, taken as a whole, or the validity or enforceability of this Amended and Restated Certificate of Designation or any other Related Agreement or the rights and remedies of the Purchaser and the Holders hereunder or thereunder.

" Material Event " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer Period " shall have the meaning assigned to such term in Section 7(c)(i) .

" Material Event Redemption " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Date " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Notice " shall have the meaning assigned to such term in Section 7(c)(iii) .

" Material Indebtedness " shall mean (a) any Senior Debt and/or (b) any Indebtedness of any one or more of Parent, the Company or any of its Subsidiaries in an aggregate principal amount exceeding $84,000,000; provided that in no event shall any Permitted Securitization Financing be considered Material Indebtedness.

" Material Subsidiary " shall mean any Subsidiary other than an Immaterial Subsidiary.

" Member " shall mean AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership.

" Merger " shall have the meaning assigned to such term in the definition of "Merger Agreement".

" Merger Agreement " shall mean the Agreement and Plan of Merger, dated as of February 14, 2016, by and among ADT, the Borrower, Merger Sub (as defined therein), the Company and, solely for the purposes of Article IX thereof, Parent, pursuant to which Merger Sub will merge with and into ADT, with ADT surviving as an indirect wholly owned subsidiary of the Borrower (the " Merger ").

" Minimum Segregated Account Amount " shall mean either (a) at any time following the consummation of an Initial Public Offering (but before the consummation of any subsequent Public Offering (a " Subsequent Offering ")), an amount in cash equal to at least the sum of (i) $750,000,000, plus (ii) (A) $1,000, multiplied by (B) the aggregate number of Series Z Preferred Securities then outstanding, or (b) at any time following the consummation of a Subsequent Offering, an amount equal to at least the sum of (i) the aggregate Redemption Price for all outstanding Series Z Preferred Securities outstanding as of such time, plus (ii) the Redemption Price (as defined in the Amended and Restated Series A Certificate of Designation) for all outstanding Series A Preferred Securities outstanding as of such time, provided, that for purposes of this clause (b), (i) in the event such Subsequent Offering occurs on or prior to June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was July 1, 2018 and for each calendar quarter ending after June 30, 2018, the aggregate Redemption Price shall be calculated

assuming the Redemption Date was the last date of such calendar quarter and (ii) in the event such Subsequent Offering occurs after June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was the last date of the calendar quarter during which such Subsequent Offering was consummated and for each calendar quarter thereafter the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter.

" Moody's " shall mean Moody's Investors Service, Inc.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Parent, the Company or any of its Subsidiaries or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Optional Redemption Date " shall have the meaning assigned to such term in Section 6(a)(i) .

" Original Certificate of Designation " shall mean the Certificate of Designation of Series Z Preferred Securities of the Company dated as of the Closing Date.

" Parent " shall mean Prime Security Services TopCo Parent, L.P., a Delaware limited partnership.

" Parent Entity " shall mean any direct or indirect controlling parent of the Company (excluding the Fund, the Fund Affiliates and their respective parent entities).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permitted Affiliate Transaction " shall mean:

(a) other than Affiliate Investment Transactions, which are Permitted Affiliate Transactions only if satisfying clause (i) of this definition of "Permitted Affiliate Transaction", any transaction (or series of related transactions) upon terms that are substantially no less favorable to the Company and any of its Subsidiaries that are party to such transaction (or series of related transactions) than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate, as determined by the Board of Managers in good faith;

(b) loans or advances to employees or consultants of the Company, any of the Company's Subsidiaries or any Parent Entity that are, in each case, made in connection with recruiting or retaining such employees or consultants to operate or manage their respective businesses, as determined by the Board of Managers in good faith to be reasonably necessary to successfully recruit or retain such employees or consultants, and the payment and cancellation of such loans or advances;

(c) underwriting our arrangements in connection with any Public Offering including the payment of any actual, out of pocket fees and expenses and the payment or receipt of any fees and commissions as a result of any Affiliate participating as an underwriter in connection with any Public Offering on substantially the same terms as the other underwriters;

(d) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate in an aggregate amount in any fiscal year for all such agreements and payments not to exceed the lesser of (i) 1.00% of EBITDA for such fiscal year and (ii) $20,000,000;

(e) any Permitted Restricted Payment;

(f) the payment of (i) reasonable out-of-pocket costs to any Covered Person, in each case relating to services performed for or on behalf of the Company and (ii) amounts arising out of the Company's or any Parent Entity's indemnification and advancement obligations to any Covered Person;

(g) (i) any Compensation Arrangement with any Covered Person and employment agreements entered into by the Company or any of its Subsidiaries in the ordinary course of business, (ii) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to any Permitted Restricted Payment and (iii) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers bona fide employees of the Company and its Subsidiaries, and any reasonable employment contract and transactions pursuant thereto;

(h) any transaction in respect of which the Company delivers to the Holders a letter addressed to the Board of Managers from an independent accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Company qualified to render such letter, which letter states that (i) (A) such transaction is on terms that are substantially no less favorable to the Company or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate or (B) such transaction is fair to the Company or such Subsidiary, as applicable, from a financial point of view

and (ii) such transaction does not disproportionately affect the rights of the Holders or the value of the Shares;

(i) investments in securities of, or the extension of any debt or equity financing to, the Company or any of its Subsidiaries by the Fund or any Fund Affiliate (any such investment or financing, an " Affiliate Investment Transaction ") so long as (i) the investment is being offered generally to other investors (including the Holders) on the same or more favorable terms and (ii) the investment constitutes less than 5.00% of the outstanding issue amount of such class of securities; or

(j) transactions between the Company and any of its Subsidiaries and any Person, a director of which is also a director of the Company or any Parent Entity; provided that (i) such director abstains from voting as a director of the Company or such Parent Entity, as the case may be, on any matter involving such other Person and (ii) such Person is not an Affiliate of the Company for any other reason other than such director's acting in such capacity.

" Permitted Refinancing Indebtedness " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Permitted Restricted Payment " shall mean:

(a) any Restricted Payment on account of any Share;

(b) any Restricted Payment on account of any issued and outstanding share of the Series A Preferred Securities; or

(c) any dividends, distributions or other payments made to Parent or the Company, in order to permit Parent or the Company to make payments in respect of (i) dividends, distributions or other payments on account of purchases or redemptions, or payments, dividends or distributions in respect of, Equity Interests held by a Covered Person or under any Compensation Arrangement or any shareholders agreement then in effect upon such Person's death, disability, retirement or termination of employment or under the terms of any Compensation Arrangement and (ii) dividends, distributions or other payments (A) in respect of bona fide overhead, legal, accounting and other professional fees and expenses of the Company or any Parent Entity, (B) in respect of bona fide franchise and similar taxes and other fees and expenses in connection with the maintenance of the Company's (or any Parent Entity's) existence and the Company's (or any Parent Entity's indirect) ownership of its Subsidiaries, (C) Permitted Affiliate Transactions (other than pursuant to clause (a) or (h) of such definition), (D) to the Company (and, if applicable, any Parent Entity) in an amount not to exceed the amount of any U.S., federal, state, local or foreign taxes that the Company

and/or its Subsidiaries, as applicable, would have paid if the Company and/or its Subsidiaries, as applicable, had been a stand-alone corporate taxpayer or stand-alone corporate group with respect to any taxable period during which (x) the Company and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes and (y) the Company or any Parent Entity is the common parent of such group, or (E) in respect of bona fide non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options; provided that, in the case of clauses (A) and (B) above, the amount of such Restricted Payments shall not exceed the portion of any amounts referred to in such clauses (A) and (B) that are allocable to Parent and its Subsidiaries (which shall be 100% at any time that, as the case may be, (x) the Company owns no material assets other than the Equity Interests of Holdings and assets incidental to such equity ownership or (y) any Parent Entity owns, directly or indirectly, no material assets other than Equity Interests of the Company and any other Parent Entity and assets incidental to such equity ownership).

" Permitted Securitization Documents " shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

" Permitted Securitization Financing " shall mean 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 the Borrower or any of its Subsidiaries (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Company in good faith in consultation with the Preferred Majority Holder) 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 the Borrower or any of its Subsidiaries (other than a Special Purpose Securitization Subsidiary)).

" Person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (a) subject to the provisions of Title IV of ERISA

or Section 412 of the Code or Section 302 of ERISA, (b) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate, and (c) in respect of which Parent, the Company, any of its Subsidiaries or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" Preferred Majority Holder " shall mean the Holder (together with its Affiliates) or the Holders (together with their respective Affiliates) of not less than a majority of the voting power and the aggregate Accumulated Stated Value of all Shares.

" Preferred Securities " shall have the meaning assigned to such term in the recitals hereof.

" Pro Forma Basis " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Public Offering " means an underwritten public offering of Common Stock.

" Purchaser " shall have the meaning assigned to such term in the Series Z Securities Purchase Agreement.

" Qualified Equity Interests " shall mean any Equity Interest other than Disqualified Stock.

" Qualified IPO " shall mean an Initial Public Offering that (a) generates gross cash proceeds of at least $750,000,000 and (b) on or prior to which the Company shall have deposited in a Segregated Account an amount in cash equal to at least $750,000,000.

" 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 the Borrower or any of its Subsidiaries.

" Receivables Net Investment " shall mean the aggregate cash amount paid by the lenders or purchasers under any Permitted Securitization Financing in connection with their purchase of, or the making of loans secured by, Receivables Assets or interests therein, as the same may be reduced from time to time by collections with respect to such Receivables Assets or otherwise in accordance with the terms of the Permitted Securitization Documents (but excluding any such collections used to make payments of, with respect to any Person for any period, commissions, discounts, yield and other fees and charges

incurred in connection with any Permitted Securitization Financing which are payable to any Person other than the Borrower or a Subsidiary, minus interest income for such period); provided that if all or any part of such Receivables Net Investment shall have been reduced by application of any distribution and thereafter such distribution is rescinded or must otherwise be returned for any reason, such Receivables Net Investment shall be increased by the amount of such distribution, all as though such distribution had not been made.

" Redemption Date " shall mean an Optional Redemption Date, a Mandatory Redemption Date or a Material Event Redemption Date, as applicable.

" Redemption Price " shall have the meaning assigned to such term in Section 6(b)(ii) .

" Related Agreements " shall mean the Certificate of Incorporation (including this Amended and Restated Certificate of Designation and the Amended and Restated Series A Certificate of Designation), the Amended and Restated Series A Investors Rights Agreement, the Amended and Restated Series Z Investors Rights Agreement, the Securities Purchase Agreement, the Series Z Securities Purchase Agreement, the Warrant, the LP Agreement, the Equityholders Agreement and the LLC Agreement.

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

" Restricted Payment " shall mean (a) to declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of the Equity Interests of the Company or any of its Subsidiaries (other than, in each case, to the Company or any direct or indirect Subsidiary of the Company which Equity Interests of such Subsidiary shall be at least 90.0% owned, directly or indirectly, by the Company) or (b) directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Person to purchase or acquire) any of the Equity Interests of the Company or set aside any amount for any such purpose. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Company in good faith).

" S&P " shall mean Standard & Poor's Ratings Group, Inc.

" Second Lien Credit Agreement " shall mean the Second Lien Credit Agreement, dated as of July 1, 2015, by and among Holdings, the Borrower, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent.

" Second Priority Senior Secured Notes " shall mean the $3,140,000,000 in aggregate principal amount of the 9.25 % Second Priority Senior Secured Notes due 2023 issued pursuant to the Second Priority Senior Secured Notes Indenture.

" Second Priority Senior Secured Notes Documents " shall mean the Second Priority Senior Secured Notes, the Second Priority Senior Secured Notes Indenture, the "Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture), the "First Lien/Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture) and the "Security Documents" (as defined in the Second Priority Senior Secured Notes Indenture), each as in effect on the Closing Date.

" Second Priority Senior Secured Notes Indenture " shall mean the Indenture, dated as of the Closing Date, among the Borrower, Prime Finance Inc., a Delaware corporation, as co-issuer, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee.

" Securities Act " shall mean the Securities Act of 1933.

" Securities Purchase Agreement " shall mean the Securities Purchase Agreement, dated as of the Closing Date, by and among the purchaser of the Series A Preferred Securities, Parent and the Company.

" Securitization Assets " shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Borrower or any of its Subsidiaries or in which the Borrower or any of its Subsidiaries 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 the Borrower 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 Company in good faith).

" Segregated Account " shall mean the deposit account established and owned by the Company solely for the purpose of holding the Minimum Segregated Account Amount, which Minimum Segregated Account Amount may only be used by the Company to redeem the Series Z Preferred Securities (and the Series A Preferred Securities, if applicable), in whole or in part, from time to time, in each case, in accordance with Section 1.9 of the Amended and Restated Series Z Investors Rights Agreement.

" Selected Exit Transaction " shall have the meaning assigned to such term in the Amended and Restated Series Z Investors Rights Agreement.

" Senior Debt " shall mean any Indebtedness incurred pursuant to any of (a) the Loan Documents, (b) the Second Priority Senior Secured Notes Documents and/or (c) the documents governing the Existing ADTSC Roll-Over Notes, in each case as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders, holders 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 any 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 and whether or not such original Senior Debt remains outstanding.

" Senior Debt Acceleration " shall have the meaning assigned to such term in clause (e)(i) of the definition of "Event of Default".

" Senior Debt Event of Default " shall have the meaning assigned to such term in clause (f) of the definition of "Event of Default".

" Series A Preferred Securities " shall mean the Series A Preferred Securities of the Company, par value $ 0.01 per share.

" Series Z Securities Purchase Agreement " shall mean the Series Z Securities Purchase Agreement, dated as of the Issue Date, by and between the Purchaser and the Company.

" Series Z Preferred Securities " shall have the meaning assigned to such term in Section 2 .

" Share " shall mean, as of the relevant date, any issued and outstanding share of the Series Z Preferred Securities as of such date.

" Similar Business " shall mean any business, the majority of whose revenues are derived from (a) business or activities conducted by the

Company and its Subsidiaries on the Closing Date, (b) any business that is a natural outgrowth or 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 (c) any business that in the Company's good faith business judgment constitutes a reasonable diversification of businesses conducted by the Company and its Subsidiaries.

" Special Purpose Securitization Subsidiary " shall mean (i) a direct or indirect Subsidiary of the Borrower 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 the Company in good faith) intended to reduce the likelihood that it would be substantively consolidated with Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any of its Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law) and (ii) any Subsidiary of a Special Purpose Securitization Subsidiary.

" Stated Value " shall mean, as of the relevant date and with respect to each Share, the sum of (a) $1,000 (adjusted as appropriate in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination) plus (b) the aggregate Compounded Dividends with respect to such Share as of such date.

" Subsidiary " shall mean, with respect to any Person (in this definition referred to as the " parent "), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50.0% of the equity or more than 50.0% of the ordinary voting power or more than 50.0% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

" Test Period " shall mean, on any date of determination, the period of four consecutive fiscal quarters of the Borrower then most recently ended (taken as one accounting period) for which financial statements have been (or were required to be) delivered pursuant to Sections 1.2(b)(i) or 1.2(b)(ii) of the Amended and Restated Series Z Investors Rights Agreement.

" Third Party Funds " shall mean any segregated accounts or funds, or any portion thereof, received by Borrower or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a

duty upon Borrower or one or more of its Subsidiaries to collect and remit those funds to such third parties.

" Transaction Documents " shall mean the Merger Agreement, the Loan Documents, the Second Priority Senior Secured Notes Documents and the Related Agreements.

" Units " shall mean the limited partnership units of Parent.

" U.S. " shall mean the United States of America.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code or any similar federal or state law for the relief of debtors.

" Warrant " shall mean the Warrant to Purchase Class A-1 Units, designated as Warrant No. 1, issued by Parent to the purchaser of the Series A Preferred Securities on the Closing Date.

" Wholly Owned Subsidiary " of any Person shall mean a Subsidiary of such Person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such Person or another Wholly Owned Subsidiary of such Person. Unless the context otherwise requires, "Wholly Owned Subsidiary" shall mean a Subsidiary of the Company that is a Wholly Owned Subsidiary of the Company.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

(a) Interpretation . Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The headings are for convenience only and shall not be given effect in interpreting this Amended and Restated Certificate of Designation. References herein to any Section shall be to a Section hereof unless otherwise specifically provided. References herein to any law shall mean such law, including all rules and regulations promulgated under or implementing such law, as amended from time to time and any successor law unless otherwise specifically provided. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Amended and Restated Certificate of Designation, refer to this Amended and Restated Certificate of Designation as a whole and not to any particular provision of this Amended and Restated Certificate of Designation. The use of the masculine, feminine or neuter gender or the singular or plural form of words shall not limit any provisions of this Amended and Restated Certificate of Designation. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language

(such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning as the word "shall". With respect to the determination of any period of time, "from" shall mean "from and including". The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The terms lease and license shall include sub-lease and sub-license, as applicable. All references to "$", currency, monetary values and dollars set forth herein shall mean U.S. dollars. When the terms of this Amended and Restated Certificate of Designation refer to a specific agreement or other document or a decision by any body or Person that determines the meaning or operation of a provision hereof, the secretary of the Company shall maintain a copy of such agreement, document or decision at the principal executive offices of the Company and a copy thereof shall be provided free of charge to any Holder who makes a request therefor. Any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or unless expressly provided herein or the context otherwise requires). Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Holders that the Company has requested an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing 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 herewith. Notwithstanding any changes in GAAP after the Closing Date, any lease of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Company or any of its Subsidiaries under this Amended and Restated Certificate of Designation as a result of such changes in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 805, 810 or 825 (or any other part of FASB Accounting Standards Codification having a similar result or effect), to value any Indebtedness at "fair value".

2. Designation . A total of 250,000 shares of the Preferred Securities are designated as a series known as Series Z Preferred Securities, with each such share having an initial Stated Value of $1,000 per share (the " Series Z Preferred Securities ").

3. Ranking . With respect to (a) payment of dividends and (b) distribution of assets upon, or in connection with, any redemption under Section 6 or Section 7 , the Series Z Preferred Securities shall rank senior to all Junior Stock (except pursuant to any Permitted Restricted Payment).

4. Voting .

(a) Generally . The Holders have no voting rights with respect to the Shares except as set forth in this Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law.

(b) Voting Power . At the time of any vote or consent of the Holders under this Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law, the voting power of each Share, as a percentage of the aggregate voting power of all Shares, shall equal the product of (i) the quotient of (x) the Accumulated Stated Value of such Share as of such time divided by (y) the aggregate Accumulated Stated Value of all Shares as of such time multiplied by (ii) 100.

5. Dividends . From and after the Issue Date, preferential cumulative dividends (" Dividends ") shall accumulate on a daily basis in arrears during each Dividend Period at the Accrued Dividend Rate in effect from time to time on the then-current Stated Value of each Share, whether or not Dividends are earned or declared by the Board of Directors or the Company is prohibited by law to pay Dividends, and, if declared, shall be due and payable on the Dividend Payment Date with respect to such Dividend Period in accordance with this Section 5 . To the extent not prohibited by law, Dividends may be paid in cash on each Dividend Payment Date, when, as and if declared by the Board of Directors. On each Dividend Payment Date related to a Dividend Period for which the Company does not for any reason (including because payment of any Dividend is prohibited by law) pay in cash all Dividends that accumulated during such Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date (" Compounded Dividends "); provided that, unless the Board of Directors shall otherwise notify the Holders on or prior to the fifth Business Day prior to the applicable Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date pursuant to this Section 5 . The Company may not declare or pay any Dividend in additional Shares. Dividends shall be calculated on the basis of actual days elapsed over a year of 360 days. All Dividends, including Compounded Dividends, are prior to and in preference over any dividend on any Junior Stock and shall be declared and fully paid before any dividends are declared and paid, or any other distributions or redemptions are made, on any Junior Stock (except pursuant to any Permitted Restricted Payment). Except as set forth in Section 7 , Dividends shall be payable to the Holders as they appear on the records of the Company on the record date for such Dividends, which, to the extent the Board of Directors determines to declare Dividends in respect of any Dividend Period, shall be the date that is 15 days prior to the applicable Dividend Payment Date, and which record date and Dividend Payment Date, to the extent so determined, shall be declared by

the Board of Directors during each Dividend Period on the date that is at least 20 days prior to the Dividend Payment Date and 5 days prior to the record date.

6. Redemption .

(a) Redemption Generally .

(i) Optional Redemption . At any time and from time to time, from and after the Issue Date, to the extent not prohibited by law, the Company may elect to redeem all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 ; provided that the Senior Debt Event of Default giving rise to the issuance of the Series Z Preferred Securities has been cured by a cash equity contribution made by the Fund and such Senior Debt Event of Default is not continuing. Any election by the Company pursuant to this Section 6(a)(i) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends described in Section 6(b)(i)(A) or the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) , as applicable, at least 15 days prior to the elected redemption date (each such date, an " Optional Redemption Date "), which notice shall indicate the amount of such Aggregate Accumulated Dividends, provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends, which shall occur on the Optional Redemption Date but prior to redemption of the applicable Shares, and (B) written notice of the Company's election to redeem at least 15 days prior to the Optional Redemption Date, which notice shall indicate the number of Shares being redeemed, the Optional Redemption Date and the manner of and place designated for surrender (as set forth in Section 6(d)) of certificates representing the Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(i) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders. For the avoidance of doubt, the Shares are not redeemable at the Company's election except pursuant to this Section 6(a)(i) .

(ii) Mandatory Redemption . On May 2 , 2030 (the " Mandatory Redemption Date "), to the extent not prohibited by law, the Company shall redeem all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 . The redemption by the Company pursuant to this Section 6(a)(ii) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) at least 15 days prior to the Mandatory Redemption Date, which notice shall indicate the amount of such Aggregate Accumulated Dividends, provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends, which shall occur on the Mandatory Redemption Date but prior to redemption of all Shares, and (B) written notice of the Company's redemption at least 15 days prior to the Mandatory Redemption Date, which notice shall indicate the number of all Shares

being redeemed, the Mandatory Redemption Date and the manner of and place designated for surrender (as set forth in Section 6(d)) of certificates representing all Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(ii) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of all Shares held by the Holders.

(b) Redemption Price . The total price for each Share redeemed pursuant to Section 6(a) or Section 7 (and as adjusted to take into account the prior separate payment of Aggregate Accumulated Dividends in cash as set forth below) shall be:

(i) with respect to any Redemption Date occurring on or prior to the 90 th day after the Issue Date, an amount per Share equal to (A) the sum of (1) the Aggregate Accumulated Dividends that would have accrued and accumulated through the 90 th day after the Issue Date if such Share were still outstanding as of such day plus (2) the Deemed Dividend Gross-Up Payment (if any) (which shall, in each case, be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(i)(B)) and (B) the sum of (1) 100% of the Stated Value of such Share as of the Issue Date and (2) any and all DRD Gross-Up Payments owing; and

(ii) with respect to any Redemption Date occurring after the 90 th day after the Issue Date, an amount per Share equal to (A) the Aggregate Accumulated Dividends as of such Redemption Date (which shall be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(ii)(B)) and (B) any and all DRD Gross-Up Payments owing and (C) 100% of the Stated Value of such Share as of the Issue Date (such per Share aggregate price of the payment of cash dividends and the separate payments described in each of clauses (i)(A) and (i)(B) and (ii)(A) and (ii)(B) and (ii)(C), respectively, each, as applicable, the " Redemption Price ").

The applicable aggregate Redemption Price shall be due and payable, and paid in cash in immediately available funds, to the applicable Holders on the applicable Redemption Date.

(c) Rights After a Redemption Date . If any Shares are not redeemed on the applicable Redemption Date, for any reason, all such unredeemed Shares shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series Z Preferred Securities, including the right to accumulate and receive Dividends thereon as set forth in Section 5 until the date on which the Company actually redeems and pays in full the Redemption Price for such Shares.

(d) Surrender of Certificates . Each Holder of the Shares to be redeemed pursuant to this Section 6 shall surrender the certificates representing such Shares to the Company, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share powers relating thereto), or, in the event the certificates are lost, stolen, missing, destroyed or mutilated, shall deliver an affidavit of loss and customary indemnity

in a form reasonably acceptable to the Company, at the principal executive office of the Company or such other place as the Company may from time to time designate by notice to the Holders, and each surrendered certificate shall be canceled and retired and the Company shall thereafter make payment of the Redemption Price by certified check or wire transfer of immediately available funds; provided that to the extent such certificates represent a greater number of Shares than the Shares actually redeemed, such Holder shall, in addition to receiving the payment of the Redemption Price for each redeemed Share, receive a new share certificate for the Shares not so redeemed.

(e) Redemption Preference . Any redemption under this Section 6 or Section 7 shall be in preference to and in priority over any dividend or other distribution upon any Junior Stock.

7. Material Event Redemption Offer .

(a) Material Event Offer . Upon any (x) Insolvency Event, (y) Fund Change in Control or (z) Senior Debt Acceleration (each, a " Material Event "), the Company shall make an irrevocable and unconditional offer (a " Material Event Offer ") to each Holder to redeem all of such Holder's Shares (such redemption, a " Material Event Redemption ") on the applicable redemption date pursuant to Section 7(c) (the " Material Event Redemption Date "), for cash to the extent not prohibited by law, at a price per Share equal to the applicable Redemption Price. Each Holder shall be deemed to have accepted a Material Event Offer with respect to all of its Shares unless such Holder shall have delivered a written notice declining such Material Event Offer with respect to any or all of its Shares during the Material Event Offer Period; provided that, with respect to a Material Event Offer arising from a Senior Debt Acceleration, only the Purchaser or any of its Affiliates that own one or more Shares, on behalf of all Holders, shall have the right to decline such Material Event Offer with respect to any or all Shares. If, on the Material Event Redemption Date, the Company is prohibited by law to redeem all Shares held by Holders that have not declined to have their Shares redeemed, then the Company shall redeem such Shares to the fullest extent not so prohibited. Any Shares that are not redeemed pursuant to the immediately preceding sentence shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series Z Preferred Securities, including the right to continue to accumulate and receive Dividends thereon as set forth in Section 5 and, under such circumstances, the redemption requirements provided hereby shall be continuous, so that at any time thereafter when the Company is not prohibited by law to redeem such Shares, the Company shall immediately redeem such Shares at a price per Share equal to the Redemption Price as of the Material Event Redemption Date in accordance with Section 6 and this Section 7 , together with payment of any additional accumulated and unpaid Dividends following the Material Event Redemption Date.

(b) Company Insolvency Material Event . Notwithstanding anything to the contrary in this Section 7 :

(i) Upon an Insolvency Event with respect to the Company (a " Company Insolvency Material Event "), (A) a Material Event Offer for all Shares

shall be deemed made by the Company prior to the occurrence of such Company Insolvency Material Event without any notice or other action on the part of the Company, (B) each Holder of such Shares shall be deemed to have accepted such Material Event Offer immediately after such Material Event Offer is made pursuant to Section 7(b)(i)(A) and prior to the occurrence of such Company Insolvency Material Event without any action on the part of such Holder and (C) such Shares shall be redeemed on the date such Company Insolvency Material Event occurs immediately prior to the occurrence thereof without any action on the part of the Company or the Holder thereof and, with respect to such redemption, such date shall be the Material Event Redemption Date.

(ii) A redemption under Section 7(b)(i) shall be (A) for cash, to the extent not prohibited by law, (B) in preference to and in priority over any dividend or other distribution upon any Junior Stock and (C) effected at a price per Share equal to the Redemption Price. The Company shall pay or cause to be paid in full the aggregate Redemption Price as promptly as practicable and, in any event, before any payment, dividend or other distribution shall be made to the holders of Junior Stock by reason of their ownership thereof. Any such redemption shall occur without the requirement of notice or adherence to the procedures set forth Section 7(c) . If, upon such Company Insolvency Material Event, the assets of the Company available for distribution to its equity holders shall be insufficient to pay the Holders the full amount of the Redemption Price, the Holders of such Shares shall share ratably in any distribution of the assets available for distribution based on such Holder's portion of the aggregate Accumulated Stated Value of such Shares.

(c) Material Event Offer Mechanics .

(i) A Material Event Offer required to be made pursuant to Section 7(a) shall be commenced within five Business Days following a Material Event and shall remain open for exactly 15 Business Days, except to the extent that a longer period is required by law (the " Material Event Offer Period ").

(ii) On the fifth Business Day following the expiration of the Material Event Offer Period, the Company shall redeem all Shares (other than those Shares held by Holders that declined to have their Shares redeemed during the Material Event Offer Period) at a price per Share equal to the Redemption Price. If the Company is prohibited by law to redeem all Shares held by such Holders, then the Company shall redeem on a pro rata basis among such Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders.

(iii) Prior to commencing a Material Event Offer, the Company shall send a notice (the " Material Event Redemption Notice ") to each Holder, which shall state:

(A) that a Material Event Offer is being made and that, unless such Holder provides written notice declining to have its Shares

redeemed, all of such Holder's Shares will be redeemed pursuant to this Section 7 ;

(B) (1) the Redemption Price (including the separate payment amount for the Aggregate Accumulated Dividends), (2) the bank or trust company with which the aggregate Redemption Price shall be deposited on or prior to the Material Event Redemption Date and (3) the Material Event Redemption Date;

(C) that Holders may decline such Material Event Offer by delivering a written notice of declination to the Company prior to the expiration of the Material Event Offer Period; and

(D) a reasonably detailed description of such Material Event.

(iv) On or before any Material Event Redemption Date, the Company shall deposit the amount of the applicable aggregate Redemption Price with a bank or trust company having an office in New York City irrevocably in trust for the benefit of such Holders. On the Material Event Redemption Date, the Company shall immediately cause to be paid the applicable Redemption Price for such Shares to such Holders. Upon such payment in full, such Shares will be deemed to have been redeemed, whether or not the certificates for such Shares have been surrendered for redemption and canceled, and Dividends with respect to such redeemed Shares shall cease to accumulate and all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of such redeemed Shares shall forthwith terminate.

(v) In case fewer than all Shares represented by any certificate are redeemed in accordance with this Section 7 , new certificates shall be issued representing the unredeemed Shares without cost to the Holder thereof.

(vi) The Company shall comply, to the extent applicable, with the requirements of Section 14 of the Exchange Act and any other securities laws (or rules of any exchange on which any Shares are then listed) in connection with a redemption under this Section 7 . To the extent there is any conflict between the notice or other timing requirements of this Section 7 and the applicable requirements of Section 14 of the Exchange Act, Section 14 of the Exchange Act shall govern.

(d) Company Efforts . The Company shall take such actions as are necessary to give effect to the provisions of Section 6 and this Section 7 , including, in the event the Company is prohibited by law from redeeming or otherwise unable to redeem any Share in connection with any Material Event Redemption on the applicable Redemption Date, taking any action necessary or appropriate to remove as promptly as practicable any impediments to its ability to redeem such Share required to be so redeemed, including (i) to the extent not prohibited by law, reducing the stated capital of the Company or revaluing

the assets of the Company to their fair market values under Section 154 of the DGCL if such revaluation would create surplus sufficient to make all or any portion of such Material Event Redemption and (ii) if the Company has sufficient surplus but insufficient cash to effect such Material Event Redemption, borrowing the cash necessary to make such Material Event Redemption to the extent it would not result in an Event of Default. In the event of any Fund Change in Control in which the Company is not the continuing or surviving corporation or entity, proper provision shall be made so that such continuing or surviving corporation or entity shall agree to carry out and observe the obligations of the Company under this Amended and Restated Certificate of Designation and the other Related Agreements.

8. Affirmative Covenants . The Company shall, and shall cause each of its Subsidiaries to, comply with Section 1.2 of the Amended and Restated Series Z Investors Rights Agreement, unless the prior affirmative vote or written consent of the Preferred Majority Holder has been obtained.

9. Negative Covenants .

(a) Without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission, the Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise):

(i) except pursuant to any Permitted Restricted Payment, make any Restricted Payment in respect of any Equity Interests of the Company or any of its Subsidiaries (including, for the avoidance of doubt, any Equity Interests issued pursuant to a Qualified IPO);

(ii) except in connection with an Initial Public Offering, issue any new, reclassify any existing Equity Interests into, or issue to any Person (other than a Wholly Owned Subsidiary) any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests of any Subsidiary of the Company; provided , that the Company may issue Equity Interests of the Company in connection with any Public Offering;

(iii) issue any new, reclassify any existing Equity Interests into, or issue any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests senior or *pari passu* to the Series Z Preferred Securities;

(iv) except in connection with an Initial Public Offering, take any action, including forming a Subsidiary, or effect any recapitalization or reorganization, that results in any Person owning or holding any Equity Interests in (A) Holdings, other than the Company or a Wholly Owned Subsidiary, or (B) the Borrower, other than Holdings or any other Wholly Owned Subsidiary (any such Wholly Owned Subsidiary, an " Intermediate Holding Company "); provided , that

the Company may issue Equity Interests of the Company in connection with any Public Offering;

(v) except pursuant to any Permitted Affiliate Transaction, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (including the Fund and the Fund Affiliates) (other than transactions between or among the Company and its Subsidiaries or any Person that becomes a Subsidiary of the Company as a result of such transaction);

(vi) settle or consent to any settlement, judgment or award in any litigation, arbitration or other proceeding if such settlement, judgment or award involves a guilty plea or any other acknowledgement of criminal wrongdoing that would reasonably be expected to have a Material Adverse Effect;

(vii) engage at any time in any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business, and in the case of a Special Purpose Securitization Subsidiary, Permitted Securitization Financings;

(viii) make any election, alter its legal structure or enter into any transaction, agreement or arrangement or take any other action, other than any action contemplated in the Related Agreements, that would reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes (it being understood and agreed that any transaction, agreement or arrangement or action taken or entered into in the ordinary course of business of the Company and its Subsidiaries would not reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes);

(ix) effect, permit the effectiveness of, approve or fail to contest any Insolvency Event;

(x) except in connection with a Public Offering, solely with respect to the Company, (A) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the obligations under the Certificate of Incorporation (including this Amended and Restated Certificate of Designation and the Amended and Restated Series A Certificate of Designation), the Amended and Restated Series Z Investors Rights Agreement, the Amended and Restated Series A Investors Rights Agreement, the Series Z Securities Purchase Agreement and the Securities Purchase Agreement, (B) create or suffer to exist any Lien upon any property or assets of the Company now owned or hereafter acquired, leased or licensed by it or (C) engage in any business or activity or own any assets other than (1) holding 100% of the Equity Interests of Holdings and (2) performing

its obligations and activities incidental thereto under the Certificate of Incorporation (including this Amended and Restated Certificate of Designation and the Amended and Restated Series A Certificate of Designation), the Amended and Restated Series Z Investors Rights Agreement, the Amended and Restated Series A Investors Rights Agreement, the Series Z Securities Purchase Agreement and the Securities Purchase Agreement, in each case of clauses (A), (B) or (C) above, except for de minimis amounts related to maintaining its corporate existence and general overhead and corporate housekeeping matters; or

(xi) enter into any agreement to do or consent to any of the foregoing.

(b) At any time prior to a Qualified IPO, without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission, the Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise):

(A) acquire, purchase or lease any assets (other than any assets acquired, purchased or leased in the ordinary course of commercial business of the Company or any of its Subsidiaries), properties, entities, Indebtedness, debt securities or Equity Interests in excess of $25 million individually or $50 million in the aggregate in any Test Period;

(B) make any capital contribution, loan or advance to, or other investment in, or Guarantee or assume the Indebtedness of, any other Person, in excess of $25 million individually or $50 million in the aggregate in any Test Period;

(C) effect the sale, transfer or license (other than any license to the Company's or any of its Subsidiaries' customers or resellers in the ordinary course of business) of any assets or properties of the Company or any of its Subsidiaries in excess of $25 million individually or $50 million in the aggregate in any Test Period;

(D) commit to, incur or approve any capital expenditures (other than any capital expenditures in the ordinary course of business of the Company or any of its Subsidiaries) in excess of $25 million individually or $50 million in the aggregate in any Test Period; or

(E) incur any Indebtedness of the type described in clause (a) of the definition thereof (other than (1) Indebtedness borrowed from, or issued to, any other Person that is not the Fund, a Fund Affiliate, the Member, the General Partner, Parent, the Company or any of its Subsidiaries and used to repay any Indebtedness of the Company or any of its Subsidiaries in an aggregate principal amount not to exceed the aggregate outstanding amount of such Indebtedness to be repaid at such time (plus any unpaid accrued

interest and premium thereon and any associated underwriting discounts, defeasance costs, fees, commissions and expenses) and (2) working capital facilities in an aggregate principal amount not to exceed $75,000,000 outstanding at any time (it being understood and agreed that the Purchaser or any of its Affiliates shall have the right to provide any such working capital facilities on substantially the same terms as those terms offered by the proposed provider of such working capital facilities in lieu of such proposed provider); or

(F) enter into any agreement to do or consent to any of the foregoing.

(c) Any of the actions or omissions prohibited by this Section 9 (if taken without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission) shall be ultra vires, null and void ab initio and of no force or effect. The Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise), by amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, any provision of this Amended and Restated Certificate of Designation or any other Related Agreement or through any Material Event, any Change in Control, any Disposition or any other reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, agreement or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Amended and Restated Certificate of Designation or any other Related Agreement.

10. Waivers; Amendment .

(a) No failure or delay of any Holder in exercising any right or power hereunder or any other Related Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Holders hereunder or any other Related Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Amended and Restated Certificate of Designation or any other Related Agreement or any consent to any departure by the Company or any of its Subsidiaries therefrom shall in any event be effective unless the same shall not be prohibited by Section 10(b) , and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Company or any of its Subsidiaries in any case shall entitle such Person to any other or further notice or demand in similar or other circumstances.

(b) Any amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, the Certificate of Incorporation (including this Amended and Restated Certificate of Designation and the Amended and Restated Series A Certificate of

Designation), any other Related Agreement or the bylaws of the Company or any provision hereof or thereof in a manner that would adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, of the Series A Preferred Securities (in each case, by merger, consolidation, operation of law or otherwise) shall be ultra vires, null and void ab initio and of no force or effect without (i) being in writing, (ii) the Company first having provided written notice of such proposed action to each Holder and (iii) the Company having obtained the affirmative vote or written consent of the Preferred Majority Holder.

(c) The various provisions set forth in this Amended and Restated Certificate of Designation are for the benefit of the Holders and shall be enforceable by them, including by one or more actions for specific performance.

11. Notice .

(a) Any notice or other communication required or permitted to be delivered under the Certificate of Incorporation (including this Amended and Restated Certificate of Designation and the Amended and Restated Series A Certificate of Designation), the bylaws or the DGCL shall be in writing and delivered by (i) personal delivery or electronic mail, (ii) overnight delivery via a national courier service or (iii) regular mail, with respect to any holder, at the email address or physical address on file with the Company.

(b) Notice or other communication pursuant to Section 11(a) shall be deemed to have been received (i) in the case of personal delivery or delivery by electronic mail, on the date of such delivery, (ii) in the case of dispatch by nationally recognized overnight courier, on the next Business Day following such dispatch and (iii) in the case of mailing, on the fifth Business Day after the posting thereof.

12. Cancellation; No Conversion Rights .

(a) No Share acquired by the Company by reason of redemption, purchase or otherwise shall be reissued or held in treasury for reissuance, and the Company shall take all necessary action to cause such Share to be canceled, retired and eliminated from the Shares which the Company shall be authorized to issue.

(b) The Holders have no rights to convert any Shares into any other Equity Interests of the Company.

13. Severability . In the event any one or more of the provisions contained in this Amended and Restated Certificate of Designation should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The Company and the Holders shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Exhibit 3.2

AMENDED AND RESTATED BYLAWS
OF
ADT INC.

(Adopted as of January 23, 2018)

ARTICLE I.

OFFICES

Section 1.01 Registered office . The address of the registered office of ADT Inc. (hereinafter the " Corporation ") in the State of Delaware, and the name of its registered agent at such address, shall be as set forth in the Amended and Restated Certificate of Incorporation of the Corporation, as the same may be amended and/or restated from time to time (the " Certificate of Incorporation ").

Section 1.02 Other Offices . The Corporation may have a principal or other office or offices at such other place or places, either within or without the State of Delaware, as the Board of Directors may from time to time determine or as shall be necessary or appropriate for the conduct of the business of the Corporation.

ARTICLE II.

STOCKHOLDERS

Section 2.01 Place of Meetings . All meetings of stockholders shall be held at the principal office of the Corporation or at such other place, if any, within or without the State of Delaware, or solely by means of remote communication in accordance with Section 2.13 of these Bylaws and applicable law, as may be designated by the Board of Directors and stated in the notice of the meeting.

Section 2.02 Annual Meetings . An annual meeting of stockholders for the election of directors and the transaction of such other business as may properly be brought before the meeting in accordance with Section 2.07 of these Bylaws shall be held on such day and at such hour, as shall be fixed by the Board of Directors and designated in the notice of meeting. The Board of Directors may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders.

Section 2.03 Special Meetings . Special meetings of stockholders may only be called in the manner provided in the Certificate of Incorporation. Special meetings of stockholders shall be held on such day and at such hour, as shall be fixed by the Board of Directors and designated in the notice of meeting. Business transacted at any special meeting of stockholders shall be limited to the purpose or purposes stated in the notice of meeting. Except in the case of a special meeting of stockholders called at the request of the stockholders pursuant to the express terms of the Certificate of Incorporation, the Board of Directors may postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

Section 2.04 Notice of Meetings . Except as otherwise provided by the Certificate of Incorporation or applicable law, notice, stating the place, if any, date and time of the meeting, the means of remote communication, if any, by which stockholders and proxyholders not physically present may be deemed to be present and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) days nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting. Notice may be given either personally, by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at such stockholder's address as it appears on the stock transfer books of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the General Corporation Law of the State of Delaware. Such further notice shall be given as may be required by law.

Section 2.05 Quorum; Adjournment of Meetings . Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority in voting power of the outstanding capital stock entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series or classes or series of stock voting as a separate class, the holders of a majority in voting power of the shares of such class or series or classes or series shall constitute a quorum of such class or series or classes or series with respect to the vote on such business. The chairman of the meeting may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of an adjourned meeting need be given except as required by law. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.06 Proxies . Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy in any manner provided by applicable law, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

Section 2.07 Notice of Stockholder Business and Nominations .

(a) Annual Meeting of Stockholders .

(i) At any annual meeting of the stockholders, only such nominations of persons for election to the Board of Directors and only other business shall be considered or conducted, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (A) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Section 2.04 of these Bylaws, (B) by or at the direction of the Board of Directors or any duly authorized committee thereof, (C) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in this Bylaw and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in this Bylaw as to such business or nomination or (D) as provided in the Stockholders Agreement (as defined in the Certificate of Incorporation). Subject to the Stockholders Agreement, clause (C) of this Section 2.07(a)(i) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the " Exchange Act ") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(ii) Without qualification or limitation, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to paragraph (a)(1)(C) of this Bylaw, the stockholder must have given timely notice thereof in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120 th day and not later than the close of business on the 90 th day prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock are first publicly traded, be deemed to have occurred on June 1, 2017); provided , however , that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120 th day prior to the date of such annual meeting and not later than the close of business on the later of the 90 th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10 th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. In addition, to be timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5)

business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof. To be in proper form, a stockholder's notice (whether given pursuant to this paragraph (a)(ii) or paragraph (b)) to the Secretary must: (a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books and records, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner, and of their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, through the delivery of cash or other property, or otherwise, and without regard of whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a " Derivative Instrument ") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (D) any contract, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such stockholder, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any security of the Corporation (any of the foregoing, a " Short Interest "), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the

Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (I) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration, and, in the event that such business includes a proposal to amend the Bylaws, the text of such proposed amendment) and (iii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; (c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (d) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed

questionnaire, representation and agreement required by Section 2.08 of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10 th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders . Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board of Directors, (B) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in this Bylaw and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in this Bylaw as to such nomination, or (C) as provided in the Stockholders Agreement. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations before a special meeting of stockholders at which directors are to be elected or appointed. In the event that the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, other than with respect to any nomination made in the manner provided in the Stockholders Agreement, any stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting only if the stockholder's notice required by paragraph (a)(ii) of this Bylaw with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 2.08 of these Bylaws) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120 th day prior to the date of such special meeting and not later than the close of business on the later of the 90 th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10 th day following the day on which the Corporation first makes a public announcement of the date of the special meeting at which directors are to be elected. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described in the immediately preceding sentence.

(c) General .

(i) Only such persons who are nominated in accordance with the procedures set forth in this Bylaw or in the Stockholders Agreement shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Bylaw. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Bylaw and, if any proposed nomination or business is not in compliance with this Bylaw, to declare that such defective proposal or nomination shall be disregarded. Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to make a nomination or present a proposal of other business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Bylaw, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(ii) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(iii) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw; provided , however , that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to paragraph (a)(i)(C) or paragraph (b) of this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws. Subject to Rule 14a-8 under the Exchange Act, nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

Section 2.08 Submission of Questionnaire, Representation and Agreement . To be eligible to be a nominee for election or reelection as a director of the Corporation and qualified to serve as a director, a person must deliver (such delivery to be made, in the case of a person nominated for election as a director of the Corporation pursuant to pursuant to paragraph (a)(1)(C)

or paragraph (b) of Section 2.07 of these Bylaws, in accordance with the time periods prescribed for delivery of notice under Section 2.07 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other persons or entities on whose behalf the nomination is being made pursuant to paragraph (a)(1)(C) or paragraph (b) Section 2.07 of these Bylaws (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a " Voting Commitment ") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

Section 2.09 Required Vote . Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at all meetings of the stockholders at which directors are to be elected, a plurality of the votes cast by stockholders entitled to vote for the election of such directors shall be sufficient to elect such directors. Except as otherwise provided by applicable law, the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or any regulation applicable to the Corporation or its stockholders, in all matters other than the election of directors, the affirmative vote of a majority in voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

Section 2.10 Inspectors of Elections . The Corporation may, and to the extent required by applicable law, in advance of any meeting of stockholders, appoint one or more inspectors of election, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

Section 2.11 Action Without a Meeting . Unless prohibited by the Certificate of Incorporation, any action permitted or required to be taken at a meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing,

setting forth the action so taken, shall be signed by or on behalf of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation in accordance with applicable law. Prompt notice of the taking of corporate action without a meeting by less than a unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of the holders to take the action were delivered to the Corporation

Section 2.12 Conduct of Meetings . The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13 Remote Meetings . If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication; provided , that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE III.

BOARD OF DIRECTORS

Section 3.01 General Powers. Except as otherwise provided in the General Corporation Law of the State of Delaware or the Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 3.02 Number of Directors. The total number of directors shall be fixed from time to time in the manner provided by the Certificate of Incorporation. No decrease in the total number of directors shall shorten the term of any incumbent director.

Section 3.03 Quorum; Required Vote. Except as otherwise provided by law or the Certificate of Incorporation, a majority of the total number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board, but in no event shall less than one-third of the members of the total number of directors which the Corporation would have if there were no vacancies or unfilled newly created directorships constitute a quorum. Except as otherwise provided by law or the Certificate of Incorporation, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.04 Telephonic Participation. All or any one or more directors may participate in a meeting of the Board of Directors or of any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to such communications equipment shall constitute presence in person at such meeting.

Section 3.05 Place of Meetings. The Board of Directors may hold its meetings at such place or places, if any, within or without the State of Delaware, as the Board may from time to time determine.

Section 3.06 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place, if any, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors. After there has been such determination, and notice thereof has been given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 3.07 Special Meetings. Subject to the notice requirements of Section 3.08, special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, if any, the Chief Executive Officer or by a majority of the directors.

Section 3.08 Notice. Notice of any special meeting of directors shall be given to each director at his or her business or residence in writing by hand delivery, overnight mail or courier service, facsimile or electronic transmission, or orally in person or by telephone. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting.

If given orally in person or by telephone or by hand delivery, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section 3.09 Resignation. Any director of the Corporation may resign at any time by giving notice in writing or by electronic transmission thereof to the Corporation. The resignation of any director shall be effective when the resignation is delivered, unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.10 Vacancies on Board of Directors. Except as otherwise provided in the Certificate of Incorporation, and subject to the terms of the Stockholders Agreement, any vacancy resulting from the death, resignation, removal or disqualification of any director or other cause, or any newly created directorship resulting from any increase in the authorized number of directors, shall be filled exclusively by a majority of the directors then in office, although less than a quorum, or a sole remaining director. Each director so appointed shall hold office until the annual meeting of stockholders for the election of directors of the class to which such director shall have been appointed and until his or her successor has been duly elected qualified, subject, however, to such director's earlier death, resignation, retirement, removal or disqualification.

Section 3.11 Executive and Other Committees. The Board of Directors may designate one or more committees of the Board of Directors, including an Executive Committee to exercise, subject to applicable provisions of law, all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation when the Board of Directors is not in session. The Executive Committee and each such other committee shall consist of two (2) or more directors of the Corporation and, subject to applicable law and any other law, rule or regulation applicable to the Corporation (including the rules and regulations of any securities exchange on the which the Corporation's shares are listed), at least one Apollo Designee (as defined in the Stockholders Agreement); provided, however, that for so long as the Co-Investor Condition (as defined in the Stockholders Agreement) is satisfied with respect to a Co-Invest Designee (as defined in the Stockholders Agreement), such Co-Invest Designee shall have the right to designate one (1) member of each such committee. The Board of Directors may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Except to the extent restricted by law, the Certificate of Incorporation or these Bylaws, any such committee, to the extent provided by the General Corporation Law of the State of Delaware, these Bylaws or the designating resolution, shall have and may exercise all the powers and authority of the Board of Directors. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board of Directors when required.

Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by in these

Bylaws or by resolution of the Board of Directors designating such committee. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 3.08 of these Bylaws. Each committee shall serve at the pleasure of the Board of Directors and the Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Unless otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. Except as otherwise expressly provided in these Bylaws or the by resolution of the Board of Directors designating such committee, every reference to a committee or to a member of a committee in these Bylaws shall apply to any subcommittee or member of a subcommittee *mutatis mutandis* .

Section 3.12 Action Without Meeting . Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or any committee thereof, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes or proceedings of the Board of Directors or committee.

Section 3.13 Fees and Compensation . The Board of Directors shall have the authority to fix the compensation, including fees, reimbursement of expenses and equity compensation, of directors for services to the Corporation in any capacity, including for attendance of meetings of the Board of Directors or participation on any committees. Directors who are officers or employees of the Corporation may receive, if the Board desires, compensation for service as directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV.

OFFICERS

Section 4.01 Officers . The elected officers of the Corporation shall be chosen by the Board of Directors and may include a Chairman of the Board, a Chief Executive Officer, one or more Presidents, a Chief Financial Officer, and a Secretary, all of whom shall be elected by the Board of Directors. The Chairman of the Board, if any, shall be chosen from among the directors. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this ARTICLE IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. In addition, the Board of Directors or any committee thereof may from time to time elect, or the Chief Executive Officer may appoint, such other officers (including one or more Vice Presidents, Assistant Secretaries, Treasurers and Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Any number of offices may be held by the same person. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee or by the Chief Executive Officer, as the case may be.

Section 4.02 Term of Office. The principal officers of the Corporation shall hold office until his or her successor shall have been duly chosen and shall qualify, or until his or her earlier death, resignation, retirement, removal or disqualification.

Section 4.03 Removal. Any officer may be removed, either with or without cause, at any time, by the Board of Directors. Any officer or agent appointed by the Chief Executive Officer may also be removed by him or her whenever, in his or her judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his or her successor or his or her earlier death, resignation, removal or disqualification, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

Section 4.04 Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission thereof to the Corporation. The resignation of any officer shall be effective when the resignation is delivered, unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Vacancies. A vacancy in any office may be filled in the manner prescribed in these Bylaws for appointment to such office.

Section 4.06 Powers and Duties. Subject to the control of the Board of Directors, the officers shall each have such authority and perform such duties in the management of the Corporation as from time to time may be prescribed by the Board of Directors and as may be delegated by the Chief Executive Officer without limiting the foregoing:

(a) Chairman of the Board. The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and he or she shall have and perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

(b) Chief Executive Officer. The Chief Executive Officer of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation. The Chief Executive Officer shall preside at all meetings of the stockholders and, in the absence of a Chairman of the Board, at all meetings of the Board of Directors. Unless there shall have been elected one or more Presidents of the Corporation, the Chief Executive Officer shall be the President of the Corporation.

(c) President. Each President shall have such general powers and duties of supervision and management as shall be assigned to him or her by the Board of Directors.

(d) Vice Presidents. Each Vice President, if any, shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

(e) Chief Financial Officer. The Chief Financial Officer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He or she shall deposit all moneys and other

valuables in the name and to the credit of the Corporation in such depositaries as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chairman of the Board, Chief Executive Officer or a President, taking proper vouchers for such disbursements. He or she shall render to the Chairman of the Board, Chief Executive Officer, each President and the Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Chief Financial Officer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board of Directors shall prescribe. The Chief Executive Officer may direct the Treasurer to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and the Treasurer shall perform other duties commonly incident to his or her office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(f) Secretary. The Secretary, if present, shall act as secretary at all meetings of the Board of Directors or any committee thereof and of the stockholders and keep the minutes thereof in a book or books to be provided for that purpose. He or she shall see that all notices required to be given by the Corporation are duly given and served; he or she shall have charge of the stock records of the Corporation; he or she shall see that all reports, statements and other documents required by law are properly kept and filed; and in general, he or she shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or the Board of Directors.

Section 4.07 Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or a committee thereof appointed for such purpose, and the salaries of any other officers may be fixed by the Chief Executive Officer.

ARTICLE V.

CAPITAL STOCK

Section 5.01 Certificated and Uncertificated Stock; Transfers.

(a) Subject to clause (d) below, the shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation.

(b) The shares of the stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. In the case of certificated shares of stock, transfers shall be made on the books of the Corporation only by the holder thereof or by such holder's attorney duly authorized in writing, upon surrender for cancellation of certificate(s) for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require. In the case of uncertificated shares of stock, transfers shall be

made on the books of the Corporation only upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

(c) Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by any two authorized officers certifying the number and class of shares of stock of the Corporation owned by such holder. Unless the Board of Directors by resolution directs otherwise, the Chairman of the Board, the Vice Chairman of the Board, the President, a Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation shall be authorized to sign stock certificates. Any or all of the signatures on such certificates may be an electronic signature. In case any officer, transfer agent or registrar who has signed or whose electronic signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

(d) Notwithstanding anything to the contrary in these Bylaws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in uncertificated or book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

Section 5.02 Last, Stolen, Mutilated or Destroyed Certificates . As a condition to the issue of a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued and alleged to have been lost, stolen, mutilated or destroyed, the Corporation may require the owner of any such certificate, or such owner's legal representatives, to give the Corporation a bond in such sum and in such form as it may direct or to otherwise indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft, mutilation or destruction of any such certificate or the issuance of such new certificate or uncertificated shares. Proper evidence of such loss, theft, mutilation or destruction shall be procured for the Corporation, if required. The Corporation may authorize the issuance of such new certificate without any bond when in its judgment it is proper to do so.

Section 5.03 Record Owners . The stock ledger shall be the only evidence as to who are the stockholders of the Corporation and the Corporation shall be entitled to recognize the exclusive right of a person registered on its stock ledger as the owner of shares to receive dividends, to vote and to receive notice, and otherwise to exercise all of the rights and powers of an owner of such shares, and shall not be bound to recognize any equitable or other claim to or interest in such

share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 5.04 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 5.05 Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of and to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date, unless otherwise required by law, shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of meeting shall be the date for making such determination. If no such record date is fixed by the Board of Directors, then the record date shall, unless otherwise required by law, be at the close of business on the day next preceding the day on which notice of such meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, of for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date shall not be more than 60 days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(c) In order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining stockholders entitled to express consent to corporate action in writing without a meeting has been fixed by the Board of Directors (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE VI.

AMENDMENTS

Section 6.01 Amendments by Stockholders . These Bylaws may be altered, amended or repealed and new Bylaws may be added by the stockholders at any annual meeting of the stockholders or at any special meeting thereof if notice of the proposed alteration, amendment, repeal or addition is contained in the notice of such special meeting, (i) if prior to the Trigger Event (as defined in the Certificate of Incorporation), by the affirmative vote of the holders of a majority in voting power of the stock entitled to vote thereon and (ii) if after the Trigger Event, by the affirmative vote of the holders of at least 66 2/3% of the voting power of the stock entitled to vote thereon.

Section 6.02 Amendments by the Board of Directors . The Board of Directors may adopt, amend or repeal these Bylaws as provided in the Certificate of Incorporation.

ARTICLE VII.

MISCELLANEOUS PROVISIONS

Section 7.01 Fiscal Year . The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 7.02 Voting of Securities Owned by the Corporation . The Board of Directors may authorize any person on behalf of the Corporation to attend and vote at any meeting of security holders of any entity in which the Corporation holds securities and to exercise, on behalf of the Corporation, any and all of the rights and powers incident to the ownership of such securities, including the authority to execute and deliver proxies, powers of attorney and consents on behalf of the Corporation. Unless the Board of Directors directs otherwise, each of the Chairman, the Chief Executive Officer and President shall have the powers specified in the preceding provisions of this Section 7.02.

Section 7.03 Dividends . Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor, declare dividends upon the capital stock of the Corporation as and when they deem expedient, in accordance with law. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time in their discretion may deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors may deem conducive to the interests of the Corporation. The Board of Directors may abolish any such reserve at any time.

Section 7.04 Waiver of Notice . Whenever any notice is required to be given under the provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person

attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting.

Section 7.05 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board, the Chief Executive Officer, each President, the Chief Financial Officer or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer, each President, the Chief Financial Officer or any Vice President of the Corporation may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Exhibit 3.3

SECOND AMENDED AND RESTATED
CERTIFICATE OF DESIGNATION

OF

SERIES A PREFERRED SECURITIES

OF

ADT INC.

Pursuant to the General Corporation Law of the State of Delaware

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Pursuant to the General Corporation Law of the State of Delaware (the " DGCL "), ADT Inc., a corporation duly organized and validly existing under the DGCL (the " Company "), in accordance with the provisions of Section 103 of the DGCL, does hereby certify the following:

The Board of Directors of the Company (the " Board of Directors ") adopted resolutions on May 2, 2016 designating a new series of 750,000 shares of preferred securities, par value $0.01 per share, of the Company designated as Series A Preferred Securities (as defined below);

WHEREAS, the Certificate of Incorporation of the Company (as amended, restated, supplemented or otherwise modified from time to time, in each case to the extent not prohibited by Section 10 , the " Certificate of Incorporation ") authorizes (a) the issuance of up to 1,000,000 shares of preferred securities, par value $0.01 per share, of the Company (the " Preferred Securities ") in one or more series and (b) the Board of Directors to (i) designate one or more series of the Preferred Securities and (ii) with respect to each such series, establish the number of shares and the rights, preferences, powers, and the qualifications, restrictions and limitations, of each such series; and

WHEREAS, it is the desire of the Board of Directors to amend and restate certain rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby amend and restate the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities as follows, and the Board of Directors directs this Second Amended and Restated Certificate of Designation of Series A Preferred Securities (this " Second Amended and Restated Certificate of Designation ") to be filed with the Secretary of State of the State of Delaware in accordance with Section 103 of the DGCL:

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1. Definitions; Interpretation .

(a) As used in this Second Amended and Restated Certificate of Designation, the following terms shall have the meanings specified below:

" Accrued Dividend Rate " shall mean the Five-Year Treasury Yield plus 9.75% per annum; provided that the then-current Accrued Dividend Rate shall automatically increase by an additional 1.00% per annum on the fifth anniversary of the Closing Date and on each anniversary of the Closing Date thereafter; provided , further , that (a) if and for so long as any Event of Default (other than a Senior Debt Event of Default) occurs and is continuing or (b) if and for so long as a Senior Debt Event of Default occurs and is continuing, on the tenth Business Day following the occurrence of such Senior Debt Event of Default, then, in each case, the then-current Accrued Dividend Rate shall automatically increase by an additional 2.00% per annum.

" Accumulated Stated Value " shall mean, as of the relevant date, an amount per Share equal to (a) the Stated Value of such Share as of such date plus (b) any declared but unpaid Dividends on such Share for the most recent Dividend Period as of such date (to the extent not part of the Stated Value of such Share as of such date) plus (c) the amount of accumulated and unpaid Dividends on such Share from the last Dividend Payment Date to, but not including, such date (to the extent not part of the Stated Value of such Share as of such date).

" ADTSC " shall mean The ADT Security Corporation, a Delaware corporation.

" Affiliate " shall mean , when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, with respect to any Covered Person, this definition shall include any parent, spouse, domestic partner or child (including those adopted) of such Covered Person and each custodian or guardian of any property of one or more of such Persons in the capacity as such custodian or guardian and trust, investment vehicle or other entity formed by such Covered Person for tax or estate planning purposes .

" Affiliate Investment Transaction " shall have the meaning assigned to such term in the definition of "Permitted Affiliate Transactions."

" Aggregate Accumulated Dividend " shall mean, as of the relevant date, an amount per Share equal to the difference of (a) the Accumulated Stated Value of such Share as of such date minus (b) the Stated Value of such Share as of the Closing Date.

" Amendment Date " means January 23, 2018.

" Applicable Treasury Rate " shall mean, as of the relevant date, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to such date (or, if such statistical release is not so published or available, any publicly available source of similar market data reasonably selected by the Company)) most nearly equal to the period from such date to the First Call Date; provided that if the period from such date to

the First Call Date is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Applicable Treasury Rate shall be obtained by linear interpolation (calculated to the nearest 1/12th of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from such date to the First Call Date is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

" Beneficially Own " shall mean to possess beneficial ownership as determined pursuant to Rule 13d-3 and Rule 13d-5 of the Exchange Act.

" Board of Directors " shall have the meaning assigned to such term in the recitals hereof.

" Board of Managers " shall have the meaning assigned to such term in the LLC Agreement; provided that, if the Board of Managers is not the board of directors, board of managers or other governing body that is the primary functioning board of directors, board of managers or other governing body governing (or that is charged with the material governance authority with respect to) the business of the General Partner, Parent, the Company or any of its Subsidiaries, then the Board of Managers shall be deemed to refer to such primary functioning board of directors, board of managers or other governing body.

" Borrower " shall mean Prime Security Services Borrower, LLC, a Delaware limited liability company.

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

" Capitalized Lease Obligations " shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries, either existing on July 1, 2015 or created thereafter that (a) initially were not included on the consolidated balance sheet of the Company or any of its Subsidiaries as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with the Company and its Subsidiaries, were required to be characterized as capital lease obligations upon such consideration, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on July 1, 2015 and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on July 1, 2015 had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

" Cash Dividend Rate " shall mean the Five-Year Treasury Yield plus 9.00% per annum; provided that the then-current Cash Dividend Rate shall automatically increase by an additional 1.00% per annum on the fifth anniversary of the Closing Date and on each anniversary of the Closing Date thereafter; provided , further , that (a) if and for so long as any Event of

Default (other than a Senior Debt Event of Default) occurs and is continuing or (b) if and for so long as a Senior Debt Event of Default occurs and is continuing, on the tenth Business Day following the occurrence of such Senior Debt Event of Default, then, in each case, the then-current Cash Dividend Rate shall automatically increase by an additional 2.00% per annum.

" Certificate of Incorporation " shall have the meaning assigned to such term in the recitals hereof.

A " Change in Control " shall be deemed to occur if:

(a) the Member shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner; provided that no Change of Control shall be deemed to have occurred pursuant to this clause (a) if the Member transfers all or any portion of the issued and outstanding Equity Interests of the General Partner to the general partner of the Fund or an Affiliate controlled by such general partner so long as (i) the Member or its general partner determines in good faith that it is necessary or desirable to consummate such transfer for legal, tax, regulatory or similar technical reasons and (ii) such transfer does not adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, or the value, of the Series A Preferred Securities;

(b) the General Partner shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the general partnership interests in Parent;

(c) [Reserved];

(d) the Company shall fail to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of Holdings or the Borrower;

(e) a "Change in Control" (as defined in (i) the First Lien Credit Agreement as in effect on the Closing Date, (ii) the Second Lien Credit Agreement as in effect on the Closing Date, (iii) the Second Priority Senior Secured Notes Indenture as in effect on the Closing Date, (iv) the indentures governing the Existing ADTSC Roll-Over Notes as in effect on the Closing Date, (v) any indenture or credit agreement in respect of Permitted Refinancing Indebtedness with respect to the Indebtedness referenced in clauses (i) through (iv) of this clause (e), in each case, constituting Material Indebtedness, or (vi) any indenture or credit agreement in respect of any Junior Financing constituting Material Indebtedness) shall have occurred; or

(f) a Fund Change in Control shall have occurred.

" Closing Date " shall mean May 2, 2016.

" Code " shall mean the Internal Revenue Code of 1986.

" Common Stock " shall mean the Company's common stock, par value $ 0.01 per share.

" Company " shall have the meaning assigned to such term in the recitals hereof.

" Company Insolvency Material Event " shall have the meaning assigned to such term in Section 7(b)(i) .

" Compensation Arrangement " shall mean any management equity plan or stock option plan or any other management or employee benefit plan or other agreement or arrangement, including any employment arrangement or equity purchase agreement.

" Compounded Dividends " shall have the meaning assigned to such term in Section 5 .

" Consolidated Total Assets " shall mean, as of any date of determination, the total assets of the Borrower and its consolidated Subsidiaries without giving effect to any impairment or amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 4.1(f) of the Securities Purchase Agreement or Sections 1.2(b)(i) or 1.2(b)(ii) of the Second Amended and Restated Series A Investors Rights Agreement, as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a Person or assets that may have occurred on or after the last day of such fiscal quarter.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Covered Person " shall mean any future, present or former employee, director, manager, officer, member of management or consultant of the General Partner, Parent, the Company, or any of their respective Subsidiaries that is unaffiliated with the Fund and the Fund Affiliates.

" Deemed Dividend Gross-Up Payment " shall have the meaning assigned to such term in the Second Amended and Restated Series A Investors Rights Agreement.

" DGCL " shall have the meaning assigned to such term in the recitals hereof.

" Dispose " shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset (including the issuance of Equity Interests). The term " Disposition " shall have a correlative meaning to the foregoing.

" Disqualified Stock " shall mean, with respect to any Person, any Equity Interests of such Person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior redemption in full of all Shares in accordance with Section 6 and Section 7), (b) is redeemable at the option of the holder thereof

(other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is 91 days after the Mandatory Redemption Date; provided that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock. Notwithstanding the foregoing, (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Company or any of its Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Company or any of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability and (ii) any class of Equity Interests of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

" Dividend Payment Date " shall mean March 31, June 30, September 30 and December 31 of each year, commencing on June 30, 2016; provided that, if any Dividend Payment Date is not a Business Day, the Dividend Payment Date shall be the immediately preceding Business Day.

" Dividend Period " shall mean the period commencing on and including a Dividend Payment Date that ends on, but does not include, the next Dividend Payment Date; provided that the initial Dividend Period shall commence on and include the Closing Date and end on, but not include, the first Dividend Payment Date.

" Dividends " shall have the meaning assigned to such term in Section 5 .

" DRD Gross-Up Payments " shall have the meaning assigned to such term in the Second Amended and Restated Series A Investors Rights Agreement.

" EBITDA " shall have the meaning assigned to such term in the First Lien Credit Agreement as in effect on the Closing Date.

" Equity Interests " of any Person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such Person, including any preferred stock, any preferred securities, any limited or general partnership interest, any limited liability company membership interest, any related stock appreciation rights or similar securities, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

" Equityholders Agreement " shall mean the Equityholders Agreement, dated as of the Closing Date, by and among the Member, the General Partner, Parent, Prime Security Services GP, LLC, a Delaware limited liability company, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership, and the Purchaser.

" ERISA " shall mean the Employment Retirement Income Security Act of 1974.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Parent, the Company or any of its Subsidiaries, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the incurrence by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Parent, the Company, any of its Subsidiaries or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, or in "endangered" or "critical" status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a Lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Parent, the Company, any of its Subsidiaries or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

" Event of Default " shall mean the happening of any of the following events:

(a) any representation or warranty made or deemed made by Parent or the Company in the Securities Purchase Agreement or by Parent, the Company or any of its Subsidiaries in any other Related Agreement to which it is a party or any certificate or document delivered by it pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made and such false or misleading representation or warranty (if curable) shall remain false or misleading for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Second Amended and Restated Series A Investors Rights Agreement;

(b) the Company shall fail to declare or pay any Dividends in accordance with Section 5 or any failure or default shall be made in the payment or distribution on any Share (including pursuant to Section 5 , Section 6 or Section 7 of this Second Amended and Restated Certificate of Designation or Section 1.1 of the Second Amended and Restated Series A Investors Rights Agreement) or any other Preferred Securities, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise, in each case for any reason whatsoever and, solely with respect to any failure to declare or pay any Dividends in accordance with Section 5 , such failure shall continue unremedied for a period of five Business Days;

(c) any failure or default shall be made in the due observance or performance by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Section 9 of this Second Amended and Restated Certificate of Designation or by the Company or any of its Subsidiaries of any covenant, condition or agreement contained in Sections 1.2(a), 1.2(c) or 1.2(e) of the Second Amended and Restated Series A Investors Rights Agreement;

(d) any failure or default shall be made in the due observance or performance by the Member, the General Partner, Parent, the Company or any of its Subsidiaries of any covenant, condition or agreement contained herein or in any other Related Agreement to which it is a party (other than those specified in clauses (a), (b) and (c) above) and such failure or default shall continue unremedied for a period of 30 days after the earlier of notice thereof (i) from the Preferred Majority Holder to the Company and (ii) to the Holders pursuant to Section 1.2(c)(i) of the Second Amended and Restated Series A Investors Rights Agreement, in each case for any reason whatsoever;

(e) (i) any event or condition occurs that results in any Senior Debt becoming due prior to its scheduled maturity (a " Senior Debt Acceleration "), (ii) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or (iii) Parent, the Company or any of its Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (e) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(f) Parent, the Company or any of its Subsidiaries shall fail to (i) make any payment of principal, interest or other amount when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) in respect of any Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension thereof) or (ii) observe or perform any other agreement set forth in any Senior Debt or contained in any instrument or agreement evidencing, securing or relating to such Senior Debt and such failure is not cured prior to the Business Day before the expiration of the applicable grace period under such Senior Debt (after giving effect to any written waiver or other written extension

thereof), which failure would enable or permit the holder or holders of such Senior Debt or any trustee or agent on its or their behalf to cause such Senior Debt to become due or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that, in each case, a forbearance with respect to any such failure shall not be deemed to eliminate such failure unless the requisite holders execute and deliver to Parent, the Company or any of its Subsidiaries, as applicable, an irrevocable extension or waiver under the terms of such Senior Debt with respect to such failure (any failure described in this clause (f), a " Senior Debt Event of Default ");

(g) there shall have occurred a Change in Control;

(h) there shall have occurred an Insolvency Event;

(i) the failure by Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to pay one or more final judgments aggregating in excess of $84,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries to enforce any such judgment;

(j) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Parent, the Company or any of its Subsidiaries or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, or (iv) Parent, the Company or any of its Subsidiaries shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(k) this Second Amended and Restated Certificate of Designation or any other Related Agreement shall for any reason be asserted in writing by the Member, the General Partner, Parent, the Company or any of its Subsidiaries or any of their respective Affiliates not to be a legal, valid and binding obligation of any party thereto.

" Exchange Act " shall mean the Securities Exchange Act of 1934.

" Existing ADTSC Roll-Over Notes " shall mean, collectively, (a) the $1,000,000,000 in aggregate principal amount of the 3.50% Notes due 2022, (b) the $750,000,000 in aggregate principal amount of the 4.875% Notes due 2042 or 2032, as applicable, (c) the $700,000,000 in aggregate principal amount of the 4.125% Senior Notes due 2023, (d) the $1,000,000,000 in aggregate principal amount of the 6.25% Senior Notes due 2021 and (e) the $300,000,000 in aggregate principal amount of the 5.25% Senior Notes due 2020.

" First Call Date " shall mean May 2 , 2019.

" First Lien Credit Agreement " shall mean the Amended and Restated First Lien Credit Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the lenders party thereto and Barclays Bank PLC, as administrative agent.

" Five-Year Treasury Yield " shall mean, as of the relevant date, the greater of (a) 1.25% per annum and (b) the yield (rounded upwards if necessary to the nearest 1/100th of 1.00%) on actively traded U.S. Treasury securities adjusted to a constant maturity of five years, as determined by reference to the 5-Year Constant Maturity Treasury Rate for such date published by the U.S. Department of the Treasury (currently located under the caption "Daily Treasury Yield Curve Rates" at http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx? data=yield), or, if such information is no longer published by the U.S. Department of the Treasury, by reference to comparable information contained in any other publicly available source of similar market data as reasonably determined in good faith by the Company.

" Foreign Subsidiary " shall mean any Subsidiary of the Borrower that is incorporated or organized under the laws of any jurisdiction other than the U.S., any state thereof or the District of Columbia.

" Fund " shall mean, collectively, Apollo Investment Fund VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware) VIII, L.P., a Delaware limited partnership, Apollo Overseas Partners (Delaware 892) VIII, L.P., a Delaware limited partnership, and Apollo Overseas Partners VIII, L.P., a Cayman Islands exempted limited partnership.

" Fund Affiliate " shall mean (a) each Affiliate of the Fund that is neither a "portfolio company" (which shall mean a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a "portfolio company" and (b) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

A " Fund Change in Control " shall be deemed to occur if:

(a) the Fund ceases to have the ability or right to appoint, directly or indirectly, directors or managers constituting a majority of the voting power of the Board of Directors, the Board of Managers or the board of directors or board of managers or other governing body of the General Partner, Parent, the Company or any of its Subsidiaries;

(b) (i) the Fund ceases to Beneficially Own and own of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of the General Partner or the Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to the General Partner, as applicable, (ii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 125,000,000 Units and/or Units representing at least 32.81 % of the issued and outstanding Units or the equivalent Equity Interests of the other Person surviving or resulting from a Fund Change in Control relating to Parent, as applicable, or (iii) the Fund ceases to Beneficially Own and own of record, directly or indirectly, at least 311,649.94 shares of Common Stock and/or Common Stock representing at least 32.81 % of the issued and outstanding Common Stock or the equivalent Equity Interests of the other Person surviving or

resulting from a Fund Change in Control relating to the Company, as applicable, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination; provided that the percentage calculations in clauses (ii) and (iii) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate; or

(c) the General Partner, Parent or the Company (i) merges or consolidates with or into any other Person, another Person merges with or into the General Partner, Parent or the Company, or the General Partner, Parent or, except in connection with a Permitted Securitization Financing, the Company Disposes to another Person all or substantially all of the assets of the General Partner, Parent, the Company and its Subsidiaries, taken as a whole, whether directly or indirectly through the sale of assets of one or more of their respective Subsidiaries, or (ii) engages in any recapitalization, reclassification or other transaction unless, in the context of any such merger or consolidation referenced in the foregoing clause (i) or recapitalization, reclassification or other transaction referenced in the foregoing clause (ii), (A) the Fund continues to Beneficially Own and own of record, directly or indirectly, immediately after giving effect to such transaction, (I) 100% of the issued and outstanding Equity Interests of the General Partner, (II) at least 125,000,000 Units and/or 32.81 % of the issued and outstanding Units and (III) at least 311,649.94 shares of Common Stock and/or 32.81 % of the issued and outstanding Common Stock or, in each case, the equivalent Equity Interests of the other Person surviving or resulting from such transaction, in each case without giving effect to any adjustments in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination and (B) no Shares are cancelled or converted into shares of any other class or series of capital stock of the Company or any Equity Interests of the Company or any other Person (or the right to receive any such Equity Interests), any property (including cash or the right to receive cash or other property) or any combination of the foregoing; provided that the percentage calculations in clauses (II) and (III) shall be calculated without regard to any Equity Interests of Parent or the Company granted to or held by any Covered Person (or any Affiliate of such Covered Person), but only to the extent such Equity Interests comprise 5.50% or less of all Equity Interests of any such Person in the aggregate.

" GAAP " shall mean generally accepted accounting principles in effect from time to time in the U.S., applied on a consistent basis, subject to the provisions of Section 1(b) ; provided that any reference to the application of GAAP in Sections 2.13(b) or 2.20 of the Securities Purchase Agreement or Section 1.2(d) of the Second Amended and Restated Series A Investors Rights Agreement to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

" General Partner " shall mean Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company.

" Guarantee " of or by any Person (the " guarantor ") shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another

Person (the " primary obligor ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other Person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by the Loan Documents and this Second Amended and Restated Certificate of Designation (other than such obligations with respect to Indebtedness). 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.

" 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 Parent, the Company or any of its Subsidiaries shall be a Hedging Agreement.

" Holder " shall mean, as of the relevant date, any Person that is the holder of record of at least one Share as of such date.

" Holdings " shall mean Prime Security Services Holdings, LLC, a Delaware limited liability company. Unless the context otherwise requires, "Holdings" shall also include any Intermediate Holding Company.

" Immaterial Subsidiary " shall mean any Subsidiary of the Borrower that (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 4.1(f) of the Securities Purchase Agreement or Sections 1.2(b)(i) or 1.2(b)(ii) of the Second Amended and Restated Series A Investors Rights Agreement, have assets with a value in excess of 5.00% of the Consolidated Total Assets or revenues representing in excess of 5.00% of total revenues of

the Borrower and its Subsidiaries on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of such date, did not have assets with a value in excess of 10.0% of Consolidated Total Assets or revenues representing in excess of 10.0% of total revenues of the Borrower and its Subsidiaries on a consolidated basis as of such date; provided that the Company may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary of the Borrower that would otherwise meet the definition of "Immaterial Subsidiary". Each Immaterial Subsidiary as of the Amendment Date shall be set forth in Exhibit E to the Second Amended and Restated Series A Investors Rights Agreement and the Company shall update such Exhibit from time to time after the Amendment Date as necessary to reflect all Immaterial Subsidiaries at such time (the selection of Subsidiaries of the Borrower to be added to or removed from such Exhibit to be made as the Company may determine).

" Incremental Assumption and Amendment Agreement " shall mean the Incremental Assumption and Amendment Agreement, dated as of the Closing Date, by and among Holdings, the Borrower, the lenders party thereto, Barclays Bank PLC, as administrative agent, and the other parties thereto.

" Indebtedness " of any Person shall mean, if and to the extent (other than with respect to clause (i) of this definition) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such Person, (f) all net payments that such Person would have to make in the event of an early termination, on the date Indebtedness of such Person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit, (h) the principal component of all obligations of such Person in respect of bankers' acceptances, (i) all Guarantees by such Person of Indebtedness described in clauses (a) through (h) above and (j) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided that, in the case of the Borrower and its Subsidiaries, Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business, (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) earn-out obligations until such obligations become a liability on the balance sheet of such Person in accordance with GAAP, (E) obligations in respect of Third Party Funds or (F): (I) 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 (II) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and its Subsidiaries. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing

such Indebtedness limits the liability of such Person in respect thereof. To the extent not otherwise included, Indebtedness shall include the amount of any Receivables Net Investment.

" Initial Public Offering " shall mean a consummated underwritten initial public offering of Common Stock.

" Insolvency Event " shall mean:

(a) any voluntary or involuntary liquidation, dissolution or winding up of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries;

(b) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, or of a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or (iii) the winding-up or liquidation of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries (except, solely with respect to the Borrower or any of its Material Subsidiaries, in a transaction permitted under the Loan Documents), and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(c) the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (b) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries or for a substantial part of the property or assets of the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of its Material Subsidiaries, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due.

For purposes of this definition, "Material Subsidiary" shall mean any Subsidiary of the Borrower that would not be an Immaterial Subsidiary under clause (a) of the definition thereof.

" Intermediate Holding Company " shall have the meaning assigned to such term in Section 9(a)(iv) .

" Junior Financing " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Junior Stock " shall mean Common Stock, any other Preferred Securities and any other Equity Interest of the Company (other than the Series A Preferred Securities).

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

" LLC Agreement " shall mean the Limited Liability Company Agreement of the General Partner dated as of the Closing Date.

" Loan Documents " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" LP Agreement " shall mean the Third Amended and Restated Limited Partnership Agreement of Parent dated as of the Closing Date.

" Make-Whole Amount " shall mean, with respect to any Share as of any Redemption Date occurring prior to the First Call Date, the difference of (I) the present value as of such Redemption Date of the Series A Preference Amount as of the First Call Date of the Share being redeemed (i.e., the product of 105.50% multiplied by the Accumulated Stated Value as of the First Call Date of such Share being redeemed), assuming (a) that such Share were to remain outstanding through the First Call Date and then be redeemed on the First Call Date and (b) for purposes of determining the Accumulated Stated Value as of the First Call Date of such Share that (i) all the Dividends that would accumulate on such Share (based on the Accrued Dividend Rate as in effect as of such Redemption Date) from such Redemption Date to, but not including, the Dividend Payment Date immediately prior to the First Call Date (the " Nearest Dividend Payment Date ") would not be paid and would compound and increase the Stated Value of such Share on each Dividend Payment Date that would occur during the period from such date through the Nearest Dividend Payment Date with such Dividends in each case accumulating on the Stated Value of such Share as it so increased and (ii) all the Dividends that would accumulate on such Share (based on the Accrued Dividend Rate as in effect as of such Redemption Date and, for the avoidance of doubt, after giving effect to the increase to the Stated Value of such Share described in clause (i) of this definition) from the Nearest Dividend Payment Date (or, if such Redemption Date occurs after the Nearest Dividend Payment Date and prior to the First Call Date, from such Redemption Date (and in such case, without duplication of amounts in clause (i) already included in the Accumulated Stated Value)) to, but not including, the First Call Date

would not be paid and would compound and increase the Stated Value of such Share on the First Call Date, with such present value being computed using an annual discount rate (applied quarterly) equal to the Applicable Treasury Rate as of such Redemption Date plus 50 basis points, minus (II) the Accumulated Stated Value of the Share being redeemed as of such Redemption Date, provided that, with respect to any Share as of any Redemption Date occurring after June 30, 2018 and before the First Call Date, if the cash balance in the Segregated Account has been at all times prior to the Redemption Date at least equal to the Minimum Segregated Account Amount, then the Make-Whole Amount per Share shall be reduced by the Reduction Amount.

" Manager " shall have the meaning assigned to such term in the LLC Agreement.

" Mandatory Redemption Date " shall have the meaning assigned to such term in Section 6(a)(ii) .

" Material Adverse Effect " shall mean a material adverse effect on the business, property, operations or financial condition of the Company and its Subsidiaries, taken as a whole, or the validity or enforceability of this Second Amended and Restated Certificate of Designation or any other Related Agreement or the rights and remedies of the Purchaser and the Holders hereunder or thereunder.

" Material Event " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Offer Period " shall have the meaning assigned to such term in Section 7(c)(i) .

" Material Event Redemption " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Date " shall have the meaning assigned to such term in Section 7(a) .

" Material Event Redemption Notice " shall have the meaning assigned to such term in Section 7(c)(iii) .

" Material Indebtedness " shall mean (a) any Senior Debt and/or (b) any Indebtedness of any one or more of Parent, the Company or any of its Subsidiaries in an aggregate principal amount exceeding $84,000,000; provided that in no event shall any Permitted Securitization Financing be considered Material Indebtedness.

" Material Subsidiary " shall mean any Subsidiary other than an Immaterial Subsidiary.

" Member " shall mean AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership.

" Merger " shall have the meaning assigned to such term in the definition of "Merger Agreement".

" Merger Agreement " shall mean the Agreement and Plan of Merger, dated as of February 14, 2016, by and among ADT, the Borrower, Merger Sub (as defined therein), the Company and, solely for the purposes of Article IX thereof, Parent, pursuant to which Merger Sub will merge with and into ADT, with ADT surviving as an indirect wholly owned subsidiary of the Borrower (the " Merger ").

" Minimum Segregated Account Amount " shall mean either (a) at any time following the consummation of an Initial Public Offering (but before the consummation of any subsequent Public Offering (a " Subsequent Offering ")), an amount in cash equal to at least $750,000,000, or (b) at any time following the consummation of a Subsequent Offering, an amount equal to at least the aggregate Redemption Price for all outstanding Series A Preferred Securities outstanding as of such time, (i) in the event such Subsequent Offering occurs on or prior to June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was July 1, 2018 and for each calendar quarter ending after June 30, 2018, the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter and (ii) in the event such Subsequent Offering occurs after June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was the last date of the calendar quarter during which such Subsequent Offering was consummated and for each calendar quarter thereafter the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Parent, the Company or any of its Subsidiaries or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Nearest Dividend Payment Date " shall have the meaning assigned to such term in the definition of "Make-Whole Amount".

" Optional Redemption Date " shall have the meaning assigned to such term in Section 6(a)(i) .

" Parent " shall mean Prime Security Services TopCo Parent, L.P., a Delaware limited partnership.

" Parent Entity " shall mean any direct or indirect controlling parent of the Company (excluding the Fund, the Fund Affiliates and their respective parent entities).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permitted Affiliate Transaction " shall mean:

(a) other than Affiliate Investment Transactions, which are Permitted Affiliate Transactions only if satisfying clause (i) of this definition of "Permitted Affiliate Transaction", any transaction (or series of related transactions) upon terms that are substantially no less favorable to the Company and any of its Subsidiaries that are party to such transaction (or series of related transactions) than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate, as determined by the Board of Managers in good faith;

(b) loans or advances to employees or consultants of the Company, any of the Company's Subsidiaries or any Parent Entity that are, in each case, made in connection with recruiting or retaining such employees or consultants to operate or manage their respective businesses, as determined by the Board of Managers in good faith to be reasonably necessary to successfully recruit or retain such employees or consultants, and the payment and cancellation of such loans or advances;

(c) [Reserved];

(d) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate in an aggregate amount in any fiscal year for all such agreements and payments not to exceed the lesser of (i) 1.00% of EBITDA for such fiscal year and (ii) $20,000,000;

(e) any Permitted Restricted Payment;

(f) the payment of (i) reasonable out-of-pocket costs to any Covered Person, in each case relating to services performed for or on behalf of the Company and (ii) amounts arising out of the Company's or any Parent Entity's indemnification and advancement obligations to any Covered Person;

(g) (i) any Compensation Arrangement with any Covered Person and employment agreements entered into by the Company or any of its Subsidiaries in the ordinary course of business, (ii) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to any Permitted Restricted Payment and (iii) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers bona fide employees of the Company and its Subsidiaries, and any reasonable employment contract and transactions pursuant thereto;

(h) any transaction in respect of which the Company delivers to the Holders a letter addressed to the Board of Managers from an independent accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Company qualified to render such letter, which letter states that (i) (A) such transaction is on terms that are substantially no less favorable to the Company or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate or (B) such transaction is fair to the Company or such Subsidiary, as applicable, from a financial point of view and (ii) such transaction does not disproportionately affect the rights of the Holders or the value of the Shares;

(i) investments in securities of, or the extension of any debt or equity financing to, the Company or any of its Subsidiaries by the Fund or any Fund Affiliate (any such

investment or financing, an " Affiliate Investment Transaction ") so long as (i) the investment is being offered generally to other investors (including the Holders) on the same or more favorable terms and (ii) the investment constitutes less than 5.00% of the outstanding issue amount of such class of securities; or

(j) transactions between the Company and any of its Subsidiaries and any Person, a director of which is also a director of the Company or any Parent Entity; provided that (i) such director abstains from voting as a director of the Company or such Parent Entity, as the case may be, on any matter involving such other Person and (ii) such Person is not an Affiliate of the Company for any other reason other than such director's acting in such capacity.

" Permitted Refinancing Indebtedness " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Permitted Restricted Payment " shall mean:

(a) any Restricted Payment on account of any Share;

(b) [Reserved];

(c) [Reserved]; or

(d) any dividends, distributions or other payments made to Parent or the Company, in order to permit Parent or the Company to make payments in respect of (i) dividends, distributions or other payments on account of purchases or redemptions, or payments, dividends or distributions in respect of, Equity Interests held by a Covered Person or under any Compensation Arrangement or any shareholders agreement then in effect upon such Person's death, disability, retirement or termination of employment or under the terms of any Compensation Arrangement and (ii) dividends, distributions or other payments (A) in respect of bona fide overhead, legal, accounting and other professional fees and expenses of the Company or any Parent Entity, (B) in respect of bona fide franchise and similar taxes and other fees and expenses in connection with the maintenance of the Company's (or any Parent Entity's) existence and the Company's (or any Parent Entity's indirect) ownership of its Subsidiaries, (C) Permitted Affiliate Transactions (other than pursuant to clause (a) or (h) of such definition), (D) to the Company (and, if applicable, any Parent Entity) in an amount not to exceed the amount of any U.S., federal, state, local or foreign taxes that the Company and/or its Subsidiaries, as applicable, would have paid if the Company and/or its Subsidiaries, as applicable, had been a stand-alone corporate taxpayer or stand-alone corporate group with respect to any taxable period during which (x) the Company and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes and (y) the Company or any Parent Entity is the common parent of such group, or (E) in respect of bona fide non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options; provided that, in the case of clauses (A) and (B) above, the amount of such Restricted Payments shall not exceed the portion of any amounts referred to in such clauses (A) and (B) that are allocable to Parent and its Subsidiaries (which shall be 100% at any

time that, as the case may be, (x) the Company owns no material assets other than the Equity Interests of Holdings and assets incidental to such equity ownership or (y) any Parent Entity owns, directly or indirectly, no material assets other than Equity Interests of the Company and any other Parent Entity and assets incidental to such equity ownership).

" Permitted Securitization Documents " shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

" Permitted Securitization Financing " shall mean 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 the Borrower or any of its Subsidiaries (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Company in good faith in consultation with the Preferred Majority Holder) 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 the Borrower or any of its Subsidiaries (other than a Special Purpose Securitization Subsidiary)).

" Person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (a) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (b) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Parent, the Company, any of its Subsidiaries or any ERISA Affiliate, and (c) in respect of which Parent, the Company, any of its Subsidiaries or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" Preferred Majority Holder " shall mean the Holder (together with its Affiliates) or the Holders (together with their respective Affiliates) of not less than a majority of the voting power and the aggregate Accumulated Stated Value of all Shares.

" Preferred Securities " shall have the meaning assigned to such term in the recitals hereof.

" Pro Forma Basis " shall have the meaning assigned to such term in each of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date.

" Public Offering " means an underwritten public offering of Common Stock.

" Purchaser " shall have the meaning assigned to such term in the Securities Purchase Agreement.

" Qualified Equity Interests " shall mean any Equity Interest other than Disqualified Stock.

" Qualified IPO " shall mean an Initial Public Offering that (a) generates gross cash proceeds of at least $750,000,000 and (b) on or prior to which the Company shall have deposited in a Segregated Account an amount in cash equal to at least $750,000,000.

" 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 the Borrower or any of its Subsidiaries.

" Receivables Net Investment " shall mean the aggregate cash amount paid by the lenders or purchasers under any Permitted Securitization Financing in connection with their purchase of, or the making of loans secured by, Receivables Assets or interests therein, as the same may be reduced from time to time by collections with respect to such Receivables Assets or otherwise in accordance with the terms of the Permitted Securitization Documents (but excluding any such collections used to make payments of, with respect to any Person for any period, commissions, discounts, yield and other fees and charges incurred in connection with any Permitted Securitization Financing which are payable to any Person other than the Borrower or a Subsidiary, minus interest income for such period); provided that if all or any part of such Receivables Net Investment shall have been reduced by application of any distribution and thereafter such distribution is rescinded or must otherwise be returned for any reason, such Receivables Net Investment shall be increased by the amount of such distribution, all as though such distribution had not been made.

" Redemption Date " shall mean an Optional Redemption Date, a Mandatory Redemption Date or a Material Event Redemption Date, as applicable.

" Redemption Percentage " shall mean, as of the relevant date, the applicable percentage under the heading "Redemption Percentage" set forth in the table below:

Period In Which Such Date Occurs	Redemption Percentage
If such date occurs during the period from and including the First Call Date to, but not including, May 2 , 2020	105.50%
If such date occurs during the period from and including May 2 , 2020 to, but not including, May 2 , 2021	102.75%
If such date occurs on or after May 2 , 2021	100%

" Redemption Price " shall have the meaning assigned to such term in Section 6(b)(ii) .

" Reduction Amount " shall mean an amount equal to the sum of (x) the difference between (A) the Make-Whole Amount per Share calculated on the basis of the Accumulated Stated Value assuming a redemption date of July 1, 2018 and (B) the Make-Whole Amount per Share calculated on the basis of an Accumulated Stated Value per share equal to $1,000 assuming a redemption date of July 1, 2018 (without regard to any Compounding Dividends with respect to such Share as of July 1, 2018), plus (y) the difference between (A) the Aggregate Accumulated Dividends assuming a redemption date of July 1, 2018 for purposes of Section 6(a)(i) and Section 6(b)(i)(A) and (B) the Aggregate Accumulated Dividends assuming a redemption date of July 1, 2018 for purposes of Section 6(a)(i) and Section 6(b)(i)(A) calculated assuming that (i) from June 30, 2017 to and including July 1, 2018, the Accrued Dividend Rate equaled the Five-Year Treasury plus 9.00% per annum and (ii) Dividends accrued on each date during such period accumulated on a daily basis in arrears on the Stated Value per Share, with the Stated Value per Share for such purposes being $1,000 (without regard to any Compounded Dividends with respect to such Share as of any date during such period).

" Related Agreements " shall mean the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the Second Amended and Restated Series A Investors Rights Agreement, the Securities Purchase Agreement, the Equityholders Agreement, the LLC Agreement, the LP Agreement and the Warrant.

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

" Restricted Payment " shall mean (a) to declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of the Equity Interests of the Company or any of its Subsidiaries (other than, in each case, to the Company or any direct or indirect Subsidiary of the Company which Equity Interests of such Subsidiary shall be at least 90.0% owned, directly or indirectly, by the Company) or (b) directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Person to purchase or acquire) any of the Equity Interests of the Company or set aside any amount for any such purpose. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Company in good faith).

" Second Amended and Restated Certificate of Designation " shall have the meaning assigned to such term in the recitals hereof.

" Second Amended and Restated Series A Investors Rights Agreement " shall mean the Second Amended and Restated Series A Investors Rights Agreement, dated as of the date hereof, by and among the Purchaser, the Holders party thereto, the Member, the General Partner, Parent and the Company.

" Second Lien Credit Agreement " shall mean the Second Lien Credit Agreement, dated as of July 1, 2015, by and among Holdings, the Borrower, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent.

" Second Priority Senior Secured Notes " shall mean the $3,140,000,000 in aggregate principal amount of the 9.25 % Second Priority Senior Secured Notes due 2023 issued pursuant to the Second Priority Senior Secured Notes Indenture.

" Second Priority Senior Secured Notes Documents " shall mean the Second Priority Senior Secured Notes, the Second Priority Senior Secured Notes Indenture, the "Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture), the "First Lien/Second Lien Intercreditor Agreement" (as defined in the Second Priority Senior Secured Notes Indenture) and the "Security Documents" (as defined in the Second Priority Senior Secured Notes Indenture), each as in effect on the Closing Date.

" Second Priority Senior Secured Notes Indenture " shall mean the Indenture, dated as of the Closing Date, among the Borrower, Prime Finance Inc., a Delaware corporation, as co-issuer, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee.

" Securities Act " shall mean the Securities Act of 1933.

" Securities Purchase Agreement " shall mean the Securities Purchase Agreement, dated as of the Closing Date, by and among the Purchaser, Parent and the Company.

" Securitization Assets " shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Borrower or any of its Subsidiaries or in which the Borrower or any of its Subsidiaries 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 the Borrower 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 Company in good faith).

" Segregated Account " shall mean the deposit account established and owned by the Company solely for the purpose of holding the Minimum Segregated Account Amount, which Minimum Segregated Account Amount may only be used by the Company to redeem the Series A Preferred Securities, in whole or in part, from time to time, in each case, in accordance with Section 1.5 of the Second Amended and Restated Series A Investors Rights Agreement.

" Senior Debt " shall mean any Indebtedness incurred pursuant to any of (a) the Loan Documents, (b) the Second Priority Senior Secured Notes Documents and/or (c) the

documents governing the Existing ADTSC Roll-Over Notes, in each case as amended, restated, supplemented, waived, replaced (whether or not upon termination, and whether with the original lenders, holders 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 any 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 and whether or not such original Senior Debt remains outstanding.

" Senior Debt Acceleration " shall have the meaning assigned to such term in clause (e)(i) of the definition of "Event of Default".

" Senior Debt Event of Default " shall have the meaning assigned to such term in clause (f) of the definition of "Event of Default".

" Series A Preference Amount " shall mean, as of any date that is on or after the First Call Date, an amount per Share equal to the product of (a) the Redemption Percentage applicable as of such date multiplied by (b) the Accumulated Stated Value of such Share as of such date.

" Series A Preferred Securities " shall have the meaning assigned to such term in Section 2 .

" Share " shall mean, as of the relevant date, any issued and outstanding share of the Series A Preferred Securities as of such date.

" Similar Business " shall mean any business, the majority of whose revenues are derived from (a) business or activities conducted by the Company and its Subsidiaries on the Closing Date, (b) any business that is a natural outgrowth or 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 (c) any business that in the Company's good faith business judgment constitutes a reasonable diversification of businesses conducted by the Company and its Subsidiaries.

" Special Purpose Securitization Subsidiary " shall mean (i) a direct or indirect Subsidiary of the Borrower 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 the Company in good faith) intended to reduce the likelihood that it would be substantively consolidated with Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any of its Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event Holdings (prior to a Qualified IPO (as defined in the First Lien Credit Agreement as in effect on the Closing Date)), the Borrower or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law) and (ii) any Subsidiary of a Special Purpose Securitization Subsidiary.

" Stated Value " shall mean, as of the relevant date and with respect to each Share, the sum of (a) $1,000 (adjusted as appropriate in the event of any stock or securities dividend, stock or securities split, stock or securities distribution, recapitalization or combination) plus (b) the aggregate Compounded Dividends with respect to such Share as of such date.

" Subsidiary " shall mean, with respect to any Person (in this definition referred to as the " parent "), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50.0% of the equity or more than 50.0% of the ordinary voting power or more than 50.0% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

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

" Units " shall mean the limited partnership units of Parent.

" U.S. " shall mean the United States of America.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code or any similar federal or state law for the relief of debtors.

" Warrant " shall mean the Warrant to Purchase Class A-1 Units, designated as Warrant No. 1, issued by Parent to the Purchaser on the Closing Date.

" Wholly Owned Subsidiary " of any Person shall mean a Subsidiary of such Person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such Person or another Wholly Owned Subsidiary of such Person. Unless the context otherwise requires, "Wholly Owned Subsidiary" shall mean a Subsidiary of the Company that is a Wholly Owned Subsidiary of the Company.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

(a) Interpretation . Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The headings are for convenience only and shall not be given effect in interpreting this Second Amended and Restated Certificate of Designation. References herein to any Section shall be to a Section hereof unless otherwise specifically provided. References herein to any law shall mean such law, including all rules and regulations promulgated under or implementing such law, as amended from time to time and any successor law unless otherwise specifically provided. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Second Amended and Restated Certificate of Designation, refer to this Second Amended and Restated

Certificate of Designation as a whole and not to any particular provision of this Second Amended and Restated Certificate of Designation. The use of the masculine, feminine or neuter gender or the singular or plural form of words shall not limit any provisions of this Second Amended and Restated Certificate of Designation. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning as the word "shall". With respect to the determination of any period of time, "from" shall mean "from and including". The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The terms lease and license shall include sub-lease and sub-license, as applicable. All references to "$", currency, monetary values and dollars set forth herein shall mean U.S. dollars. When the terms of this Second Amended and Restated Certificate of Designation refer to a specific agreement or other document or a decision by any body or Person that determines the meaning or operation of a provision hereof, the secretary of the Company shall maintain a copy of such agreement, document or decision at the principal executive offices of the Company and a copy thereof shall be provided free of charge to any Holder who makes a request therefor. Any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or unless expressly provided herein or the context otherwise requires). Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Holders that the Company has requested an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing 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 herewith. Notwithstanding any changes in GAAP after the Closing Date, any lease of the Company or any of its Subsidiaries, or of a special purpose or other entity not consolidated with the Company and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Company or any of its Subsidiaries under this Second Amended and Restated Certificate of Designation as a result of such changes in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 805, 810 or 825 (or any other part of FASB Accounting Standards Codification having a similar result or effect), to value any Indebtedness at "fair value".

2. Designation . A total of 750,000 shares of the Preferred Securities are designated as a series known as Series A Preferred Securities, with each such share having an initial Stated Value of $1,000 per share (the " Series A Preferred Securities ").

3. Ranking . With respect to (a) payment of dividends and (b) distribution of assets upon, or in connection with, any redemption under Section 6 or Section 7 , the Series A Preferred Securities shall rank senior to all Junior Stock (except pursuant to any Permitted Restricted Payment).

4. Voting .

(a) Generally . The Holders have no voting rights with respect to the Shares except as set forth in this Second Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law.

(b) Voting Power . At the time of any vote or consent of the Holders under this Second Amended and Restated Certificate of Designation, any other Related Agreement or as otherwise required by law, the voting power of each Share, as a percentage of the aggregate voting power of all Shares, shall equal the product of (i) the quotient of (x) the Accumulated Stated Value of such Share as of such time divided by (y) the aggregate Accumulated Stated Value of all Shares as of such time multiplied by (ii) 100.

5. Dividends . From and after the Closing Date, preferential cumulative dividends (" Dividends ") shall accumulate on a daily basis in arrears during each Dividend Period at the Cash Dividend Rate (or, with respect to Dividends that become part of the Stated Value pursuant to this Section 5 , the Accrued Dividend Rate) in effect from time to time on the then-current Stated Value of each Share, whether or not Dividends are earned or declared by the Board of Directors or the Company is prohibited by law to pay Dividends, and, if declared, shall be due and payable on the Dividend Payment Date with respect to such Dividend Period in accordance with this Section 5 . To the extent not prohibited by law, Dividends may be paid in cash on each Dividend Payment Date, when, as and if declared by the Board of Directors. On each Dividend Payment Date related to a Dividend Period for which the Company does not for any reason (including because payment of any Dividend is prohibited by law) pay in cash all Dividends that accumulated during such Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date (" Compounded Dividends "); provided that, unless the Board of Directors shall otherwise notify the Holders on or prior to the fifth Business Day prior to the applicable Dividend Period, any such unpaid Dividends shall (whether or not earned or declared) become part of the Stated Value of such Share as of the applicable Dividend Payment Date pursuant to this Section 5 . The Company may not declare or pay any Dividend in additional Shares. Dividends shall be calculated on the basis of actual days elapsed over a year of 360 days. All Dividends, including Compounded Dividends, are prior to and in preference over any dividend on any Junior Stock and shall be declared and fully paid before any dividends are declared and paid, or any other distributions or redemptions are made, on any Junior Stock (except pursuant to any Permitted Restricted Payment). Except as set forth in Section 7 , Dividends shall be payable to the Holders as they appear on the records of the Company on the record date for such Dividends, which, to the extent the Board of Directors determines to declare Dividends in respect

of any Dividend Period, shall be the date that is 15 days prior to the applicable Dividend Payment Date, and which record date and Dividend Payment Date, to the extent so determined, shall be declared by the Board of Directors during each Dividend Period on the date that is at least 20 days prior to the Dividend Payment Date and 5 days prior to the record date.

6. Redemption .

(a) Redemption Generally .

(i) Optional Redemption . At any time and from time to time, from and after the Closing Date, to the extent not prohibited by law, the Company may elect to redeem any or all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 ; provided that the Shares to be redeemed shall have an aggregate Accumulated Stated Value of at least $50.0 million (unless the aggregate Accumulated Stated Value of all Shares is less than $50.0 million, in which case the Company shall be required to redeem all Shares). Any election by the Company pursuant to this Section 6(a)(i) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends and the Make-Whole Amount described in Section 6(b)(i)(A) or the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) , as applicable, at least 15 days prior to the elected redemption date (each such date, an " Optional Redemption Date "), which notice shall indicate the amount of such Aggregate Accumulated Dividends (and, if applicable, such Make-Whole Amount), provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends (and, if applicable, such Make-Whole Amount), which shall occur on the Optional Redemption Date but prior to redemption of the applicable Shares, and (B) written notice of the Company's election to redeem at least 15 days prior to the Optional Redemption Date, which notice shall indicate the number of Shares being redeemed, the Optional Redemption Date and the manner of and place designated for surrender (as set forth in Section 6(d)) of certificates representing the Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(i) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders. For the avoidance of doubt, the Shares are not redeemable at the Company's election except pursuant to this Section 6(a)(i) .

(ii) Mandatory Redemption . On May 2 , 2030 (the " Mandatory Redemption Date "), to the extent not prohibited by law, the Company shall redeem all Shares for an amount per Share equal to the Redemption Price paid in cash on the terms and subject to the conditions set forth in this Section 6 . The redemption by the Company pursuant to this Section 6(a)(ii) shall be made by delivery to the Holders of (A) written notice of payment of the Aggregate Accumulated Dividends described in Section 6(b)(ii)(A) at least 15 days prior to the Mandatory Redemption Date, which notice shall indicate the amount of such Aggregate Accumulated Dividends, provide for the record date in accordance with Section 5 and set forth the date and time for payment of such Aggregate Accumulated Dividends, which shall occur on the Mandatory Redemption Date but prior to redemption of all Shares, and (B) written notice of the Company's redemption at least 15 days prior to the Mandatory Redemption Date, which notice shall

indicate the number of all Shares being redeemed, the Mandatory Redemption Date and the manner of and place designated for surrender (as set forth in Section 6(d)) of certificates representing all Shares to be redeemed. Any redemption that is effected pursuant to this Section 6(a)(ii) shall be made on a pro rata basis among the Holders in proportion to the aggregate Accumulated Stated Value of all Shares held by the Holders.

(b) Redemption Price . The total price for each Share redeemed pursuant to Section 6(a) or Section 7 (and as adjusted to take into account the prior separate payment of Aggregate Accumulated Dividends in cash as set forth below) shall be:

(i) with respect to any Redemption Date occurring prior to the First Call Date, an amount per Share equal to (A) the sum of (1) the Aggregate Accumulated Dividends as of such Redemption Date plus (2) the Make-Whole Amount as of such Redemption Date plus (3) the Deemed Dividend Gross-Up Payment (if any) (which shall, in each case, be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(i)(B)) and (B) the sum of (1) 100% of the Stated Value of such Share as of the Closing Date and (2) any and all DRD Gross-Up Payments owing; and

(ii) with respect to any Redemption Date occurring on or after the First Call Date, an amount per Share equal to (A) the Aggregate Accumulated Dividends as of such Redemption Date (which shall be declared separately and paid as a dividend in cash by or on behalf of the Company prior to payment of the amount set forth in Section 6(b)(ii)(B)) and (B) any and all DRD Gross-Up Payments owing and (C) an amount equal to the difference of (1) the Series A Preference Amount as of such Redemption Date minus (2) the Aggregate Accumulated Dividends as of such Redemption Date (such per Share aggregate price of the payment of cash dividends and the separate payments described in each of clauses (i)(A) and (i)(B) and (ii)(A) and (ii)(B) and (ii)(C), respectively, each, as applicable, the " Redemption Price ").

The applicable aggregate Redemption Price shall be due and payable, and paid in cash in immediately available funds, to the applicable Holders on the applicable Redemption Date.

(c) Rights After a Redemption Date . If any Shares are not redeemed on the applicable Redemption Date, for any reason, all such unredeemed Shares shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities, including the right to accumulate and receive Dividends thereon as set forth in Section 5 until the date on which the Company actually redeems and pays in full the Redemption Price for such Shares.

(d) Surrender of Certificates . Each Holder of the Shares to be redeemed pursuant to this Section 6 shall surrender the certificates representing such Shares to the Company, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share powers relating thereto), or, in the event the certificates are lost, stolen, missing, destroyed or mutilated, shall deliver an affidavit of loss and customary indemnity in a form reasonably acceptable to the Company, at the principal executive office of the Company or such other place as the Company may from time to time designate by notice to the Holders, and each

surrendered certificate shall be canceled and retired and the Company shall thereafter make payment of the Redemption Price by certified check or wire transfer of immediately available funds; provided that, to the extent such certificates represent a greater number of Shares than the Shares actually redeemed, such Holder shall, in addition to receiving the payment of the Redemption Price for each redeemed Share, receive a new share certificate for the Shares not so redeemed.

(e) Redemption Preference . Any redemption under this Section 6 or Section 7 shall be in preference to and in priority over any dividend or other distribution upon any Junior Stock.

7. Material Event Redemption Offer .

(a) Material Event Offer . Upon any (x) Insolvency Event, (y) Fund Change in Control or (z) Senior Debt Acceleration (each, a " Material Event "), the Company shall make an irrevocable and unconditional offer (a " Material Event Offer ") to each Holder to redeem all of such Holder's Shares (such redemption, a " Material Event Redemption ") on the applicable redemption date pursuant to Section 7(c) (the " Material Event Redemption Date "), for cash to the extent not prohibited by law, at a price per Share equal to the applicable Redemption Price. Each Holder shall be deemed to have accepted a Material Event Offer with respect to all of its Shares unless such Holder shall have delivered a written notice declining such Material Event Offer with respect to any or all of its Shares during the Material Event Offer Period; provided that, with respect to a Material Event Offer arising from a Senior Debt Acceleration, only the Purchaser or any of its Affiliates that own one or more Shares, on behalf of all Holders, shall have the right to decline such Material Event Offer with respect to any or all Shares. If, on the Material Event Redemption Date, the Company is prohibited by law to redeem all Shares held by Holders that have not declined to have their Shares redeemed, then the Company shall redeem such Shares to the fullest extent not so prohibited. Any Shares that are not redeemed pursuant to the immediately preceding sentence shall remain outstanding and entitled to all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities, including the right to continue to accumulate and receive Dividends thereon as set forth in Section 5 and, under such circumstances, the redemption requirements provided hereby shall be continuous, so that at any time thereafter when the Company is not prohibited by law to redeem such Shares, the Company shall immediately redeem such Shares at a price per Share equal to the Redemption Price as of the Material Event Redemption Date in accordance with Section 6 and this Section 7 , together with payment of an amount equal to the product of (i) the additional accumulated and unpaid Dividends following the Material Event Redemption Date multiplied by (ii) the Redemption Percentage applicable as of the Material Event Redemption Date.

(b) Company Insolvency Material Event . Notwithstanding anything to the contrary in this Section 7 :

(i) Upon an Insolvency Event with respect to the Company (a " Company Insolvency Material Event "), (A) a Material Event Offer for all Shares shall be deemed made by the Company prior to the occurrence of such Company Insolvency Material Event without any notice or other action on the part of the Company, (B) each

Holder of such Shares shall be deemed to have accepted such Material Event Offer immediately after such Material Event Offer is made pursuant to Section 7(b)(i)(A) and prior to the occurrence of such Company Insolvency Material Event without any action on the part of such Holder and (C) such Shares shall be redeemed on the date such Company Insolvency Material Event occurs immediately prior to the occurrence thereof without any action on the part of the Company or the Holder thereof and, with respect to such redemption, such date shall be the Material Event Redemption Date.

(ii) A redemption under Section 7(b)(i) shall be (A) for cash, to the extent not prohibited by law, (B) in preference to and in priority over any dividend or other distribution upon any Junior Stock and (C) effected at a price per Share equal to the Redemption Price. The Company shall pay or cause to be paid in full the aggregate Redemption Price as promptly as practicable and, in any event, before any payment, dividend or other distribution shall be made to the holders of Junior Stock by reason of their ownership thereof. Any such redemption shall occur without the requirement of notice or adherence to the procedures set forth Section 7(c) . If, upon such Company Insolvency Material Event, the assets of the Company available for distribution to its equity holders shall be insufficient to pay the Holders the full amount of the Redemption Price, the Holders of such Shares shall share ratably in any distribution of the assets available for distribution based on such Holder's portion of the aggregate Accumulated Stated Value of such Shares.

(c) Material Event Offer Mechanics .

(i) A Material Event Offer required to be made pursuant to Section 7(a) shall be commenced within five Business Days following a Material Event and shall remain open for exactly 15 Business Days, except to the extent that a longer period is required by law (the " Material Event Offer Period ").

(ii) On the fifth Business Day following the expiration of the Material Event Offer Period, the Company shall redeem all Shares (other than those Shares held by Holders that declined to have their Shares redeemed during the Material Event Offer Period) at a price per Share equal to the Redemption Price. If the Company is prohibited by law to redeem all Shares held by such Holders, then the Company shall redeem on a pro rata basis among such Holders in proportion to the aggregate Accumulated Stated Value of the Shares held by such Holders.

(iii) Prior to commencing a Material Event Offer, the Company shall send a notice (the " Material Event Redemption Notice ") to each Holder, which shall state:

(A) that a Material Event Offer is being made and that, unless such Holder provides written notice declining to have its Shares redeemed, all of such Holder's Shares will be redeemed pursuant to this Section 7 ;

(B) (1) the Redemption Price (including the separate payment amount for the Aggregate Accumulated Dividends), (2) the bank or trust company

with which the aggregate Redemption Price shall be deposited on or prior to the Material Event Redemption Date and (3) the Material Event Redemption Date;

(C) that Holders may decline such Material Event Offer by delivering a written notice of declination to the Company prior to the expiration of the Material Event Offer Period; and

(D) a reasonably detailed description of such Material Event.

(iv) On or before any Material Event Redemption Date, the Company shall deposit the amount of the applicable aggregate Redemption Price with a bank or trust company having an office in New York City irrevocably in trust for the benefit of such Holders. On the Material Event Redemption Date, the Company shall immediately cause to be paid the applicable Redemption Price for such Shares to such Holders. Upon such payment in full, such Shares will be deemed to have been redeemed, whether or not the certificates for such Shares have been surrendered for redemption and canceled, and Dividends with respect to such redeemed Shares shall cease to accumulate and all of the rights, preferences, powers, and the qualifications, restrictions and limitations, of such redeemed Shares shall forthwith terminate.

(v) In case fewer than all Shares represented by any certificate are redeemed in accordance with this Section 7, new certificates shall be issued representing the unredeemed Shares without cost to the Holder thereof.

(vi) The Company shall comply, to the extent applicable, with the requirements of Section 14 of the Exchange Act and any other securities laws (or rules of any exchange on which any Shares are then listed) in connection with a redemption under this Section 7. To the extent there is any conflict between the notice or other timing requirements of this Section 7 and the applicable requirements of Section 14 of the Exchange Act, Section 14 of the Exchange Act shall govern.

(d) Company Efforts. The Company shall take such actions as are necessary to give effect to the provisions of Section 6 and this Section 7, including, in the event the Company is prohibited by law from redeeming or otherwise unable to redeem any Share in connection with any Material Event Redemption on the applicable Redemption Date, taking any action necessary or appropriate to remove as promptly as practicable any impediments to its ability to redeem such Share required to be so redeemed, including (i) to the extent not prohibited by law, reducing the stated capital of the Company or revaluing the assets of the Company to their fair market values under Section 154 of the DGCL if such revaluation would create surplus sufficient to make all or any portion of such Material Event Redemption and (ii) if the Company has sufficient surplus but insufficient cash to effect such Material Event Redemption, borrowing the cash necessary to make such Material Event Redemption to the extent it would not result in an Event of Default. In the event of any Fund Change in Control in which the Company is not the continuing or surviving corporation or entity, proper provision shall be made so that such continuing or surviving corporation or entity shall agree to carry out and observe the obligations of the Company under this Second Amended and Restated Certificate of Designation and the other Related Agreements.

8. Affirmative Covenants . The Company shall, and shall cause each of its Subsidiaries to, comply with Section 1.2 of the Second Amended and Restated Series A Investors Rights Agreement, unless the prior affirmative vote or written consent of the Preferred Majority Holder has been obtained.

9. Negative Covenants .

(a) Without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission, the Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise):

(i) except pursuant to any Permitted Restricted Payment, make any Restricted Payment in respect of any Equity Interests of the Company or any of its Subsidiaries (including, for the avoidance of doubt, any Equity Interests issued pursuant to a Qualified IPO);

(ii) except in connection with an Initial Public Offering, issue any new, reclassify any existing Equity Interests into, or issue to any Person (other than a Wholly Owned Subsidiary) any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests of any Subsidiary of the Company; provided , that the Company may issue Equity Interests of the Company in connection with any Public Offering;

(iii) issue any new, reclassify any existing Equity Interests into, or issue any Equity Interests or Indebtedness or debt securities, in each case convertible into, Equity Interests senior or *pari passu* to the Series A Preferred Securities;

(iv) except in connection with an Initial Public Offering, take any action, including forming a Subsidiary, or effect any recapitalization or reorganization, that results in any Person owning or holding any Equity Interests in (A) Holdings, other than the Company or a Wholly Owned Subsidiary, or (B) the Borrower, other than Holdings or any other Wholly Owned Subsidiary (any such Wholly Owned Subsidiary, an " Intermediate Holding Company "); provided , that the Company may issue Equity Interests of the Company in connection with any Public Offering;

(v) except pursuant to any Permitted Affiliate Transaction, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (including the Fund and the Fund Affiliates) (other than transactions between or among the Company and its Subsidiaries or any Person that becomes a Subsidiary of the Company as a result of such transaction);

(vi) settle or consent to any settlement, judgment or award in any litigation, arbitration or other proceeding if such settlement, judgment or award involves a guilty plea or any other acknowledgement of criminal wrongdoing that would reasonably be expected to have a Material Adverse Effect;

(vii) engage at any time in any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business, and in the case of a Special Purpose Securitization Subsidiary, Permitted Securitization Financings;

(viii) make any election, alter its legal structure or enter into any transaction, agreement or arrangement or take any other action, other than any action contemplated in the Related Agreements, that would reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes (it being understood and agreed that any transaction, agreement or arrangement or action taken or entered into in the ordinary course of business of the Company and its Subsidiaries would not reasonably be expected to result in the Shares being treated other than as preferred equity in an entity taxable as a corporation for U.S. federal, state and local income tax purposes);

(ix) effect, permit the effectiveness of, approve or fail to contest any Insolvency Event;

(x) except in connection with a Public Offering, solely with respect to the Company, (A) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the obligations under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), and the Second Amended and Restated Series A Investors Rights Agreement and the Securities Purchase Agreement, (B) create or suffer to exist any Lien upon any property or assets of the Company now owned or hereafter acquired, leased or licensed by it or (C) engage in any business or activity or own any assets other than (1) holding 100% of the Equity Interests of Holdings and (2) performing its obligations and activities incidental thereto under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the Second Amended and Restated Series A Investors Rights Agreement and the Securities Purchase Agreement, in each case of clauses (A), (B) or (C) above, except for de minimis amounts related to maintaining its corporate existence and general overhead and corporate housekeeping matters; or

(xi) enter into any agreement to do or consent to any of the foregoing.

(b) Any of the actions or omissions prohibited by this Section 9 (if taken without the prior affirmative vote or written consent of the Preferred Majority Holder approving such action or omission) shall be ultra vires, null and void ab initio and of no force or effect. The Company shall not, and shall cause its Subsidiaries not to (either directly or indirectly, including by merger, consolidation, operation of law or otherwise), by amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, any provision of this Second Amended and Restated Certificate of Designation or any other Related Agreement or through any Material Event, any Change in Control, any Disposition or any other reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, agreement or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be

observed or performed under this Second Amended and Restated Certificate of Designation or any other Related Agreement.

10. Waivers; Amendment .

(a) No failure or delay of any Holder in exercising any right or power hereunder or any other Related Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Holders hereunder or any other Related Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Second Amended and Restated Certificate of Designation or any other Related Agreement or any consent to any departure by the Company or any of its Subsidiaries therefrom shall in any event be effective unless the same shall not be prohibited by Section 10(b) , and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Company or any of its Subsidiaries in any case shall entitle such Person to any other or further notice or demand in similar or other circumstances.

(b) Any amendment, modification, repeal, restatement, supplementation, termination or waiver of, or consent to any departure by the Company or any of its Subsidiaries from, the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), any other Related Agreement or the bylaws of the Company or any provision hereof or thereof in a manner that would adversely affect any of the rights, preferences, powers, or the qualifications, restrictions or limitations, of the Series A Preferred Securities (in each case, by merger, consolidation, operation of law or otherwise) shall be ultra vires, null and void ab initio and of no force or effect without (i) being in writing, (ii) the Company first having provided written notice of such proposed action to each Holder and (iii) the Company having obtained the affirmative vote or written consent of the Preferred Majority Holder.

(c) The various provisions set forth in this Second Amended and Restated Certificate of Designation are for the benefit of the Holders and shall be enforceable by them, including by one or more actions for specific performance.

11. Notice .

(a) Any notice or other communication required or permitted to be delivered under the Certificate of Incorporation (including this Second Amended and Restated Certificate of Designation), the bylaws or the DGCL shall be in writing and delivered by (i) personal delivery or electronic mail, (ii) overnight delivery via a national courier service or (iii) regular mail, with respect to any holder, at the email address or physical address on file with the Company.

(b) Notice or other communication pursuant to Section 11(a) shall be deemed to have been received (i) in the case of personal delivery or delivery by electronic mail, on the date of such delivery, (ii) in the case of dispatch by nationally recognized overnight courier, on

the next Business Day following such dispatch and (iii) in the case of mailing, on the fifth Business Day after the posting thereof.

12. Cancellation; No Conversion Rights .

(a) No Share acquired by the Company by reason of redemption, purchase or otherwise shall be reissued or held in treasury for reissuance, and the Company shall take all necessary action to cause such Share to be canceled, retired and eliminated from the Shares which the Company shall be authorized to issue.

(b) The Holders have no rights to convert any Shares into any other Equity Interests of the Company.

13. Severability . In the event any one or more of the provisions contained in this Second Amended and Restated Certificate of Designation should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The Company and the Holders shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

14. Effect of Amendment and Restatement . As of the date hereof, this Second Amended and Restated Certificate of Designation shall amend, and restate as amended, the Amended and Restated Certificate of Designation, but shall not constitute a novation thereof or in any way impair or otherwise affect the rights or obligations of the parties under the Amended and Restated Certificate of Designation except as such rights or obligations are amended and restated by this Second Amended and Restated Certificate of Designations. The Amended and Restated Certificate of Designation as amended and restated by this Second Amended and Restated Certificate of Designations shall be deemed to be a continuing agreement among the parties hereto and thereto, and all documents, instruments and agreements delivered pursuant to or in connection with the Amended and Restated Certificate of Designation not amended and restated in connection with the entry of the parties into this Second Amended and Restated Certificate of Designation shall remain in full force and effect, each in accordance with its terms, as of the date of delivery or such other date as contemplated by such document, instrument or agreement to the same extent as if the modifications to the Amended and Restated Certificate of Designation contained herein were set forth in an amendment to the Amended and Restated Certificate of Designation in a customary form, unless such document, instrument or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Second Amended and Restated Certificate of Designation, the Amended and Restated Certificate of Designation or such document, instrument or agreement or as otherwise agreed by the required parties hereto or thereto.

IN WITNESS WHEREOF, the Company has caused this Second Amended and Restated Certificate of Designation to be signed by a duly authorized officer this 23rd day of January, 2018.

ADT INC.

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

Exhibit 10.23

STOCKHOLDERS AGREEMENT

by and among

ADT INC.

and

THE OTHER PARTIES HERETO

Dated as of January 23, 2018

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STOCKHOLDERS AGREEMENT

This Stockholders Agreement is entered into as of January 23, 2018 by and among ADT Inc., a Delaware corporation (the " Company "), and each of the other parties identified on the signature pages hereto (the " Holders ").

RECITALS:

WHEREAS, the Company is currently contemplating an underwritten initial public offering (" IPO ") of shares of its Common Stock (as defined below); and

WHEREAS, in connection with, and effective upon, the date of completion of the IPO (the " Closing Date "), the Company and the Holders wish to set forth certain understandings between such parties, including with respect to certain governance matters.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I.

INTRODUCTORY MATTERS

1.1 Defined Terms . In addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

" Affiliate " means, with respect to any Person, (a) any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a general partner, partner, managing director, manager, officer, director or principal of the specified Person. Notwithstanding the foregoing, except with respect to Section 5.15 and the definitions of "Apollo Entities", "Related Entities", "Related Party" and "Related Parties", none of the Apollo Entities or the Related Entities shall be considered an Affiliate of (i) any portfolio company in which the Apollo Entities or the Related Entities or any of their investment fund affiliates have made a debt or equity investment (and vice versa), (ii) any limited partners, non-managing members of, or other similar direct or indirect investors in, the Apollo Entities or the Related Entities or any of their respective affiliates (and vice versa) or (iii) any portfolio company in which any limited partner, non-managing member of, or other similar direct or indirect investor in the Apollo Entities or the Related Entities any of their respective affiliates have made a debt or equity investment (and vice versa), and none of the Persons described in clauses (i) through (iii) of this definition shall be considered an Affiliate of each other.

" Agreement " means this Stockholders Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof.

" Apollo Designee " has the meaning set forth in Section 2.1(b) .

" Apollo Entities " means TopCo Parent, its Affiliates that are beneficially owned by Apollo Global Management, LLC and TopCo Parent's and such Affiliates' respective successors and Permitted Assigns.

" beneficially own " has the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

" Board " means the board of directors of the Company.

" Business Day " means a day other than a Saturday, Sunday, federal or New York State holiday or other day on which commercial banks in New York City are authorized or required by law to close.

" Bylaws " means the Amended and Restated Bylaws of the Company, as the same may be amended and/or restated from time to time.

" Charter " means the Amended and Restated Certificate of Incorporation of the Company, as the same may be amended and/or restated from time to time.

" Closing Date " has the meaning set forth in the Recitals.

" Common Stock " means the shares of common stock, par value $0.01 per share, of the Company, and any other capital stock of the Company into which such stock is reclassified or reconstituted and any other common stock of the Company.

" Company " has the meaning set forth in the Preamble.

" control " (including its correlative meanings, " controlled by " and " under common control with ") means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

" Director " means any member of the Board.

" Exchange Act " means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

" Holders " has the meaning set forth in the Preamble.

" IPO " has the meaning set forth in the Recitals.

" Law " means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any

similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

" Permitted Assigns " means with respect to a Related Entity, a Transferee of shares of Common Stock that agrees to become party to, and to be bound to the same extent as its Transferor by the terms of, this Agreement.

" Person " means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

" Related Entities " means TopCo Parent, its Affiliates and its and its Affiliates' respective successors and Permitted Assigns.

" Subsidiary " means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled to vote in the election of directors, representatives or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing member, managing director or other governing body or general partner of such limited liability company, partnership, association or other business entity.

" TopCo Parent " means Prime Security Services TopCo Parent, L.P., a Delaware limited partnership.

" Total Number of Directors " means the total number of directors constituting the Board.

" Transfer " (including its correlative meanings, " Transferor ", " Transferee " and " Transferred ") shall mean, with respect to any security, directly or indirectly, to sell, contract to sell, give, assign, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any economic, voting or other rights in or to such security. When used as a noun, " Transfer " shall have such correlative meaning as the context may require.

1.2 Construction . Interpretation of this Agreement shall be governed by the following rules of construction. Unless the context otherwise requires: (a) references to the terms Article, Section, paragraph and Exhibit are references to the Articles, Sections, paragraphs and Exhibits to this Agreement unless otherwise specified; (b) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including Exhibits hereto; (c) references to "$" or "Dollars" shall mean United States dollars; (d) the words "include," "includes," "including" and words of similar import when used in this Agreement shall mean "including without limitation," unless otherwise specified; (e) the word "or" shall not be exclusive; (f) references to "written" or "in writing" include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) each of TopCo Parent and the Holders has participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties thereto and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (j) a reference to any Person includes such Person's permitted successors and assigns; (k) references to "days" mean calendar days unless Business Days are expressly specified; (l) the word "will" shall be construed to have the same meaning and effect as the word "shall"; (m) the terms "party", "party hereto", "parties" and "party hereto" shall mean a party to this Agreement and the parties to this Agreement, as applicable, unless otherwise specified; (n) with respect to the determination of any period of time, "from" means "from and including"; and (o) any deadline or time period set forth in this Agreement that by its terms ends on a day that is not a Business Day shall be automatically extended to the next succeeding Business Day. Any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time may be amended, supplemented, restated or modified, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes.

ARTICLE II.

BOARD OF DIRECTORS

2.1 Election of Directors .

(a) Following the Closing Date, TopCo Parent shall have the right, but not the obligation, to nominate to the Board a number of designees equal to at least: (i) a majority of the Total Number of Directors, so long as the Apollo Entities beneficially own 50% or more of the outstanding shares of Common Stock; (ii) 50% of the Total Number of Directors, in the event that the Apollo Entities beneficially own 40% or more, but less than 50%, of the outstanding shares of Common Stock; (iii) 40% of the Total Number of Directors, in the event that the Apollo Entities beneficially own 30% or more, but less than 40%, of the outstanding shares of Common Stock; (iv) 30% of the Total Number of Directors, in the event that the Apollo Entities beneficially own 20% or more, but less than 30%, of the outstanding shares of Common Stock; and (v) 20% of the Total Number of Directors, in the event that the Apollo Entities beneficially own 5% or more, but less than 20%, of the outstanding shares of Common

Stock. For purposes of calculating the number of Directors that TopCo Parent is entitled to designate pursuant to the immediately preceding sentence, any fractional amounts shall automatically be rounded up to the nearest whole number (e.g., one and one quarter ($1\ ^{1}/_{4}$) Directors shall equate to two (2) Directors) and any such calculations shall be made after taking into account any increase in the Total Number of Directors. In addition to the foregoing, TopCo Parent shall have the right, but not the obligation, (x) to nominate to the Board one (1) designee (the " Co-Invest Nominee ") identified to TopCo Parent by the party set forth on Exhibit A , so long as such party continues to hold, directly or indirectly, an interest in the Company (including, for the avoidance of doubt, as a limited partner of TopCo Parent or a direct or indirect shareholder, member, or limited partner of a limited partner in TopCo Parent) of at least the amount set forth on Exhibit A (such condition, the " Co-Investor Condition "), and (y) to nominate to the Board one (1) designee (the " Koch Nominee ") identified to TopCo Parent by Koch SV Investments, LLC (" Koch "), so long as (i) at least 25.0% of the Series A Preferred Securities issued to Koch on May 2, 2016 remain outstanding or (ii) less than 25.0% of the Series A Preferred Securities issued to Koch on May 2, 2016 remain outstanding as a result of one or more redemptions pursuant to Section 6(a) of the Certificate of Designation of Series A Preferred Securities of the Company (such condition, the " Koch Condition ").

(b) In the event that TopCo Parent has nominated less than the total number of designees TopCo Parent shall be entitled to nominate pursuant to Section 2.1(a) , TopCo Parent shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case, the Company and the Directors shall take all necessary corporate action, to the fullest extent permitted by applicable law, to (x) enable TopCo Parent to nominate and effect the election or appointment of such additional individuals, whether by increasing the size of the Board, or otherwise and (y) to effect the election or appointment of such additional individuals nominated by TopCo Parent to fill such newly-created directorships or to fill any other existing vacancies. Each such person whom TopCo Parent shall actually nominate pursuant to this Section 2.1 and who is thereafter elected to the Board to serve as a Director (other than the Co-Invest Designee or Koch Designee) shall be referred to herein as an " Apollo Designee ". Each Co-Invest Nominee whom TopCo Parent shall actually nominate pursuant to this Section 2.1 and who is thereafter elected to the Board to serve as a Director shall be referred to as a " Co-Invest Designee "), and each Koch Nominee whom TopCo Parent shall actually nominate pursuant to this Section 2.1 and who is thereafter elected to the Board to serve as a Director shall be referred to as a " Koch Designee ").

(c) In the event that a vacancy is created at any time by the death, retirement or resignation of any Apollo Designee, Co-Invest Designee (provided that the Co-Investor Condition is satisfied) or Koch Designee (provided that the Koch Condition is satisfied), the remaining Directors and the Company shall, to the fullest extent permitted by applicable law, take all actions necessary at any time and from time to time to cause the vacancy created thereby to be filled by a new designee of TopCo Parent (which designee, in the case of a vacancy in respect of (i) a Co-Invest Designee, shall be identified by the party set forth on Exhibit A , and (ii) a Koch Designee, shall be identified by Koch), as soon as possible.

(d) The Company agrees, to the fullest extent permitted by applicable law, to include in the slate of nominees recommended by the Board for election at any meeting of stockholders called for the purpose of electing directors the persons designated pursuant to

this Section 2.1 and to nominate and recommend each such individual to be elected as a Director as provided herein, and to solicit proxies or consents in favor thereof. The Company is entitled, solely for the purposes set forth in this Section 2.1(d) , to identify such individual as an Apollo Designee, a Co-Invest Designee or a Koch Designee pursuant to this Stockholders Agreement.

ARTICLE III.

INFORMATION

3.1 Books and Records; Access . The Company shall, and shall cause its Subsidiaries to, keep proper books, records and accounts, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each of its Subsidiaries in accordance with generally accepted accounting principles. For so long as (x) no Apollo Designee is then serving as a Director, and (y) TopCo Parent beneficially owns 3% or more of the outstanding shares of Common Stock, the Company shall, and shall cause its Subsidiaries to, permit the Apollo Entities and their respective designated representatives, at reasonable times and upon reasonable prior notice to the Company, to inspect, review and/or make copies and extracts from the books and records of the Company or any of such Subsidiaries and to discuss the affairs, finances and condition of the Company or any of such Subsidiaries with the officers of the Company or any such Subsidiary. For so long as (x) no Apollo Designee is then serving as a Director, and (y) TopCo Parent beneficially owns 3% or more of the outstanding shares of Common Stock, the Company, upon the written request of any Apollo Entity, shall, and shall cause its Subsidiaries to, provide the Apollo Entities, in addition to other information that might be reasonably requested by the Apollo Entities from time to time, (i) direct access to the Company's auditors and officers, (ii) the ability to link TopCo Parent's systems into the Company's general ledger and other systems in order to enable the Apollo Entities to retrieve data on a "real-time" basis, (iii) quarter-end reports, in a format to be prescribed by the Apollo Entities, to be provided within 30 days after the end of each quarter, (iv) copies of all materials provided to the Board (or committee of the Board) at the same time as provided to the Directors (or members of a committee of the Board), (v) access to appropriate officers and directors of the Company and its Subsidiaries at such times as may be requested by the Apollo Entities, as the case may be, for consultation with each of the Apollo Entities with respect to matters relating to the business and affairs of the Company and its Subsidiaries, (vi) information in advance with respect to any significant corporate actions, including, without limitation, extraordinary dividends, stock redemptions or repurchases, mergers, acquisitions or dispositions of assets, issuances of significant amounts of debt or equity and material amendments to the Charter or Bylaws or the organizational documents of any of its Subsidiaries, and to provide the Apollo Entities with the right to consult with the Company and its Subsidiaries with respect to such actions, (vii) flash data, in a format to be prescribed by the Apollo Entities, to be provided within ten days after the end of each quarter and (viii) to the extent otherwise prepared by the Company, operating and capital expenditure budgets and periodic information packages relating to the operations and cash flows of the Company and its Subsidiaries (all such information so furnished pursuant to this Section 3.1 , the " Information "). The Company agrees to consider, in good faith, the recommendations of the Apollo Entities in connection with the matters on which the Company is consulted as described above. Subject to Section 3.2 , any Apollo Entity (and any party receiving Information from an Apollo Entity) who

shall receive Information shall maintain the confidentiality of such Information, and the Company shall not be required to disclose any privileged Information of the Company so long as the Company has used its commercially reasonable efforts to enter into an arrangement pursuant to which it may provide such information to the Apollo Entities without the loss of any such privilege.

3.2 Sharing of Information . Individuals associated with TopCo Parent may from time to time serve on the Board or the equivalent governing body of the Company's Subsidiaries. The Company, on its behalf and on behalf of its Subsidiaries, recognizes that such individuals (i) will from time to time receive non-public information concerning the Company and its Subsidiaries, and (ii) may (subject to the obligation to maintain the confidentiality of such information in accordance with Section 3.1) share such information with other individuals associated with TopCo Parent. Such sharing will be for the dual purpose of facilitating support to such individuals in their capacity as Directors (or members of the governing body of any Subsidiary) and enabling the Apollo Entities, as equityholders, to better evaluate the Company's performance and prospects. The Company, on behalf of itself and its Subsidiaries, hereby irrevocably consents to such sharing.

ARTICLE IV.

OTHER RIGHTS

4.1 Consent to Certain Actions.

(a) Subject to the provisions of Section 4.1(b) , without the prior written approval of TopCo Parent, the Company shall not, and shall (to the extent applicable) cause each of its Subsidiaries not to:

(i) amend, modify or repeal (whether by merger, consolidation or otherwise) any provision of the Charter, the Bylaws or equivalent organizational documents of its Subsidiaries in a manner that adversely affects any of the Apollo Entities;

(ii) issue additional equity interests of the Company or any of its Subsidiaries, other than (A) any award under any stockholder-approved equity compensation plan, (B) any award under an equity compensation plan approved by a majority of the Apollo Designees, or (C) any intra-company issuance among the Company and its wholly-owned Subsidiaries;

(iii) make any payment or declaration of any dividend or other distribution on any shares of Common Stock or entering into any recapitalization transaction, the primary purpose of which is to pay a dividend;

(iv) merge or consolidate with or into any other entity, or transfer (by lease, assignment, sale or otherwise) all or substantially all of the Company's and its Subsidiaries' assets, taken as a whole, to another entity, or enter into or agree to undertake any transaction that would constitute a "Change of Control" as defined in the Company's or its

Subsidiaries' principal credit facilities or note indentures (other than, in each case, transactions among the Company and its wholly-owned Subsidiaries);

(v) other than in the ordinary course of business with vendors, customers and suppliers, enter into or effect any (A) acquisition by the Company or any Subsidiary of the equity interests or assets of any Person, or the acquisition by the Company or any Subsidiary of any business, properties, assets, or Persons, in one transaction or a series of related transactions or (B) disposition of assets of the Company or any Subsidiary or the shares or other equity interests of any Subsidiary, in each case where the amount of consideration for any such acquisition or disposition exceeds $25 million in any single transaction, or an aggregate amount of $50 million in any series of transactions during a calendar year;

(vi) undertake any liquidation, dissolution or winding up of the Company;

(vii) incur financial indebtedness, in a single transaction or a series of related transactions, aggregating to more than $25 million, except for borrowings under a revolving credit facility that has previously been approved or is in existence (with no increase in maximum availability) on the date of closing of the Company's IPO or otherwise approved by TopCo Parent;

(viii) hire or terminate any Executive Officer of the Company or designate any new Executive Officer of the Company;

(ix) effect any material change in the nature of the business of the Company or any Subsidiary, taken as a whole; or

(x) change the size of the Board.

(b) The approval rights set forth in Section 4.1(a) shall terminate at such time as TopCo Parent no longer collectively beneficially owns at least 25% of the outstanding shares of Common Stock.

ARTICLE V.

GENERAL PROVISIONS

5.1 Termination . This Agreement shall terminate on the earlier to occur of (i) such time as TopCo Parent no longer beneficially owns 3% or more of the outstanding shares of Common Stock and (ii) upon the delivery of a written notice by TopCo Parent to the Company requesting that this Agreement terminate. Notwithstanding the foregoing, the provisions of Article II of this Agreement shall survive termination of this Agreement until such time as the party set forth on Exhibit A no longer satisfies the Co-Investor Condition and Koch no longer satisfies the Koch Condition, unless the written notice delivered by TopCo Parent to the Company in accordance with this Section 5.1 is also signed by (x) the party set forth on Exhibit A , as long as it satisfies the Co-Investor Condition and (y) Koch, as long as it satisfies the Koch Condition, in each case, as of such date.

5.2 Notices . Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by electronic transmission or sent by reputable overnight courier service (charges prepaid) to the Company at the address set forth below and to any other recipient at the address indicated on the Company's records, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, sent by electronic transmission or upon actual delivery by reputable overnight courier service (as indicated in such courier service's records).

The Company's address is:

ADT Inc.
1501 Yamato Road
Boca Raton, Florida 33431
Attention: Chief Executive Officer

with a mandatory copy to:

ADT Inc.
1501 Yamato Road
Boca Raton, Florida 33431
Attention: Chief Legal Officer

The Apollo Entities' address is:

c/o Apollo Global Management
9 West 57 th Street, 43 rd Floor
New York, NY 10019
Attention: Marc Becker and General Counsel
Fax: (646) 417-6429

with a copy (not constituting notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-60064
Attention: Taurie M. Zeitzer and David Beller
Fax: (212) 492-0353

5.3 Amendment; Waiver . This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and the other parties hereto. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of

such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

5.4 Further Assurances . The parties hereto will sign such further documents, cause such meetings to be held, resolutions passed, exercise their votes and do and perform and cause to be done such further acts and things necessary, proper or advisable in order to give full effect to this Agreement and every provision hereof. To the fullest extent permitted by law, the Company shall not directly or indirectly take any action that is intended to, or would reasonably be expected to result in, any Apollo Entity being deprived of the rights contemplated by this Agreement.

5.5 Assignment . This Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void; provided , however , that (i) each Apollo Entity shall be entitled to assign, in whole or in part, to any of its Permitted Assigns without such prior written consent any of its rights hereunder and (ii) each Holder shall be entitled to assign, in whole or in part, any of its rights hereunder without such prior written consent to any entity to which such Holder may transfer all or part of its limited partnership interests in AP VIII Prime Security Services Holdings, L.P. (" AP VIII "), pursuant to and in accordance with that certain Amended and Restated Agreement of Limited Partnership of AP VIII, dated as of May 2, 2016, and any other applicable agreements by and between AP VIII and such Holder.

5.6 Third Parties . Except as provided for in Section 3.2 with respect to any Apollo Entity, this Agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto nor create or establish any third party beneficiary hereto.

5.7 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws thereof.

5.8 Jurisdiction; Waiver of Jury Trial . In any judicial proceeding involving any dispute, controversy or claim arising out of or relating to this Agreement, each of the parties unconditionally accepts the jurisdiction and venue of the Court of Chancery of the State of Delaware or, if the Court of Chancery does not have subject matter jurisdiction over this matter, the Superior Court of the State of Delaware (Complex Commercial Division), or if jurisdiction over the matter is vested exclusively in federal courts, the United States District Court for the District of Delaware, and the appellate courts to which orders and judgments thereof may be appealed. In any such judicial proceeding, the parties agree that in addition to any method for the service of process permitted or required by such courts, to the fullest extent permitted by law, service of process may be made by delivery provided pursuant to the directions in Section 5.2 . EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

5.9 Specific Performance . Each party hereto acknowledges and agrees that in the event of any breach of this Agreement by any of them, the other parties hereto would be irreparably harmed and could not be made whole by monetary damages. Each party accordingly agrees to waive the defense in any action for specific performance that a remedy at law would be adequate and that the parties, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to specific performance of this Agreement without the posting of any bond.

5.10 Entire Agreement . This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or understandings with respect to the subject matter hereof or thereof other than those expressly set forth herein and therein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

5.11 Severability . If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (i) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by law, (ii) as to such Person or circumstance or in such jurisdiction such provision shall be reformed to be valid and enforceable to the fullest extent permitted by law and (iii) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

5.12 Table of Contents, Headings and Captions . The table of contents, headings, subheadings and captions contained in this Agreement are included for convenience of reference only, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

5.13 Counterparts . This Agreement and any amendment hereto may be signed in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

5.14 Effectiveness . This Agreement shall become effective upon the Closing Date.

5.15 No Recourse . Notwithstanding anything that may be expressed or implied in this Agreement or otherwise, and notwithstanding the fact that certain of the Holders may be partnerships, limited liability companies, corporations or other entities, each party hereto covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered by any Person pursuant hereto or otherwise shall be had against any of the Apollo Entities or the Related Entities or any of their former, current or future direct or indirect equity holders, controlling Persons, stockholders, directors, officers, employees, agents, Affiliates, members, financing sources, managers, general or limited partners or assignees (each a " Related Party " and collectively, the " Related Parties "), in each case other than (subject, for the avoidance of doubt, to the provisions of this Agreement) each party hereto or any of its respective assignees under this Agreement, whether by the enforcement of any assessment or by

any legal or equitable proceeding, or by virtue of any applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of the Related Parties, as such, for any obligation or liability of any party hereto or any of its respective assignees under this Agreement or any documents or instruments delivered by any Person pursuant hereto for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided , however , that nothing in this Section 5.16 shall relieve or otherwise limit the liability of any party hereto or any of its respective assignees for any breach or violation of its obligations under such agreements, documents or instruments.

[*Remainder Of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement on the day and year first above written.

COMPANY

ADT INC.

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

[Signature Page to Stockholders Agreement]

HOLDERS

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

By: Prime Security Services TopCo Parent GP, LLC,
its general partner

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

PRIME SECURITY SERVICES TOPCO PARENT GP, LLC

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

BIRCHTREE FUND INVESTMENTS PRIVATE LIMITED

By: /s/ Hena Paul Ling
Name: Hena Paul Ling
Title:

[Signature Page to Stockholders Agreement]

KOCH SV INVESTMENTS, LLC

By: /s/ Brett D. Watson
Name: Brett D. Watson
Title: Vice President

[Signature Page to Stockholders Agreement]

Exhibit A

Specified Beneficial Ownership of Interest in the Company

Investor	Amount of Interest Beneficially Owned
Birchtree Fund Investments Private Limited	30,258,000 shares of Common Stock (adjusted to take into account any stock split, reverse stock split, stock dividend, reorganization or similar event effected with respect to the shares of Common Stock)

Exhibit 10.24

REGISTRATION RIGHTS AGREEMENT

dated as of January 23, 2018

between

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

AND

ADT INC.

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REGISTRATION RIGHTS AGREEMENT (the " Agreement "), dated as of January 23, 2018, among Prime Security Services TopCo Parent, L.P. (" Prime Parent ") and ADT Inc. (the " Company ").

WHEREAS , Prime Parent is currently the direct beneficial owner of all shares of common stock, par value $0.01, of the Company (the " Common Stock ");

WHEREAS , the Company is currently contemplating an underwritten initial public offering (" IPO ") of shares of its Common Stock; and

WHEREAS , in connection with, and effective upon, the date of completion of the IPO (the " Closing Date "), the Company and Prime Parent wish to set forth certain understandings between such parties.

NOW , **THEREFORE** , in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions . As used in this Agreement, the following terms have the following meanings:

" Affiliate " of any Person means any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

" Agreement " has the meaning set forth in the recitals to this Agreement.

" Beneficial Owner " means, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (A) voting power, which includes the power to vote, or to direct the voting of, such security and/or (B) investment power, which includes the power to dispose, or to direct the disposition of, such security. The terms "Beneficially Own" and "Beneficial Ownership" have correlative meanings.

" Board " means the board of directors of the Company or any duly authorized committee thereof.

" Bylaws " means the Amended and Restated Bylaws of the Company, as they may be amended, supplemented, restated or otherwise modified from time to time.

" Company " shall have the meaning set forth in the recitals to this Agreement.

" Charter " means the Amended and Restated Certificate of Incorporation of the Company, as it may be amended, supplemented, restated or otherwise modified from time to time.

" Demand " has the meaning set forth in Section 2.1(a) .

" Demand Registration " has the meaning set forth in Section 2.1(a) .

" Disclosure Package " means, with respect to any offering of securities, (i) the preliminary prospectus, (ii) each Free Writing Prospectus and (iii) all other information, in each case, that is deemed, under Rule 159 promulgated under the Securities Act, to have been conveyed to purchasers of securities at the time of sale of such securities (including a contract of sale).

" Exchange Act " means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

" Form S-3 " has the meaning set forth in Section 2.3 .

" Free Writing Prospectus " has the meaning set forth in Section 2.6(a)(iii) .

" Governmental Entity " means any Federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body).

" Inspectors " has the meaning set forth in Section 2.6(a)(viii) .

" Long-Form Registration " has the meaning set forth in Section 2.1(c) .

" Losses " has the meaning set forth in Section 2.8(a) .

" Marketed Underwritten Offering " has the meaning set forth in Section 2.1(f) .

" Non-Marketed Underwritten Offering " has the meaning set forth in Section 2.1(f) .

" Non-Underwritten Shelf Takedown " has the meaning set forth in Section 2.1(f) .

" Other Demanding Sellers " has the meaning set forth in Section 2.2(b) .

" Person " shall be construed broadly and includes any individual, corporation, firm, partnership, limited liability company, joint venture, estate, business, association, trust, Governmental Entity or other entity.

" Piggyback Notice " has the meaning set forth in Section 2.2(a) .

" Piggyback Registration " has the meaning set forth in Section 2.2(a) .

" Piggyback Seller " has the meaning set forth in Section 2.2(a) .

" Proceeding " has the meaning set forth in Section 4.7 .

" Records " has the meaning set forth in Section 2.6(a)(viii) .

" Registrable Amount " means a number of Registrable Securities representing at least the lesser of (i) 1.0% of the total Shares then outstanding (taking into account for this purpose all vested and unvested Shares, if any) and (ii) $25 million (such value shall be determined based on the value of such Registrable Securities on the date immediately preceding the date upon which the Demand or Shelf Notice, as applicable, has been received by the Company).

" Registrable Securities " means any Shares currently owned or hereafter acquired by any Stockholder (whether acquired upon conversion, exchange or exercise of any securities, through open market purchases, or otherwise). As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) such securities have been sold or otherwise transferred by the holder thereof pursuant to an effective registration statement or (ii) such securities are sold in accordance with Rule 144 (or any successor provision) promulgated under the Securities Act.

" Registration Expenses " has the meaning set forth in Section 2.7 .

" Requesting Stockholder " means one or more Stockholders (and its affiliates) who collectively beneficially own, outstanding shares of Common Stock.

" SEC " means the United States Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

" Securities Act " means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

" Selected Courts " has the meaning set forth in Section 4.7 .

" Selling Stockholders " means the Persons named as selling stockholders in any registration statement under Article II hereof and who is the Beneficial Owner of Registrable Securities being offered thereunder.

" Stockholder " shall mean Prime Parent and its successors, permitted transferees and permitted assigns.

" Shares " means the shares of Common Stock of the Company and any equity securities issued or issuable in exchange for or with respect to such shares of Common Stock (i) by way of a dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

" Shelf Notice " has the meaning set forth in Section 2.3 .

" Shelf Registration Statement " has the meaning set forth in Section 2.3 .

" Short-Form Registration " has the meaning set forth in Section 2.1(c) .

" Suspension Period " has the meaning set forth in Section 2.3(d) .

" Underwritten Offering " means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

" Underwritten Offering Notice " has the meaning set forth in Section 2.1(f) .

" Well-Known Seasoned Issuer " means a "well-known seasoned issuer" as defined in Rule 405 promulgated under the Securities Act and which (i) is a "well-known seasoned issuer" under paragraph (1)(i)(A) of such definition or (ii) is a "well-known seasoned issuer" under paragraph (1)(i)(B) of such definition and is also eligible to register a primary offering of its securities relying on General Instruction I.B.1 of Form S-3 or Form F-3 under the Securities Act.

Section 1.2 Interpretation . In this Agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms;

(c) a reference to a clause, party, annex, exhibit or schedule is a reference to a clause of, and a party, annex, exhibit and schedule to this Agreement, and a reference to this Agreement includes any annex, exhibit and schedule hereto;

(d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statues, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Governmental Entity with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under the statute;

(e) a reference to a document includes all amendments or supplements to, or replacements or novations of that document;

(f) a reference to a party to a document includes that party's successors, permitted transferees and permitted assigns;

(g) the use of the term "including" means "including, without limitation";

(h) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole, including the annexes, schedules and exhibits, as the same may from time to time be amended, modified, supplemented or restated, and not to

any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement;

(i) the title of and the section and paragraph headings used in this Agreement are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions in this Agreement;

(j) where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates;

(k) the language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party; and

(l) unless expressly provided otherwise, the measure of a period of one (1) month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date, provided that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date (for example, one (1) month following February 18 is March 18, and one (1) month following March 31 is May 1 (or in the case of January 29, 30 or 31, the following month shall be March 1)).

ARTICLE II

REGISTRATION RIGHTS

Section 2.1 Demand Registration .

(a) One or more Requesting Stockholders shall be entitled to make a written request of the Company (a " Demand ") for registration under the Securities Act of an amount of Registrable Securities that, in the aggregate taking into account all of the Requesting Stockholders, equals or is greater than the Registrable Amount (based on the number of Registrable Securities outstanding on the date such Demand is made) (a " Demand Registration ") and thereupon the Company will, subject to the terms of this Agreement, use its commercially reasonable efforts to effect the registration as promptly as practicable under the Securities Act of:

(i) the offer and sale of the Registrable Securities which the Company has been so requested to register by the Requesting Stockholders for disposition in accordance with the intended method of disposition stated in such Demand;

(ii) all other Registrable Securities which the Company has been requested to register pursuant to Section 2.1(b) ; and

(iii) all equity securities of the Company which the Company may elect to register in connection with any offering of Registrable Securities pursuant to this Section 2.1 ;

all to the extent necessary to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities and the additional Shares, if any, to be so registered.

(b) Each Demand shall specify: (i) the aggregate number of Registrable Securities requested to be registered in such Demand Registration, (ii) the intended method of disposition in connection with such Demand Registration, if then known and (iii) the identity of the Requesting Stockholder (or Requesting Stockholders). Within five (5) business days after receipt of a Demand, the Company shall give written notice of such Demand to all other Stockholders, if any. Subject to Section 2.1(h), the Company shall include in the Demand Registration covered by such Demand all Registrable Securities with respect to which the Company has received a written request for inclusion therein within ten (10) days after the Company's notice required by this paragraph has been mailed. Such written request shall comply with the requirements of a Demand as set forth in this Section 2.1(b) .

(c) Demand Registrations shall be on (i) Form S-1 or any similar long-form registration (" Long-Form Registration "), (ii) Form S-3 or any similar short form registration, if such short form registration is then available to the Company, or (iii) Form S-3ASR if the Company is, at the time a Demand is made, a Well-Known Seasoned Issuer (a Demand Registration under each of clauses (ii) and (iii), a " Short-Form Registration "), in each case, reasonably acceptable to the Requesting Stockholders holding a majority of the Registrable Securities included in the applicable Demand Registration. The Company shall not be required to effect more than three Long-Form Registrations per fiscal year.

(d) Effective Demand Registration. A Demand Registration shall not be deemed to have been effected:

(i) unless a registration statement with respect thereto has been declared effective by the SEC and remains effective in compliance with the provisions of the Securities Act and the laws of any U.S. state or other jurisdiction applicable to the disposition of Registrable Securities covered by such registration statement until such time as all of such Registrable Securities shall have been disposed of in accordance with such registration statement or there shall cease to be any Registrable Securities;

(ii) if, after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other Governmental Entities or court for any reason other than a violation of applicable law solely by any Selling Stockholder and has not thereafter become effective; or

(iii) if, in the case of an Underwritten Offering, the conditions to closing specified in an underwriting agreement applicable to the Company are not satisfied or waived other than by reason of any breach or failure by any Selling Stockholder.

(iv) if, the filing or effectiveness of the Registration Statement would cause the disclosure of material, non-public information that the Company has a bona fide business purpose for preserving as confidential, provided , however, that any Suspension Period shall terminate at such time as the public disclosure of such information is made. Notwithstanding the foregoing, the Company shall not be obligated to (i) maintain the

effectiveness of a Long-Form Registration, filed pursuant to a Demand Registration, for a period longer than 90 days or (ii) effect any Demand Registration (A) within six (6) months of the effective date of a registration statement with respect to a "firm commitment" Underwritten Offering in which all Piggyback Sellers were given "piggyback" rights pursuant to Section 2.2 (and at least 50% of the number of Registrable Securities requested by such Piggyback Sellers to be included in such Demand Registration were included, (B) within three (3) months of the effective date of a registration statement with respect to any other Demand Registration, (C) within 90 days from the date on which a Marketed Underwritten Offering was priced, (D) if, in the reasonable judgment of the Board, it is not feasible for the Company to proceed with the Demand Registration because of the unavailability of audited or other required financial statements, provided that the Company shall use commercially reasonable efforts to obtain such financial statements as promptly as practicable. In addition, the Company shall be entitled to postpone (upon written notice to all Stockholders) the filing or the effectiveness of a registration statement for any Demand Registration (but no more than twice in any period of twelve (12) consecutive months and in no event for more than an aggregate of one-hundred twenty (120) days in any three-hundred sixty-five (365) consecutive day period) if the Board determines in its reasonable judgment that the filing or effectiveness of the registration statement relating to such Demand Registration would cause the disclosure of material, non-public information that the Company has a bona fide business purpose for preserving as confidential.

(e) Offering Requests.

(i) Requests for Marketed Underwritten Offerings. A Requesting Stockholder may from time to time request to sell Registrable Securities in an underwritten offering that is registered pursuant to the Shelf Registration Statement or under a Demand Registration that includes roadshow presentations or investor calls by management of the Company or other marketing efforts by the Company (a " Marketed Underwritten Offering "); provided that in the case of each such Marketed Underwritten Offering the Registrable Securities proposed to be sold shall have an aggregate offering price of at least $25 million; and provided, further, that the Company shall not be required to effect (A) a Marketed Underwritten Offering if another Marketed Underwritten Offering has been effected and priced within 90 days or (B) more than four Marketed Underwritten Offerings within any 12-month period. Notwithstanding anything contrary in this Section 2.1, unless otherwise agreed to by the Requesting Stockholders, no other stockholder shall have the right to participate in a Marketed Underwritten Offering.

(ii) Requests for Non-Marketed Underwritten Offerings. Requesting Stockholders may from time to time request to sell Registrable Securities in an underwritten offering that is registered under the Shelf Registration Statement or under a Demand Registration that does not include any marketing efforts by the Company or its management, including a "block trade" (a " Non-Marketed Underwritten Offering "); provided that in the case of each such Non-Marketed Underwritten Offering the Registrable Securities proposed to be sold shall have an aggregate offering price of at least $5 million. Notwithstanding anything contrary in this Section 2.1 , unless otherwise agreed to by the Requesting Stockholders, no other Stockholder shall have the right to participate in a Non-Marketed Underwritten Offering.

(iii) Requests for Non-Underwritten Offerings. At any time that a Shelf Registration Statement or any shelf registration statement filed in connection with a Demand Registration shall be effective with respect to Registrable Securities of a Requesting Stockholder and such Requesting Stockholder desires to initiate an offering or sale of all or part of such Requesting Stockholder's Registrable Securities that does not constitute an Underwritten Offering (a " Non-Underwritten Shelf Takedown "), such Requesting Stockholder shall so indicate in a written request delivered to the Company no later than three Business Days prior to the expected date of such Non-Underwritten Shelf Takedown, which request shall include (i) the type and total number of Registrable Securities expected to be offered and sold in such Non-Underwritten Shelf Takedown and (ii) the expected plan of distribution of such Non-Underwritten Shelf Takedown. Notwithstanding anything contrary in this Section 2.1 , unless otherwise agreed to by the Requesting Stockholder, no other Stockholder shall have the right to participate in a Non-Underwritten Shelf Takedown.

(iv) Underwritten Offering Notices. All requests for Underwritten Offerings shall be made by giving written notice to the Company (an " Underwritten Offering Notice "). Each Underwritten Offering Notice shall specify (i) the approximate number of Registrable Securities to be sold in the Underwritten Offering, (ii) whether such offering will be a Marketed Underwritten Offering or a Non-Marketed Underwritten Offering, (iii) the intended marketing efforts, if any and (iv) the name(s) of the underwriter(s), if then known. Within five Business Days after receipt of any Offering Notice, if agreed to by the Requesting Stockholders in accordance with the provisions set forth above, the Company shall send written notice of such requested Offering to all other Stockholders, if any, and shall include in such Offering all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after mailing such notice.

(f) Any time that a Demand Registration involves an Underwritten Offering, (i) the Stockholders holding a majority of the Registrable Securities requested to be included in the Demand Registration shall select the investment banker or investment bankers and managers that will serve as lead and co-managing underwriters with respect to the offering of such Registrable Securities, and (ii) the Company shall enter into an underwriting agreement that is reasonably acceptable to the Stockholders holding a majority of the Registrable Securities requested to be included in the Demand Registration and the Company, which agreement shall contain representations, warranties, indemnities and agreements customarily included (but not inconsistent with the covenants and agreements of the Company contained herein) by an issuer of common stock in underwriting agreements with respect to offerings of common stock for the account of, or on behalf of, such issuers.

(g) The Company shall not include any securities other than Registrable Securities in a Demand Registration, except with the written consent of the Requesting Stockholders participating in such Demand Registration holding a majority of the Registrable Securities included in such Demand Registration. If, in connection with a Demand Registration, the lead bookrunning underwriters (or, if such Demand Registration is not an Underwritten Offering, a nationally recognized independent investment bank selected by the Company and reasonably acceptable to Stockholders holding a majority of the Registrable Securities included in such Demand Registration, and whose fees and expenses shall be borne solely by the Company) advise the Company, in writing, that, in their reasonable opinion, the

inclusion of all of the securities, including securities of the Company that are not Registrable Securities, sought to be registered in connection with such Demand Registration would adversely affect the marketability of the Registrable Securities sought to be sold pursuant thereto, then the Company shall include in such registration statement only such securities as the Company is reasonably advised by such underwriters or investment bank can be sold without such adverse effect as follows and in the following order of priority: (i) first, up to the number of Shares requested to be included in such Demand Registration by any Stockholders, which, in the opinion of the underwriter or investment bank can be sold without adversely affecting the marketability of the offering, pro rata among such Stockholders based upon the number of Shares deemed to be owned by such Persons; (ii) second, securities the Company proposes to sell for its own account; and (iii) third, all other equity securities of the Company duly requested to be included in such registration statement by any other stockholders holding *pari passu* registration rights, pro rata on the basis of the amount of such other securities requested to be included or such other method determined by the Company.

Section 2.2 Piggyback Registration .

(a) Subject to the terms and conditions hereof, whenever the Company proposes to register the offer and sale of any of its equity securities under the Securities Act (other than a registration by the Company on a registration statement on Form S-4 or a registration statement on Form S-8 or any successor forms thereto) (a " Piggyback Registration "), whether for its own account or for the account of others, the Company shall give each Stockholder prompt written notice thereof (but not less than ten (10) business days prior to the public filing by the Company with the SEC of any registration statement with respect thereto, provided that the Company shall not be required to deliver such notice prior to the a confidential submission or non-public filing of any registration statement with the SEC). Such notice (a " Piggyback Notice ") shall specify, at a minimum, the number of equity securities proposed to be registered, the proposed date of filing of such registration statement with the SEC, the proposed means of distribution, the proposed managing underwriter or underwriters (if any and if known) and a reasonable estimate by the Company of the proposed minimum offering price of such equity securities. Upon the written request of any Person that on the date of the Piggyback Notice is a Stockholder (a " Piggyback Seller ") (which written request shall specify the number of Registrable Securities then presently intended to be disposed of by such Piggyback Seller) given within ten (10) days after such Piggyback Notice is received by such Piggyback Seller, the Company, subject to the terms and conditions of this Agreement, shall use its commercially reasonable efforts to cause all such Registrable Securities held by Piggyback Sellers with respect to which the Company has received such written requests for inclusion to be included in such Piggyback Registration on the same terms and conditions as the Company's equity securities being sold in such Piggyback Registration (whether for the account of the Company or for the account of others).

(b) If, in connection with a Piggyback Registration, any managing underwriter (or, if such Piggyback Registration is not an Underwritten Offering, a nationally recognized independent investment bank selected by the Company and reasonably acceptable to the Stockholders holding a majority of the Registrable Securities included in such Piggyback Registration, and whose fees and expenses shall be borne solely by the Company) advises the Company in writing that, in its opinion, the inclusion of all the equity securities sought to be

included in such Piggyback Registration by (i) the Company, (ii) others who acquire Shares after the date hereof and whom the Company gives registration rights and have sought to have all or part of such Shares registered in such Piggyback Registration pursuant to such registration rights, (iii) others with the written consent of Stockholders participating in such Demand Registration holding a majority of the Registrable Securities included in such Demand Registration (such Persons referenced in clauses (ii) and (iii) of this Section 2.2(b) being " Other Demanding Sellers "), and (iv) the Piggyback Sellers, as the case may be, would adversely affect the marketability of the equity securities sought to be sold pursuant thereto, then the Company shall include in the registration statement applicable to such Piggyback Registration only such equity securities as the Company is so advised by such underwriter can be sold without such an effect, as follows and in the following order of priority:

(i) if the Piggyback Registration relates to an offering for the Company's own account, then (A) first, such number of equity securities to be sold by the Company for its own account, and (B) second, Shares requested to be included in such Piggyback Registration by any Other Demanding Sellers and any Piggyback Sellers, pro rata among such Other Demanding Sellers, and Piggyback Sellers based upon the number of Shares deemed to be beneficially owned by such Persons; or

(ii) if the Piggyback Registration relates to an offering other than for the Company's own account, then (A) first, Shares requested to be included in such Piggyback Registration by any Other Demanding Sellers and any Piggyback Sellers, pro rata among such Other Demanding Sellers and Piggyback Sellers based upon the number of Shares deemed to be owned by such Persons, and (B) second, the other equity securities of the Company proposed to be sold by the Company as determined by the Company.

(c) In connection with any Underwritten Offering under this Section 2.2 , the Company shall not be required to include the Registrable Securities of a stockholder in the Underwritten Offering unless such stockholder accepts the terms of the underwriting as agreed upon between the Company and the underwriters, or, if applicable, the underwriters selected by the Stockholders holding a majority of the Registrable Securities requested to be included in the Demand Registration in accordance with the terms of hereof.

(d) If, at any time after giving written notice of its intention to register the offer and sale of any of its equity securities as set forth in this Section 2.2 and prior to the time the registration statement filed in connection with such Piggyback Registration is declared effective, the Company shall determine, at its election, for any reason not to register the offer and sale of such equity securities, the Company shall give written notice of such determination to each Stockholder within five (5) days thereof and thereupon shall be relieved of its obligation to register the offer and sale of any Registrable Securities in connection with such particular withdrawn or abandoned Piggyback Registration (but not from its obligation to pay the Registration Expenses in connection therewith as provided herein); provided , that Stockholders may continue the registration as a Demand Registration pursuant to the terms of Section 2.1 .

Section 2.3 Shelf Registration .

(a) Subject to Section 2.3(d) , and further subject to the availability of a registration statement on Form S-3 or on any other form which permits incorporation of information by reference to other documents filed by the issuer with the SEC (" Form S-3 ") to the Company, any of the Stockholders may by written notice delivered to the Company (the " Shelf Notice ") require the Company to file as soon as practicable (but no later than sixty (60) days after the date the Shelf Notice is delivered), and to use commercially reasonable efforts to cause to be declared effective by the SEC as promptly as practicable and within ninety (90) days after such filing date, a Form S-3 providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act relating to the offer and sale, from time to time, of a number of Registrable Securities that is equal to or greater than the Registrable Amount (based on the number of Registrable Securities outstanding on the date such notice is delivered) owned by such Stockholders and any other Stockholders who elect to participate therein as provided in Section 2.3(b) in accordance with the plan and method of distribution set forth in the prospectus included in such Form S-3 (the " Shelf Registration Statement ").

(b) Within five (5) business days after receipt of a Shelf Notice pursuant to Section 2.3 , the Company will deliver written notice thereof to each Stockholder. Each Piggyback Seller may elect to participate in the Shelf Registration Statement by delivering to the Company a written request to so participate within ten (10) days after the Shelf Notice is received by any such Piggyback Seller.

(c) Subject to Section 2.3(d) , the Company will use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the Shelf Registration Statement, or otherwise.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled to suspend the use of the prospectus included in the Shelf Registration Statement, filed in accordance with Section 2.3 , for a reasonable period of time not to exceed ninety (90) days in succession or one-hundred eighty (180) days in the aggregate in any twelve (12) month period (a " Suspension Period ") if the Board shall determine in its reasonable judgment that (A) it is not feasible for the Stockholder to use the prospectus for the sale of Registrable Securities because of the unavailability of audited or other required financial statements, provided that the Company shall use its reasonable efforts to obtain such financial statements as promptly as practicable, or (B) the filing or effectiveness of the prospectus relating to the Shelf Registration Statement would cause the disclosure of material, non-public information that the Company has a bona fide business purpose for preserving as confidential; provided , however , that any Suspension Period shall terminate at such time as the public disclosure of such information is made. After the expiration of any Suspension Period and without any further request from a Stockholder, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Shelf Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include an untrue statement of a material fact

or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Stockholders shall be entitled to demand such number of shelf registrations as shall be necessary to sell all of its Registrable Securities pursuant to this Section 2.3 .

Section 2.4 Withdrawal Rights .

Any Stockholder having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement. No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn; provided , however , that in the case of a Demand Registration, if such withdrawal shall reduce the number of Registrable Securities sought to be included in such registration below the Registrable Amount, then the Company shall as promptly as practicable give each Stockholder seeking to register Registrable Securities notice to such effect and, within ten (10) days following the mailing of such notice, such Stockholders still seeking registration shall, by written notice to the Company, elect to register additional Registrable Securities to satisfy the Registrable Amount or elect that such registration statement not be filed or, if theretofore filed, be withdrawn. During such 10-day period, the Company shall not file such registration statement if not theretofore filed or, if such registration statement has been theretofore filed, the Company shall not seek, and shall use commercially reasonable efforts to prevent, the effectiveness thereof. If a Stockholder withdraws its notification or direction to the Company to include Registrable Securities in a registration statement in accordance with this Section 2.4 with respect to a sufficient number of shares so as to reduce the number of Registrable Securities requested to be included in such registration statement below the Registrable Amount, such Stockholder shall be required to promptly reimburse the Company for all expenses incurred by the Company in connection with preparing for the registration of such Registrable Securities.

Section 2.5 Holdback Agreements .

(a) In the case of any Underwritten Offering in connection with a Demand or Shelf Registration pursuant to this Agreement, each Stockholder, and in the case of any Piggyback Registration pursuant to this Agreement, each participating Stockholder, agrees not to effect any public sale or distribution (including sales pursuant to Rule 144) of equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such equity securities, during any time period reasonably requested by the managing underwriter(s) of such Underwritten Offering (which shall not exceed sixty (60) days) with respect to any Demand, Shelf or Piggyback Registration (in each case, except as part of such registration subject to customary exceptions to be agreed). Each Stockholder subject to the restrictions of the first sentence of Section 2.5 shall receive the benefit of any shorter “lock-up” period or permitted

exceptions agreed to by the managing underwriter(s) for any Underwritten Offering pursuant to this Agreement irrespective of whether such Stockholder participated in the Underwritten Offering and the terms of such lock-up agreements shall govern such Stockholders in lieu of the first sentence of Section 2.5.

(b) In the case of any Underwritten Offering pursuant to this Agreement, the Company shall use commercially reasonable efforts to cause other stockholders (other than the Stockholders) and its directors and officers to execute any lock-up agreements in form and substance as agreed by the Stockholders and as reasonably requested by the managing underwriters.

(c) In the case of any Underwritten Offering, the Company agrees not to effect any Public Offering or distribution of any equity securities of the Company, or securities convertible into or exchangeable or exercisable for equity securities of the Company for a period (a) commencing upon the earlier of (x) the commencement of the roadshow in respect of such offering and(y) seven days prior to the pricing of such offering and (b) ending 90 days after the pricing of such offering, except, in each case, as part of such Underwritten Offering.

Section 2.6 Registration Procedures .

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 2.1 , Section 2.2 , and Section 2.3 the Company shall as expeditiously as reasonably possible:

(i) prepare and file with the SEC (subject to the provisions of Section 2.3 with respect to Shelf Registrations, promptly and, in any event on or before the date that is (i) 90 days, in the case of any Long-Form Registration, after the receipt by the Company a Demand from a Requesting Stockholder or (ii) 45 days, in the case of any Short-Form Registration, after the receipt by the Company of a Demand from a Requesting Stockholder) the requisite registration statement to effect any such registration and thereafter use its commercially reasonable efforts to cause such registration statement to be declared effective by the SEC and remain effective pursuant to the terms of this Agreement and cause such registration statement to contain a "Plan of Distribution" that permits the distribution of securities pursuant to all legal means; provided , however , that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided , further that before filing such registration statement, prospectus or any amendments thereto, the Company will furnish to the counsel selected by the Stockholders which are including Registrable Securities in such registration copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel, and such review to be conducted with reasonable promptness;

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of such time as all of such securities have been disposed of

in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement or (i) in the case of a Demand Registration pursuant to Section 2.1 , the expiration of ninety (90) days after such registration statement becomes effective or (ii) in the case of a Piggyback Registration pursuant to Section 2.2 , the expiration of ninety (90) days after such registration statement becomes effective;

(iii) furnish to each Selling Stockholder and each underwriter, if any, of the securities being sold by such Selling Stockholder such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a " Free Writing Prospectus ") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such Selling Stockholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such Selling Stockholder;

(iv) use commercially reasonable efforts to register or qualify such Registrable Securities covered by such registration statement under such other securities laws or blue sky laws of such jurisdictions as any Selling Stockholder and any underwriter of the securities being sold by such Selling Stockholder shall reasonably request, and take any other action which may be reasonably necessary or advisable to enable such Selling Stockholder and underwriter to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Stockholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iv) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(v) use commercially reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if no such securities are so listed, use commercially reasonable efforts to cause such Registrable Securities to be listed on the New York Stock Exchange or the NASDAQ Stock Market;

(vi) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other Governmental Entities as may be necessary to enable each Selling Stockholder thereof to consummate the disposition of such Registrable Securities;

(vii) in connection with an Underwritten Offering, obtain for each Selling Stockholder and underwriter:

(A) an opinion of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such

other matters as may be reasonably requested by such Selling Stockholder and underwriters, and

(B) a "comfort" letter (or, in the case of any such Person which does not satisfy the conditions for receipt of a "comfort" letter specified in Statement on Auditing Standards No. 72, an "agreed upon procedures" letter) signed by the independent public accountants who have certified the Company's financial statements included in such registration statement;

(viii) promptly make available for inspection by a representative of the Selling Stockholders, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained by the Selling Stockholders (collectively and not individually) or underwriter (collectively, the " Inspectors "), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the " Records "), as shall be reasonably necessary to enable them to exercise their due diligence responsibility in connection with such registration statement, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; provided , however , that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Company shall not be required to provide any information under this subparagraph (viii) if (i) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (ii) if either (A) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (B) the Company reasonably determines that such Records are confidential and so notifies the Inspectors in writing unless prior to furnishing any such information with respect to (i) or (ii) such Selling Stockholder requesting such information agrees, and causes each of its Inspectors, to enter into a confidentiality agreement on terms reasonably acceptable to the Company; and provided , further , that each Selling Stockholder agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(ix) promptly notify in writing each Selling Stockholder and the underwriters, if any, of the following events:

(A) the filing (or confidential submission, as applicable) of the registration statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective;

(B) any request by the SEC or any other Governmental Entity for amendments or supplements to the registration statement or the prospectus or for additional information;

(C) the issuance by the SEC or any other Governmental Entity of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; and

(D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation or threat of any proceeding for such purpose;

(x) notify each Selling Stockholder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and promptly prepare and furnish to such Selling Stockholder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(xi) use commercially reasonable efforts to prevent the issuance of and, if issued, obtain the withdrawal of any order suspending the effectiveness of such registration statement or any suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction;

(xii) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, and make available to each Selling Stockholder, as soon as reasonably practicable, an earning statement of the Company covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first day of the Company's first full quarter after the effective date of such registration statement, which earning statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xiii) cooperate with the Selling Stockholders and the managing underwriter to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or such Selling Stockholders may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates, or, if requested by a Selling Stockholder or an underwriter, to facilitate the delivery of such securities in book-entry form;

(xiv) have appropriate officers of the Company prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, and other information meetings organized by the underwriters, take other actions to obtain ratings for any Registrable Securities (if they are eligible to be rated) and otherwise use its

commercially reasonable efforts to cooperate as reasonably requested by the Selling Stockholders and the underwriters in the offering, marketing or selling of the Registrable Securities;

(xv) with respect to each Free Writing Prospectus or other materials to be included in the Disclosure Package, ensure that no Registrable Securities be sold "by means of" (as defined in Rule 159A(b) promulgated under the Securities Act) such Free Writing Prospectus or other materials without the prior written consent of the Stockholders holding the Registrable Securities covered by such registration statement, which Free Writing Prospectuses or other materials shall be subject to the prior reasonable review of the Selling Stockholders and their counsel;

(xvi) (A) as expeditiously as possible and within the deadlines specified by the Securities Act, make all required filings of all prospectuses and Free Writing Prospectuses with the SEC and (B) within the deadlines specified by the Exchange Act, make all filings of periodic and current reports and other materials required by the Exchange Act;

(xvii) as expeditiously as possible and within the deadlines specified by the Securities Act, make all required filing fee payments in respect of any registration statement or prospectus used under this Agreement (and any offering covered thereby);

(xviii) as expeditiously as practicable, keep the Selling Stockholders and their counsel advised as to the initiation and progress of any registration hereunder;

(xix) cooperate with each Selling Stockholder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA;

(xx) furnish the Selling Stockholders, their counsel and the underwriters, as expeditiously as possible, copies of all correspondence with or from the SEC, the FINRA, any stock exchange or other self-regulatory organization relating to the registration statement or the transactions contemplated thereby and, a reasonable time prior to furnishing or filing any such correspondence to the SEC, the FINRA, stock exchange or self-regulatory organization, furnish drafts of such correspondence to the Selling Stockholders, their counsel, and the underwriters for review and comment, such review and comment to be conducted with reasonable promptness; and

(xxi) to take all other reasonable steps necessary to effect the registration and disposition of the Registrable Securities contemplated hereby.

(b) The Company may require each Selling Stockholder and each underwriter, if any, to furnish the Company in writing such information regarding each Selling Stockholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request to complete or amend the information required by such registration statement.

(c) Without limiting the terms of Section 2.1(a) , in the event that the offering of Registrable Securities is to be made by or through an underwriter, the Company, if requested by the underwriter, shall enter into an underwriting agreement with a managing underwriter or underwriters in connection with such offering containing representations, warranties, indemnities and agreements customarily included (but not inconsistent with the covenants and agreements of the Company contained herein) by an issuer of common stock in underwriting agreements with respect to offerings of common stock for the account of, or on behalf of, such issuers.

(d) Each Selling Stockholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in Sections 2.6(a)(ix)(C) , 2.6(a)(ix)(D) , or 2.6(a)(x) , such Selling Stockholder shall forthwith discontinue (in the case of Section 2.6(a)(ix)(D) , only in the relevant jurisdiction set forth in such notice) such Selling Stockholder's disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until such Selling Stockholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.6(a)(x) and, if so directed by the Company, deliver to the Company, at the Company's expense, all copies, other than permanent file copies, then in such Selling Stockholder's possession of the prospectus current at the time of receipt of such notice relating to such Registrable Securities. In the event the Company shall give such notice, any applicable period during which such registration statement must remain effective pursuant to this Agreement shall be extended by the number of days during the period from the date of giving of a notice regarding the happening of an event of the kind described in Section 2.6(a)(ix) , Section 2.6(a)(ix)(D) or Section2.6(a)(x) to the date when all such Selling Stockholders shall receive such a supplemented or amended prospectus and such prospectus shall have been filed with the SEC.

Section 2.7 Registration Expenses . All expenses incident to the Company's performance of, or compliance with, its obligations under Article II of this Agreement including, without limitation, all registration and filing fees, all fees and expenses of compliance with securities and "blue sky" laws, all fees and expenses associated with filings required to be made with the FINRA (including, if applicable, reasonable and customary fees and expenses of any "qualified independent underwriter" as such term is defined by the FINRA), all fees and expenses of compliance with securities and "blue sky" laws, all printing (including, without limitation, expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by a holder of Registrable Securities) and copying expenses, all messenger and delivery expenses, all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions) and reasonable and customary fees and expenses of one firm of counsel to the Selling Stockholders (which firm shall be selected by the Selling Stockholders holding a majority of the Registrable Securities included in such registration) (collectively, the " Registration Expenses ") shall be borne by the Company, regardless of whether a registration is effected. The Company will pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties, the expense of any annual audit and the expense of any liability insurance) and the expenses and fees for listing the securities to be registered on each securities exchange and included in each established over-the-counter market on which similar securities issued by the Company are then listed or traded. Each Selling

Stockholder shall pay its portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of such Selling Stockholder's Registrable Securities pursuant to any registration.

Section 2.8 Registration Indemnification .

(a) By the Company . The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Selling Stockholder and each of their respective Affiliates and their respective officers, directors, employees, managers, partners and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such Selling Stockholder or such other Person indemnified under this Section 2.8(a) from and against all losses, claims, damages, liabilities and expenses, whether joint or several (including reasonable expenses of investigation and reasonable attorneys' fees and expenses) (collectively, the " Losses "), to which they are or any of them may become subject under the Securities Act, the Exchange Act or other U.S. federal or state statutory law (including any applicable "blue sky" laws), rule or regulation, at common law or otherwise, insofar as such Losses arise out of, are based upon, are caused by or relate to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus, offering circular, offering memorandum or Disclosure Package (including the Free Writing Prospectus) or any amendment or supplement thereto or any filing or document incidental to such registration or qualification of the securities as required by this Agreement, or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein not misleading, except that no Person indemnified shall be indemnified hereunder insofar as the same are made in conformity with and in reliance on information furnished in writing to the Company by such Person concerning such Person expressly for use therein. Such indemnification obligation shall be in addition to any liability that the Company may otherwise have to any such indemnified person. In connection with an Underwritten Offering and without limiting any of the Company's other obligations under this Agreement, the Company shall also indemnify such underwriters, their officers, directors, employees and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriters or such other Person indemnified under this Section 2.8(a) to the same extent as provided above with respect to the indemnification (and exceptions thereto) of Selling Stockholders. Reimbursements payable pursuant to the indemnification contemplated by this Section 2.8(a) will be made by periodic payments during the course of any investigation or defense, as and when bills are received or expenses incurred.

(b) By the Selling Stockholders . In connection with any registration statement in which a Stockholder is participating, each such Selling Stockholder will furnish to the Company in writing information regarding such Person's ownership of Registrable Securities and its intended method of distribution thereof and, to the extent permitted by law, shall, severally and not jointly, indemnify the Company, its Affiliates and their respective directors, officers, employees and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company or such other Person indemnified under this Section 2.8(b) against all Losses caused by any untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission of a material fact

required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is made in conformity with and in reliance on information furnished in writing by such Person concerning such Person expressly for use therein; provided , however , that each Selling Stockholder's obligation to indemnify the Company hereunder shall, to the extent more than one Person is subject to the same indemnification obligation, be apportioned between each Person based upon the net amount received by each Person from the sale of Registrable Securities, as compared to the total net amount received by all of the indemnifying Persons pursuant to such registration statement. Notwithstanding the foregoing, no Person shall be liable to the Company and the underwriters for aggregate amounts in excess of the lesser of (i) such apportionment and (ii) the net amount received by such holder in the offering giving rise to such liability.

(c) Notice . Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided , however , the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been materially prejudiced by such failure to provide such notice on a timely basis.

(d) Defense of Actions . In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party, (ii) counsel to the indemnifying party has informed the indemnifying party that the joint representation of the indemnifying party and one or more indemnified parties could be inappropriate under applicable standards of professional conduct, or (iii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or is reasonably likely to be prejudiced by such delay, in any such event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate legal counsel). An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent (such consent not to be unreasonably withheld). The indemnifying party shall lose its right to defend, contest, litigate and settle a matter if it shall fail to diligently contest such matter (except to the extent settled in accordance with the next following sentence). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, it being understood that the indemnified party shall not be deemed to be unreasonable in withholding its consent if the proposed settlement imposes any obligation on the indemnified party).

(e) Survival . The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified Person and will survive the transfer of the Registrable Securities and the termination of this Agreement.

(f) Contribution . If recovery is not available or is insufficient under the foregoing indemnification provisions for any reason or reasons other than as specified therein, in each case as determined by a court of competent jurisdiction, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons. In determining the amount of contribution to which the respective Persons are entitled, there shall be considered the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentence of this Section 2.8(f) . No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, no Selling Stockholder or transferee thereof shall be required to make a contribution in excess of the net amount received by such holder from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

Section 2.9 Request for Information; Certain Rights .

(a) Request for Information . Not less than five (5) business days before the expected filing (or confidential submission, if applicable) date of each registration statement pursuant to this Agreement, the Company shall notify each Stockholder who has timely provided the requisite notice hereunder entitling the Stockholder to include for registration Registrable Securities in such registration statement of the information, documents and instruments from such Stockholder that the Company or any underwriter reasonably requests in connection with such registration statement, including, but not limited to a questionnaire, custody agreement, power of attorney, form of lock-up letter and form of underwriting agreement (the " Requested Information "). Such Stockholder shall promptly return the Requested Information to the Company. If the Company has not received the Requested Information (or a written assurance from such Stockholder that the Requested Information that cannot practicably be provided prior to filing of the registration statement will be provided in a timely fashion) from such Stockholder within a reasonable period of time (as determined by the Company) prior to the filing (or confidential submission, if applicable) of the applicable registration statement, the Company may file such registration statement without including Registrable Securities of such Stockholder, provided that the Company shall include such Registrable Securities upon receipt of such Requested Information. The failure to so include in any registration statement the Registrable Securities of a Stockholder (with regard to that registration statement) shall not in and of itself result in any liability on the part of the Company to such Stockholder.

(b) No Grant of Future Registration Rights . The Company shall not grant any shelf, demand, piggyback or incidental registration rights that are senior to or otherwise conflict with the rights granted to the Stockholders hereunder to any other Person without the prior written consent of Stockholders holding a majority of the Registrable Securities held by all Stockholders.

(c) Alternative Markets . In the event that a trading market for the Company's Shares develops that does not require that the Shares be registered under Section 12 of the Exchange Act (e.g. outside the United States or through a Rule 144A trading market), the Company agrees to provide alternative liquidity provisions to the Stockholders that would be the functional equivalent of this Article II , including the provision of offering documents, the entering into of placement and/or listing agreements and the functional equivalent of the other terms of this Article II and with the functional equivalent of the division of liabilities and expenses as provided in this Article II .

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Prime Parent . Prime Parent represents and warrants to the Company that (a) this Agreement has been duly authorized, executed and delivered by such Stockholder, and is a valid and binding agreement of Prime Parent, enforceable against it in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and (b) the execution, delivery and performance by Prime Parent, of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both constitute) a default under any agreement to which such Stockholder, is a party or, the organizational documents of Prime Parent.

Section 3.2 Representations and Warranties of the Company . The Company represents and warrants to Prime Parent that (a) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law); and (b) the execution, delivery and performance by the Company of this Agreement does not violate or conflict with or result in a breach by the Company of or constitute (or with notice or lapse of time or both constitute) a default by the Company under its Charter or Operating Agreement, any existing applicable law, rule, regulation, judgment, order, or decree of any Governmental Entity exercising any statutory or regulatory authority of any of the foregoing, domestic or foreign, having jurisdiction over the Company or any of its respective properties or assets, or any agreement or instrument to which the Company is a party or by which the Company or any of its respective properties or assets may be bound.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Notices . All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile (provided a copy is thereafter promptly delivered as provided in this Section 4.1) or nationally recognized overnight courier, addressed to such party at the address or facsimile number set forth below or such other address or facsimile number as may hereafter be designated in writing by such party to the other parties:

(a) if to the Company, to:

ADT Inc.
1501 Yamato Road
Boca Raton, Florida 33431
Attention: Chief Legal Officer

(b) if to Prime Parent, to:

c/o Apollo Global Management
9 West 57 th Street, 43 rd Floor
New York, NY 10019
Attention: Marc Becker and General Counsel
Fax: (646) 417-6429

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Tracey A. Zaccone, Esq.
Fax: (212) 492-0085

Section 4.2 Severability . The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 4.3 Counterparts . This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement, it being understood that both parties need not sign the

same counterpart. Facsimile counterpart signatures to this Agreement shall be binding and enforceable.

Section 4.4 Entire Agreement; No Third Party Beneficiaries . This Agreement (a) constitutes the entire agreement and supersedes all other prior agreements, both written and oral, among the parties with respect to the subject matter hereof and is not intended to confer upon any Person, other than the parties hereto, any rights or remedies hereunder.

Section 4.5 Further Assurances . Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.6 Governing Law; Equitable Remedies . **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF)** . The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the Selected Courts (as defined below), this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at law would be adequate.

Section 4.7 Consent To Jurisdiction . With respect to any suit, action or proceeding (" Proceeding ") arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of (A) the United States District Court for the Southern District of New York or (B) in the event that such court lacks jurisdiction to hear the claim, the state courts of New York located in the borough of Manhattan, New York City (the " Selected Courts ") and waives any objection to venue being laid in the Selected Courts whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before one of the Selected Courts; provided , however , that a party may commence any Proceeding in a court other than a Selected Court solely for the purpose of enforcing an order or judgment issued by one of the Selected Courts; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the Company or to the applicable party hereto at their respective addresses referred to in Section 4.1 ; provided , however , that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law; and (c) **TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE)**

ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

Section 4.8 Amendments; Waivers .

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and Stockholders holding a majority of the Registrable Securities, or in the case of a waiver, by the party against whom the waiver is to be effective; provided , that such amendment or waiver which adversely affects any party to this Agreement and is prejudicial to such party relative to all other parties (other than the Company) cannot be effected without the consent of such party.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 4.9 Assignment . Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; provided that any Stockholder may assign its rights hereunder in connection with a transfer of its Shares if such transferee (i) shall own at least 10% of the Company's outstanding Common Stock (on an as-converted basis, if applicable and after giving effect to all vested and unvested Shares, if applicable) after giving effect to such transfer and (ii) shall execute a joinder to this Agreement. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 4.10 Effectiveness . This Agreement shall become effective upon the Closing Date.

Section 4.11 Term . This Agreement shall automatically terminate with respect to any Stockholder upon the date on which the such Stockholder no longer Beneficially Own Shares representing at least 1% of the Shares then outstanding (after giving effect to all vested and unvested Shares, if applicable).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

By: Prime Security Services TopCo Parent GP, LLC,
its general partner

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

ADT INC.

By: /s/ P. Gray Finney
Name: P. Gray Finney
Title: Senior Vice President, Chief Legal Officer and Secretary

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF , the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

By: Prime Security Services TopCo Parent GP, LLC,
its general partner

By: _____
Name: Timothy J. Whall
Title: Chief Executive Officer

ADT INC.

By: /s/ P. Gray Finney
Name: P. Gray Finney
Title: Senior Vice President, Chief Legal Officer and Secretary

Exhibit 10.37

SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT

BY AND AMONG

KOCH SV INVESTMENTS, LLC,

THE OTHER HOLDERS PARTY HERETO,

PRIME SECURITY SERVICES TOPCO PARENT GP, LLC,

PRIME SECURITY SERVICES TOPCO PARENT, L.P.,

ADT INC.

AND,

SOLELY FOR PURPOSES OF SECTIONS 1.3, 1.7, 1.8 AND

ARTICLES II AND III,

AP VIII PRIME SECURITY SERVICES HOLDINGS, L.P.

Dated as of January 23, 2018

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SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT

This SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT (this " Agreement "), dated as of January 23, 2018, is made by and among Koch SV Investments, LLC, a Delaware limited liability company (the " Purchaser "), each Person that is the holder of record of at least one Share (a " Holder "), including any Person who becomes a party hereto by the execution of a joinder agreement substantially in the form attached hereto as Exhibit A (a " Joinder "), Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company (the " General Partner "), Prime Security Services TopCo Parent, L.P., a Delaware limited partnership (" Parent "), ADT Inc., a Delaware corporation (the " Company "), and, solely for purposes of Sections 1.3 , 1.7 , 1.8 and Articles II and III (for purposes of the definitions used in the Sections of this Agreement to which the Member (as defined below) is a party), AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership (the " Member "), and each Affiliate of the Member, the General Partner, Parent or the Company who becomes a party hereto by the execution of a joinder agreement substantially in the form attached hereto as Exhibit D (each such Affiliate, together with the Purchaser, each other Holder, the Member, the General Partner, Parent and the Company, the " Parties ").

PRELIMINARY STATEMENTS

A. The Company has issued and sold to the Purchaser, and the Purchaser has purchased from the Company, 750,000 Shares on the terms and subject to the conditions set forth in the Securities Purchase Agreement, dated as of the Closing Date, by and among the Purchaser, Parent and the Company.

B. The Company has filed with the Secretary of State of the State of Delaware the Amended and Restated Series A Certificate of Designation, which sets forth the rights, preferences, powers, and the qualifications, restrictions and limitations, of the Series A Preferred Securities.

C. The Parties each desire to enter into this Agreement to amend and restate the Amended and Restated Series A Investors Rights Agreement, and to establish certain additional rights, preferences, powers, and qualifications, restrictions and limitations, of the Series A Preferred Securities.

The Parties agree as follows:

ARTICLE I
ADDITIONAL RIGHTS, PREFERENCES, POWERS, AND QUALIFICATIONS, RESTRICTIONS AND LIMITATIONS, OF THE SERIES A PREFERRED SECURITIES

SECTION 1.1 DRD Gross-Up; Extraordinary Dividends .

(a) If, from and after the first anniversary of the Closing Date, any amounts treated for U.S. federal income tax purposes as distributions with respect to the Shares, including any deemed distributions under Section 305(c) of the Code and including, for the avoidance of doubt, any Deemed Dividend Gross-Up Payment, are taken into account for U.S. federal income

tax purposes by a DRD Holder for any taxable period in which such DRD Holder, directly or indirectly, held such Shares (such distributions, " Distributions ") and such Distributions are treated as distributions with respect to which such DRD Holder does not receive the benefit of the dividends received deduction under Section 243 of the Code solely as a result of the Company not having sufficient "earnings and profits" for U.S. federal income tax purposes (such portion of such Distributions, the " Non-DRD Amount "), then, at the Relevant Time, the Company shall pay to such DRD Holder an amount equal to the quotient of (i) the product of (A) the sum of (1) the highest federal marginal income tax rate applicable to corporations at such time and (2) 3.00% (such sum, the " Hypothetical Tax Rate ") and (B) any portion of the Non-DRD Amount for which Section 243 of the Code, as in effect at the time of such Distribution, would have provided a deduction at the time of such DRD Holder's receipt of such Distribution for a corporation owning directly or indirectly the same vote and value as such DRD Holder with respect to the Company to the extent such Distribution would otherwise have been a dividend entitled to a dividends received deduction under Section 243 of the Code, as then in effect, divided by (ii) one minus the Hypothetical Tax Rate (such quotient being the " DRD Gross-Up Payment "). For the avoidance of doubt, no DRD Gross-Up Payment shall be payable with respect to any Non-DRD Amount (A) to the extent the Non-DRD Amount has previously been taken into account in making a payment under this Section 1.1 , including to the extent any Extraordinary Deemed Dividend was previously included in the determination of a Deemed Dividend Gross-Up Payment, or (B) if such DRD Holder (or an Affiliate of such DRD Holder, if such Affiliate was a DRD Holder at the time of such Distribution) did not, directly or indirectly, hold Beneficial Ownership of such Shares at the time of such Distribution; provided that, for the avoidance of doubt, a DRD Holder that did not, directly or indirectly, hold Beneficial Ownership of such Shares at the time of such Distribution shall receive no payment pursuant to this Section 1.1 with respect to a Distribution that has already been taken into account in making a payment under this Section 1.1 (regardless of whether such payment was made to another Person).

(b) A DRD Gross-Up Payment shall be due and payable on the later of (i) the 90 th day after delivery of written notice by the DRD Holder to the Company that the Relevant Time has occurred (including any supporting information reasonably necessary to calculate the DRD Gross-Up Payment) or (ii) the due date of the Company's federal income tax return for the year of the Distribution, including extensions (such date, the " DRD Gross-Up Payment Due Date "), and failure to make such DRD Gross-Up Payment on the DRD Gross-Up Payment Due Date shall constitute an Event of Default.

(c) Prior to the second anniversary of the Closing Date, the Company shall not declare or pay any cash Dividend or make any other payment that is treated as a dividend under the Code to the extent that such cash Dividend or such other payment would constitute an "extraordinary dividend" to any DRD Holder under Section 1059(c)(1) of the Code (an " Extraordinary Dividend ").

(d) If, prior to the third anniversary of the Closing Date, the Company decides to declare or pay a Dividend or make any other payment that is treated as a dividend under the Code, the Company shall reasonably determine in good faith whether such payment would constitute, or cause any prior payment to constitute, an Extraordinary Dividend and shall provide such determination and its reasonably detailed support therefor to each Holder. Each Holder shall have 15 days to review such determination and support and shall have the right to notify the

Company within such 15 day period of its own determination as to whether such payment would constitute an Extraordinary Dividend. The failure to provide such notice within such 15 day period shall be deemed to constitute such Holder's agreement with the Company's determination.

(e) If the Company redeems some or all of the Shares prior to the third anniversary of the Closing Date, and, solely as a result of the payment of the Redemption Price, any Distribution from and after the first anniversary of the Closing Date that is a deemed distribution under Section 305(c) of the Code constitutes an Extraordinary Dividend (each an " Extraordinary Deemed Dividend "), then, at the Relevant Time, the Company shall pay to the relevant DRD Holder an amount equal to the lesser of (I) the quotient of (i) the product of (A) the Hypothetical Tax Rate and (B) any portion of the Extraordinary Deemed Dividend for which Section 243 of the Code, as in effect at the time of the deemed distribution, would have provided a deduction at the time of such DRD Holder's receipt of such deemed distribution for a corporation owning directly or indirectly the same vote and value as such DRD Holder with respect to the Company to the extent such deemed distribution would otherwise have been a dividend entitled to a dividends received deduction under Section 243 of the Code, as then in effect, divided by (ii) one minus the product of (A) the Hypothetical Tax Rate and (B) a percentage equal to one minus the percentage of any dividend for which Section 243 of the Code, as then in effect, would have provided a deduction for a corporation owning directly or indirectly the same vote and value as such DRD Holder with respect to the Company, and (II) $6,500,000 (such amount being the " Deemed Dividend Gross-Up Payment ").

SECTION 1.2 **Affirmative Covenants** . The Company shall, and shall cause each of its Subsidiaries to (unless the prior affirmative vote or written consent of the Preferred Majority Holder has been obtained):

(a) Existence . Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except, in the case of a Subsidiary of the Borrower, (i) where the failure to do so would not reasonably be expected to have a Material Adverse Effect, (ii) as otherwise permitted under Section 6.05 of the First Lien Credit Agreement as in effect on the Closing Date and the Second Lien Credit Agreement as in effect on the Closing Date, and (iii) for the liquidation or dissolution of Subsidiaries of the Borrower if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by the Borrower or a Wholly Owned Subsidiary of the Borrower in such liquidation or dissolution.

(b) Financial Statements, Reports, etc. So long as the Minimum Hold Condition is satisfied, furnish to the Holders (or, with respect to Section 1.2(b)(iii) , use its reasonable best efforts to furnish to the Preferred Majority Holder):

(i) within 90 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2017), a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be accompanied by customary management's discussion and analysis

and audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall not be qualified as to scope of audit or as to the status of the Borrower or any of its Material Subsidiaries as a going concern, other than solely with respect to, or resulting solely from, an upcoming maturity date under any series of Indebtedness occurring within one year from the time such opinion is delivered or any potential inability to satisfy a financial maintenance covenant on a future date or in a future period) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Company of annual reports on Form 10-K of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 1.2(b)(i) to the extent such annual reports include the information specified herein), and unaudited consolidating information that explains in reasonable detail the material differences, if any, between the information relating to the Borrower and its Subsidiaries, on the one hand, and the information relating to the Company and its Subsidiaries on a standalone basis, on the other hand;

(ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending March 31, 2017), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and, starting with the fiscal quarter ending March 31, 2017 , setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail, which consolidated balance sheet and related statements of operations and cash flows shall be accompanied by customary management's discussion and analysis and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Company on behalf of the Company as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Company of quarterly reports on Form 10-Q of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 1.2(b)(ii) to the extent such quarterly reports include the information specified herein), and unaudited consolidating information that explains in reasonable detail the material differences, if any, between the information relating to the Borrower and its Subsidiaries, on the one hand, and the information relating to the Company and its Subsidiaries on a standalone basis, on the other hand;

(iii) commencing on the date that is one month following the Agreement Date, the standard monthly reporting package showing the financial position of the Borrower and its Subsidiaries, solely to the extent prepared internally by management;

(iv) (x) concurrently with any delivery of financial statements under Section 1.2(b)(i) or Section 1.2(b)(ii) above, a certificate of a Financial Officer of the Company (A) certifying that no Event of Default has occurred since the date of the last certificate delivered pursuant to this Section 1.2(b)(iv) or, if such an Event of Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (B) setting forth computations in reasonable detail satisfactory to the Holders

demonstrating compliance with the Financial Covenant and (y) concurrently with any delivery of financial statements under Section 1.2(b)(i) above, if the accounting firm is not restricted from providing such a certificate by its policies office, a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Event of Default (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations);

(v) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by any Holder, other materials filed by the Member, the General Partner, Parent, the Company or any of its Subsidiaries with the Securities and Exchange Commission or, after an Initial Public Offering, distributed to its equity holders generally, as applicable; provided that such reports, proxy statements, filings and other materials required to be delivered pursuant to this Section 1.2(b)(v) shall be deemed delivered for purposes of this Agreement when posted to the website of the Member, the General Partner, Parent, the Company or any of its Subsidiaries or the website of the Securities and Exchange Commission and written notice of such posting has been delivered to the Holders;

(vi) within 90 days (or such later date as the Preferred Majority Holder may agree in its reasonable discretion) after the beginning of each fiscal year (commencing with the fiscal year ending December 31, 2017), a consolidated annual budget for such fiscal year consisting of a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year and the related consolidated statements of projected cash flow and projected income (collectively, the " Budget "), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Company to the effect that the Budget is based on assumptions believed by the Company to be reasonable as of the date of delivery thereof, and information that explains in reasonable detail the material differences, if any, between the information relating to the Borrower and its Subsidiaries, on the one hand, and the information relating to the Company and its Subsidiaries on a standalone basis, on the other hand;

(vii) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Member, the General Partner, Parent, the Company or any of its Subsidiaries, or compliance with the terms of this Agreement, any other Related Agreement or any Loan Document as in each case any Holder may reasonably request (for itself or on behalf of any other such Holder);

(viii) in the event that the Member, the General Partner, Parent, the Company or Holdings reports on a consolidated basis, such consolidated reporting at the Member's, the General Partner's, Parent's, the Company's or Holdings' level in a manner consistent with that described in Section 1.2(b)(i) and Section 1.2(b)(ii) for the Borrower (together with a reconciliation showing the adjustments necessary to determine compliance by the Company and its Subsidiaries with the Financial Covenant) shall satisfy the requirements of such paragraphs; and

(ix) at a time mutually agreed with the Preferred Majority Holder after the delivery of the financial statements required pursuant to Section 1.2(b)(i) and Section 1.2(b)(ii)

(but not later than 10 Business Days after such delivery), upon request of the Preferred Majority Holder, the Company shall cause appropriate Financial Officers or other officers with reasonably equivalent duties of the Company to participate in one conference call for the Holders to discuss the financial condition and results of operations of the Company and its Subsidiaries for the most recently ended fiscal period.

The Company hereby acknowledges and agrees that all financial statements furnished pursuant to Sections 1.2(b)(i) , 1.2(b)(ii) and 1.2(b)(iv) are hereby deemed to be information suitable for distribution, and to be made available, to Public Side Holders as contemplated in the immediately succeeding paragraph and may be treated by the Holders as if the same had been marked "PUBLIC" in accordance with such paragraph.

The Company hereby acknowledges that certain of the Holders may be Public Side Holders (i.e., Holders that do not wish to receive Private Holder Information). The Company hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and/or information provided by or on behalf of the Company hereunder (collectively, " Company Materials ") that may be distributed to Public Side Holders and that (i) all such Company Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof and (ii) by marking Company Materials "PUBLIC", the Company shall be deemed to have authorized the Holders to treat such Company Materials as solely containing information that is Public Holder Information.

(c) Litigation and Other Notices . Furnish to the Holders written notice of the following promptly after any Responsible Officer of the Company, Holdings or the Borrower obtains actual knowledge thereof:

(i) any Event of Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(ii) the filing or commencement of, or any written threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against the Member, the General Partner, Parent, the Company or any of its Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(iii) any other development specific to the Member, the General Partner, Parent, the Company or any of its Subsidiaries that is not a matter of general public knowledge and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(iv) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, would reasonably be expected to have a Material Adverse Effect.

In addition, the Company shall use its commercially reasonable efforts to furnish to the Holders, concurrently with the furnishing thereof (but in any event, will promptly furnish, and in any event, not later than five Business Days following the furnishing thereof) to any arranger, bookrunner, purchaser, administrative agent, collateral agent, trustee, lender, holder or

any Person acting in a similar capacity under the definitive agreements governing any Senior Debt, any material notice, statement or report furnished which is not otherwise required to be delivered hereunder.

(d) Maintaining Records; Access to Properties and Inspections . Maintain all financial records in accordance with GAAP (including records necessary to calculate the Company's "earnings and profits" for U.S. federal, state and local income tax purposes until the expiration of the applicable statute of limitations) and, so long as the Minimum Hold Condition is satisfied, permit the Preferred Majority Holder and its Representatives or, upon the occurrence and during the continuance of an Event of Default, any Representative of the Holders of at least 25.0% of the Accumulated Stated Value (the " Required Holders "), to visit and inspect the financial records and the properties of the Company or any of its Subsidiaries at reasonable times, upon reasonable prior notice to the Company, and as often as reasonably requested (provided that, except upon the occurrence and during the continuance of an Event of Default, the Company shall not be required to permit more than two such visits per fiscal year) and to make extracts from and copies of such financial records, and permit the Preferred Majority Holder and its Representatives or, upon the occurrence and during the continuance of an Event of Default, any Representative of the Required Holders upon reasonable prior notice to the Company to discuss the affairs, finances and condition of the Company or any of its Subsidiaries or any Parent Entity with the officers thereof and independent accountants therefor (so long as the Company, any of its Subsidiaries or any Parent Entity has the opportunity to participate in any such discussions with such accountants). The exercise of the foregoing access, visitation and inspection rights shall be (i) subject to Section 1.7 and, with respect to any Required Holder or any Representative of the Required Holders, if reasonably requested by the Company, the Company's receipt of a customary executed confidentiality agreement in form and substance reasonably acceptable to the Company, and (ii) at the sole expense of the Preferred Majority Holder or the Required Holders, as the case may be, unless, in the case of this clause (ii), an Event of Default shall have occurred and be continuing.

(e) Restricted Payments . Except for any Permitted Restricted Payment, use all Restricted Payments made to the Company to redeem the Shares in accordance with Section 6 of the Second Amended and Restated Series A Certificate of Designation until all Shares are redeemed in full.

(f) Assistance with Audits . Upon written request of the Preferred Majority Holder to the Company, provide commercially reasonable assistance to the Preferred Majority Holder in order for the Preferred Majority Holder to comply with, and respond to, any audit, including providing reasonable access to information at reasonable times, during normal business hours, necessary or appropriate with respect to the Company, its Affiliates, such audit, the Series A Preferred Securities, the Warrant and the market value of the Series A Preferred Securities and the Warrant, in each case at the sole expense of the Preferred Majority Holder.

SECTION 1.3 Manager Appointment Rights; Observer Designation Rights.

(a) Manager Appointment Rights . So long as the Minimum Hold Condition is satisfied, the Preferred Majority Holder shall have the right to appoint (or cause the appointment

of) up to one Manager to the Board of Managers that is a Qualified Representative. Such Manager shall have the rights and obligations of the Managers set forth in the LLC Agreement.

(b) Observer Designation Rights . So long as the Minimum Hold Condition is satisfied, the Preferred Majority Holder shall have the right to designate up to two Observers that are Qualified Representatives, or, if a Manager designated or appointed by the Preferred Majority Holder is then serving on the Board of Managers, up to one Observer that is a Qualified Representative. Such Observers shall have the rights and obligations of the Observers set forth in the LLC Agreement.

(c) Removal . If the Minimum Hold Condition ceases to be satisfied, the Preferred Majority Holder shall remove, or cause the removal of, each Manager and Observer appointed or designated, as applicable, by the Preferred Majority Holder.

(d) Confidentiality . As a Representative of the Preferred Majority Holder, each Manager and Observer appointed or designated, as applicable, by or at the direction of the Preferred Majority Holder pursuant to this Section 1.3 shall have the rights and obligations of a Representative set forth in Section 1.7 . In furtherance of the foregoing, the Preferred Majority Holder shall be responsible for any breach or violation of Section 1.7 by any Manager or Observer appointed or designated, as applicable, by the Preferred Majority Holder or at its direction.

(e) Further Assurances . The Member, the General Partner, Parent and the Company shall not, and shall cause each of their respective Subsidiaries and boards of directors and boards of managers not to, establish or employ any committees or subcommittees with the purpose or effect of directly or indirectly circumventing the rights of the Preferred Majority Holder in respect of any Observer or Manager set forth in this Section 1.3 . The Member, the General Partner, Parent and the Company shall, and shall cause each of their respective Subsidiaries and boards of directors and boards of managers to, take all actions as may be necessary, appropriate or desirable to give effect to the provisions of this Section 1.3 , including having at all times a sufficient number of authorized Managers to permit appointments to the Board of Managers by the Preferred Majority Holder pursuant to this Section 1.3 . The Member, the General Partner, Parent and the Company shall promptly notify the Preferred Majority Holder in writing if the Member, the General Partner, Parent, the Company or any of its Subsidiaries transacts any business that is material to any of the General Partner, Parent the Company and its Subsidiaries, taken as a whole, by or through any board of directors or board of managers other than the Board of Managers.

SECTION 1.4 Affiliate Joinder . Each of the Member, the General Partner, Parent and the Company shall cause each of its Affiliates that owns shares of the Common Stock to execute a joinder to this Agreement in the form attached hereto as Exhibit D upon the issuance or transfer of such shares to such Affiliate.

SECTION 1.5 Segregated Account.

(a) At all times until the Shares have been redeemed in full, the Company shall maintain the Segregated Account in a separate bank account, and with a cash balance at

least equal to the Minimum Segregated Account Amount. The cash in the Segregated Account shall be used only for the purpose of redeeming Shares in whole or in part from time to time. The Company shall report the balance of the Segregated Account as "Restricted Cash" in its financial statements.

(b) For so long as any Shares are outstanding, within five Business Days after the end of each calendar month, the Company shall (i) certify to the Purchaser in writing that it has complied with the terms of Section 1.5(a) and (ii) provide bank statements setting forth the balance of the Segregated Account for such calendar month. The Company shall provide immediate written notice to the Purchaser of any breach of the terms of Section 1.5(a).

(c) Prior to, or concurrently with, the consummation of any Subsequent Offering, the Company shall add to the Segregated Account an amount in cash necessary to satisfy the Minimum Segregated Account Amount. Within 15 days after the beginning of each calendar quarter, the Company shall add to the Segregated Account an amount in cash necessary to satisfy the Minimum Segregated Account Amount.

(d) The Company shall redeem, within three (3) Business Days, all outstanding Shares for an amount per Share equal to the Redemption Price calculated and paid pursuant to Section 6(b) of the Second Amended and Restated Series A Certificate of Designation upon any breach of its obligations pursuant to Section 1.5(a).

SECTION 1.6 **Transfers**. The Shares are freely transferable subject to (i) restrictions under applicable securities laws and (ii) the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed); provided that (A) the Company's prior written consent shall not be required in connection with any transfer to any other Holder or any Affiliate of a Holder, (B) the Company may withhold its consent in its sole and absolute discretion if (1) the aggregate Accumulated Stated Value of Shares to be transferred is less than $25.0 million (unless such transfer would result in the transfer of all Shares held by a Holder or such transfer is to any other Holder or an Affiliate of a Holder) or (2) such transfer would be to a Disqualified Person, and (C) no Holder may transfer any Shares to any Person if the Purchaser or any of its Affiliates would cease to constitute the Preferred Majority Holder as a result of such transfer. No such transfer shall be effective unless and until the transferee shall have executed and delivered to the Company a Joinder in substantially the form attached hereto as Exhibit A (unless such transferee is a Holder at such time). In connection with the transfer of any Share, the Holder thereof shall deliver written notice to the Company describing in reasonable detail such transfer, which shall, if so requested by the Company in writing, be accompanied by an opinion of counsel (which may be in-house counsel) that such transfer may be effected without registration of such Share under the Securities Act. Any transfer in violation of this Section 1.6(a) shall be null and void. For the avoidance of doubt, the Purchaser (and/or any of its Affiliates) shall at all times be the Preferred Majority Holder.

(a) The Company shall keep at its principal office a register for the registration of the Shares. Upon the surrender of any certificate representing any Share at such place, the Company shall, upon the request of the Holder of such certificate, promptly (but in any event within three Business Days after such request) prepare, execute and deliver (at the Company's expense) new certificates in exchange therefor representing Shares with an aggregate

Stated Value represented by the surrendered certificate. Such certificate shall be registered in the name requested by the Holder of the surrendered certificate and shall represent the Stated Value of the Shares as is requested by the Holder of the surrendered certificate . Dividends shall accumulate on the aggregate Stated Value of the Shares represented by such new certificates from the date on which Dividends have been fully paid on the aggregate Stated Value of the Shares represented by the surrendered certificate. The issuance of such new certificates shall be made without charge to the Holders, and the Company shall pay for any cost incurred by the Company in connection with such issuance, including any documentary, stamp and similar issuance or transfer tax in respect of the preparation, execution and delivery of such new certificates pursuant to this Section 1.6 . All transfers and exchanges of the Shares shall be made promptly by direct registration on the books and records of the Company and the Company shall take all such other actions as may be required to reflect and facilitate all transfers and exchanges not prohibited by this Section 1.6 .

(b) Upon receipt of evidence in form and substance reasonably satisfactory to the Company (it being understood that an affidavit of the applicable Holder shall be reasonably satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing Shares, and in the case of any such loss, theft or destruction, upon receipt of an indemnity in form and substance reasonably satisfactory to the Company (provided that, if the Holder is a financial institution or other institutional investor, its own agreement shall be reasonably satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Company shall (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the Shares represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

(c) Unless otherwise agreed to by the Company and the applicable Holder, each certificate representing the Shares shall bear a restrictive legend in substantially the form attached hereto as Annex I and shall be subject to the restrictions set forth therein. In addition, such certificate may have notations, additional legends or endorsements required by law, exchange rules or agreements to which the Company and any Holder (in its capacity as a Holder) is subject, if any.

(d) At any time, upon the request of any Holder, the Company shall reasonably assist such Holder in connection with any Resale to a qualified institutional buyer without registration under the Securities Act in accordance with applicable securities laws, including any sale under any of Rule 144, Rule 144A or Regulation S. The Company shall reasonably cooperate with and assist any Holder in connection with a Resale upon reasonable notice and at reasonable times during normal business hours, including by (i) providing direct contact between its senior management and prospective purchasers, (ii) responding to reasonable inquiries of, and providing answers to, prospective purchasers, (iii) providing reasonable assistance in connection with the prospective purchasers' due diligence review, (iv) hosting one or more meetings of prospective purchasers at the Company's facilities or such other location selected by the Company and (v) providing all reasonable and customary information and access required to comply with applicable securities laws; provided that the Company's obligation to assist with any of the foregoing shall (x) be subject to the Company's receipt of a customary confidentiality agreement executed by any prospective purchaser in form and substance reasonably acceptable to the Company and (y) not be required more than two times in any six

month period. Any costs or expenses incurred by the Company in connection with the foregoing shall be borne by such Holder and none of the Company, or any of its Affiliates, representatives or accountants shall be required to prepare any offering materials or to provide any indemnities, representations or warranties, opinions or negative assurance letters to any transferee in connection with any such transfer.

SECTION 1.7 Confidentiality .

(a) Each of the Member, the General Partner, Parent and the Company shall, and shall direct those of its Affiliates and their respective Representatives who have access to Confidential Information, to keep confidential and not disclose any Confidential Information without the express consent of the Preferred Majority Holder, unless:

(i) such disclosure shall be required by applicable law, governmental rule or regulation, court order, administrative or arbitral proceeding or by any bank or insurance regulatory authority having jurisdiction over such Person, its Affiliates or their respective Representatives (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Person (x) informs the applicable Holder as promptly as practicable so that such Holder may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(ii) such disclosure is reasonably required in connection with any tax or other audit involving such Person, its Affiliates or their respective Representatives (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Person (x) informs the applicable Holder as promptly as practicable so that such Holder may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(iii) such disclosure is reasonably required in connection with any claim, demand, action, suit or proceeding against such Person, its Affiliates or their respective Representatives (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Person (x) informs the applicable Holder as promptly as practicable so that such Holder may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(iv) such disclosure is to any of such Person's Affiliates or Representatives who need to know such information in connection with the Transactions and are informed of the confidential nature of such information and agree to be bound by the confidentiality terms contained in this Section 1.7(a) (or confidentiality restrictions substantially similar to this Section 1.7(a));

(v) such disclosure is made in connection with the enforcement of such Person's rights hereunder or any other documents relating to the Series A Preferred Securities, the Warrant or any action or proceeding relating to this Agreement, any other Related Agreement, the Series A Preferred Securities, the Warrant or any other documents relating to the Series A Preferred Securities, the Warrant or the enforcement of rights hereunder or thereunder (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Person (x) informs the applicable Holder as promptly as practicable so that such Holder may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure); or

(vi) to any other Party in connection with the Transactions or the Parties' ongoing relationship with respect to Parent or the Company.

For the avoidance of doubt, any Person disclosing Confidential Information pursuant to the preceding clauses (i) through (vi) above shall furnish only that portion of the Confidential Information that such Person reasonably believes is required to be disclosed for such purpose. Each of the Member, the General Partner, Parent and the Company shall be liable to the Holder(s) for any disclosure in violation of this Section 1.7(a) by its Affiliates and their respective Representatives. The provisions set forth in this Section 1.7(a) and the related definitions shall be given full force and effect by the Parties notwithstanding anything to the contrary herein or in any other Related Agreement. Subject to clauses (i) through (vi) above, none of the Member, the General Partner, Parent or the Company shall disclose any Confidential Information (including this Agreement or any other Related Agreement) to any financing sources, lenders, underwriters, placement agents, investors, co-investors, equity holders, limited partners or any similar Persons without the prior written consent of the Preferred Majority Holder.

(b) Each Holder shall, and shall direct those of its Affiliates and their respective Representatives who have access to Confidential Information, to keep confidential and not disclose any Confidential Information without the express consent of the Company, unless:

(i) such disclosure shall be required by applicable law, governmental rule or regulation, court order, administrative or arbitral proceeding or by any bank or insurance regulatory authority having jurisdiction over such Holder, its Affiliates or their respective Representatives (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Holder (x) informs the Member, the General Partner, Parent or the Company, as applicable, as promptly as practicable so that the Member, the General Partner, Parent, or the Company, as applicable, may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(ii) such disclosure is reasonably required in connection with any tax or other audit involving such Holder, its Affiliates or their respective Representatives (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Holder (x) informs the Member, the

General Partner, Parent or the Company, as applicable, as promptly as practicable so that the Member, the General Partner, Parent, or the Company, as applicable, may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(iii) such disclosure is reasonably required in connection with any claim, demand, action, suit or proceeding against such Holder, its Affiliates or their respective Representatives, or arising out of or in connection with such Holder's investment in the Company (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Holder (x) informs the Member, the General Partner, Parent or the Company, as applicable, as promptly as practicable so that the Member, the General Partner, Parent, or the Company, as applicable, may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure);

(iv) such disclosure is to any of such Holder's Affiliates or Representatives who need to know such information in connection with the Transactions or in connection with administering, evaluating or monitoring the investments of such Holder and are informed of the confidential nature of such information and agree to be bound by the confidentiality terms contained in this Section 1.7(b) (or confidentiality restrictions substantially similar to this Section 1.7(b));

(v) such disclosure is to any bona fide actual or potential purchasers, transferees or assignees of the Series A Preferred Securities or the Warrant or any interest therein or to any bona fide direct or indirect contractual counterparty to any swap contract, securitization financing or derivative transaction of such Holder, its Affiliates or their respective Representatives relating to such Holder's investment in the Series A Preferred Securities and/or the Warrant, in each case, who agree to be bound by the confidentiality terms contained in this Section 1.7(b) (or confidentiality restrictions substantially similar to this Section 1.7(b));

(vi) such disclosure is made in connection with the enforcement of such Holder's rights hereunder or any other documents relating to the Series A Preferred Securities, the Warrant or any action or proceeding relating to this Agreement, any other Related Agreement, the Series A Preferred Securities, the Warrant or any other documents relating to the Series A Preferred Securities, the Warrant or the enforcement of rights hereunder or thereunder (so long as, to the extent permitted by law, compulsory legal process, or the rules and requirements of any securities exchange, such Holder (x) informs the Member, the General Partner, Parent or the Company, as applicable, as promptly as practicable so that the Member, the General Partner, Parent, or the Company, as applicable, may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement and (y) uses commercially reasonable efforts to obtain confidential treatment or a protective order over such disclosure); or

(vii) to any other Party in connection with the Transactions or the Parties' ongoing relationship with respect to Parent or the Company.

For the avoidance of doubt, any Person disclosing Confidential Information pursuant to the preceding clauses (i) through (vii) above shall furnish only that portion of the Confidential Information that such Person reasonably believes is required to be disclosed for such purpose. Each Holder shall be liable to the other applicable Party for any disclosure in violation of this Section 1.7(b) by its Affiliates and their respective Representatives. The provisions set forth in this Section 1.7(b) and the related definitions shall be given full force and effect by the Parties hereto notwithstanding anything to the contrary herein or in any other Related Agreement.

(c) Except as otherwise permitted by this Agreement, none of the Parties shall issue any press release or other public statement relating to this Agreement or any other Related Agreement or the transactions contemplated hereby or thereby without the prior written consent of the other Parties identified in such press release or other public statement (such consent not to be unreasonably withheld, provided that the Purchaser may withhold consent, in its sole and absolute discretion, with respect to the terms of this Agreement and any other Related Agreement), except that the Holders may disclose the existence of this Agreement and the other Related Agreements and information about this Agreement and the other Related Agreements to service providers to the Holders solely in connection with the administration and management of this Agreement, any other Related Agreement, the Series A Preferred Securities or the Warrant or, subject to confidentiality restrictions reasonably acceptable to the Company, to underwriters' counsel in connection with due diligence in connection with any bona fide underwritten public offering. Each Party shall consult with each other Party prior to making any filings with any third party or any Governmental Authorit y (including any national securities exchange) with respect thereto, in all cases except as required by applicable law or by request of any Governmental Authorit y with jurisdiction over the applicable Party , except that any Party making any such filing shall provide the other Party or Parties, as applicable, reasonable advance notice and a copy of any Form 8-K or other filing made with the Securities and Exchange Commission or any national securities exchange by such filing Party or any of its Affiliates or Representatives that references any Party, this Agreement, any other Related Agreement or the transactions contemplated hereby or thereby and shall consider in good faith any reasonable comments delivered in writing to such filing Party by the other Party or Parties, as applicable , provided further that, the Company may file the Second Amended and Restated Certificate of Designation and this Agreement with the Securities and Exchange Commission and any national securities exchange in connection with an Initial Public Offering.

(d) Each of the Member, the General Partner, Parent and the Company grants each Holder the right to download copies of its and its Affiliates' corporate logos from their respective websites and use such logos in any presentations and other promotional and marketing materials for the sole purpose of disclosing its investment in Parent and/or the Company, including on any Holder's webpage or similar place for dissemination of customary information on the Internet or worldwide web about its investments.

(e) Notwithstanding anything to the contrary herein, to the extent required by applicable Treasury Regulations, each Party (and each of their respective Representatives) may

disclose to any Person, without limitation, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions and other tax analyses) that are provided to any such Party relating to such tax treatment and tax structure; provided that, notwithstanding the foregoing, any such information or materials shall remain subject to the confidentiality provisions of this Section 1.7 to the extent reasonably necessary to enable the Parties and their respective Affiliates and their respective Representatives, stockholders and other equity holders to comply with applicable securities laws. As used in this Section 1.7 , "tax structure" shall mean any facts relevant to the federal income tax treatment of the Transactions, but does not include information relating to the identity of any of the Parties or their respective Affiliates or any of their respective Representatives.

SECTION 1.8 Expenses; Indemnity .

(a) Each of the General Partner, Parent and the Company agrees to pay, jointly and severally, (i) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Purchaser in connection with the preparation of this Agreement and the other Related Agreements, or by the Preferred Majority Holder in connection with the administration of this Agreement and the other Related Agreements and any amendments, modifications or waivers of the provisions hereof or thereof, including the reasonable and documented fees, charges and disbursements of Milbank, Tweed, Hadley & McCloy LLP , counsel for the Purchaser, and, if necessary, the reasonable and documented fees, charges and disbursements of one local counsel per jurisdiction, and (ii) all out-of-pocket expenses (including Other Taxes) incurred by the Purchaser or any Holder in connection with the enforcement of their rights in connection with this Agreement and the other Related Agreements, in connection with the Series A Preferred Securities or the Warrant, including the fees, charges and disbursements of a single counsel for all such Persons, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where such Person affected by such conflict informs the Company of such conflict and thereafter retains its own counsel with the Company's prior written consent (not to be unreasonably withheld, conditioned or delayed), of another firm for such affected Person).

(b) Each of the General Partner, Parent and the Company agrees to indemnify, jointly and severally, the Purchaser, each Holder, each of their respective Affiliates, successors and assignors, and each of their respective directors, managers, officers, employees, agents, trustees, advisors and members (each such Person being called an " Indemnitee ") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements (excluding the allocated costs of in house counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict informs the Company of such conflict and thereafter retains its own counsel with the Company's prior written consent (not to be unreasonably withheld, conditioned or delayed), of another firm of counsel for such affected Indemnitee)), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Related Agreement or any agreement or instrument contemplated hereby or thereby, the

performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) any violation of or liability under Environmental Laws by Parent, the Company or any of its Subsidiaries, (iii) any actual or alleged presence, Release or threatened Release of or exposure to Hazardous Materials at, under, on, from or to any property owned, leased or operated by Parent, the Company or any of its Subsidiaries or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto and regardless of whether such matter is initiated by a third party or by Parent, the Company or any of its Subsidiaries or Affiliates; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Parties, (y) arose from a material breach of such Indemnitee's or any of its Related Parties' obligations under any Related Agreement (as determined by a court of competent jurisdiction in a final, non-appealable judgment) or (z) arose from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of Parent, the Company or any of its Subsidiaries or Affiliates and is brought by an Indemnitee against another Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against the Purchaser or any Holder in its capacity as such). None of the Indemnitees (or any of their respective Affiliates) shall be responsible or liable to the Fund, the Fund Affiliates, the Member, the General Partner, Parent, the Company, Holdings, the Borrower or any of their respective Subsidiaries, Affiliates or stockholders or other equity holders or any other Person or entity for any special, indirect, consequential or punitive damages, which may be alleged as a result of the Series A Preferred Securities, the Warrant, any Related Agreement or the Transactions. The provisions of this Section 1.8 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the other Related Agreements, the consummation of the transactions contemplated hereby and thereby, the repayment, redemption or repurchase of any Shares or Units, the invalidity or unenforceability of any term or provision of this Agreement or any other Related Agreement, or any investigation made by or on behalf of the Purchaser or any Holder. All amounts due under this Section 1.8 shall be payable within 15 days after written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 1.8(a) with respect to Other Taxes, this Section 1.8 shall not apply to any Taxes (other than Taxes that represent losses, claims, damages, liabilities and related expenses resulting from a non-Tax claim).

(d) To the fullest extent permitted by applicable law, the Member, the General Partner, Parent, the Company and their respective Subsidiaries and Affiliates shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Agreement or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Share or Units. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Agreements or the transactions contemplated hereby or thereby.

(e) The agreements in this Section 1.8 shall survive the repayment, redemption, repurchase, satisfaction or discharge of all Shares and the termination of this Agreement and the other Related Agreements.

ARTICLE II

MISCELLANEOUS

SECTION 2.1 **Survival**. All acknowledgments, agreements, and covenants of the Member, the General Partner, Parent, and the Company set forth in this Agreement shall survive the expiration or termination of this Agreement (other than any acknowledgment, agreement or covenant contained in Section 1.1(a) and Section 1.1(b)), any other Agreement, any other Related Agreement or the redemption or repurchase of, or any other payment on, the Shares for a period of three years following the date on which all Shares have been redeemed in full; provided that, notwithstanding the foregoing, Section 1.1(a) and Section 1.1(b) shall survive until the expiration of the applicable statute of limitations.

SECTION 2.2 **Release**. Except to the extent otherwise provided in Section 2.1, in consideration of the agreements of the Preferred Majority Holder, the Member, the General Partner, Parent and the Company contained in this Agreement and in any other Related Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, if the Shares have been redeemed in full pursuant to Article 6 or Article 7 of the Second Amended and Restated Series A Certificate of Designation (including the receipt by the holders thereof of the aggregate Redemption Price), (a) this Agreement and the Second Amended and Restated Series A Certificate of Designation shall automatically be terminated and be of no further force and effect and all obligations thereunder shall automatically be released and (b) (i) the Preferred Majority Holder, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Member, the General Partner, Parent and the Company and their present and former shareholders, direct and indirect owners, partners, members, managers, consultants, affiliates, subsidiaries, divisions, predecessors, current or former directors, officers, attorneys, advisors, financial advisors, principals, employees, agents, managed funds representatives and other representatives, together with all such person's predecessors, successors, heirs, executors and assigns, and all persons acting by, through, under or in concert with any of them (all such persons or entities being hereinafter referred to collectively as the " Company Releasees " and individually as a " Company Releasee ") and (ii) the Member, the General Partner, Parent and the Company, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Preferred Majority Holder and its present and former shareholders, direct and indirect owners, partners, members, managers, consultants, affiliates, subsidiaries, divisions, predecessors, current or former directors, officers, attorneys, advisors, financial advisors, principals, employees, agents, managed funds representatives and other representatives, together with such person's predecessors, successors, heirs, executors and assigns, and all persons acting by, through, under or in concert with any of them (all such persons or entities being hereinafter referred to collectively as the " Holder Releasees " and individually as a " Holder Releasee "), in the case of each of clause (i) and (ii) above, of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, debts, liabilities, reckonings, damages and any and all

other claims, counterclaims, defenses, recoupment, rights of setoff, demands and liabilities whatsoever of every name and nature, known or unknown, contingent or mature, suspected or unsuspected, foreseen or unforeseen or liquidated or unliquidated, both at law and in equity, or upon contract or tort or under any state or federal law or otherwise (collectively, " Released Claims "), which the Preferred Majority Holder, the Company or any other party hereto, or any of their respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Company Releasees or Holder Releasees or any of them (including, without limitation, any other matter relating to the Company, its affiliates or their operations), in each case, arising out of this Agreement, the Second Amended and Restated Series A Certificate of Designation or the Preferred Securities. For the avoidance of doubt, nothing herein shall release any acknowledgements, agreements and covenants under this Agreement that, pursuant to Section 2.1, survives termination hereof.

SECTION 2.3 **Entire Agreement; Parties in Interest** . This Agreement (including the annexes and exhibits hereto) and the other Related Agreements constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof . This Agreement shall be binding upon and inure solely to the benefit of each Party and their respective successors, legal representatives and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement, except for the provisions of Sections 1.3 , 1.8 and Article II , which shall be enforceable by the beneficiaries contemplated thereby.

SECTION 2.4 **No Recourse** . Notwithstanding anything that may be expressed or implied in this Agreement and notwithstanding the fact that the Parties may be partnerships, limited liability companies, corporations or other entities, each Party covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered by any Person pursuant hereto shall be had against any of Apollo's, any AP VIII Entity's, any Party's or any of the foregoing's respective Affiliates' former, current or future direct or indirect equity holders, controlling Persons, stockholders, directors, officers, employees, agents, Affiliates, members, financing sources, managers, general or limited partners or assignees (each a " Related Party " and collectively, the " Related Parties "), in each case other than (subject, for the avoidance of doubt, to the provisions of this Agreement, the LP Agreement and the LLC Agreement) the Parties or any of their respective assignees under this Agreement, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of the Related Parties, as such, for any obligation or liability of Apollo, any AP VIII Entity or any Party under this Agreement or any documents or instruments delivered by any Person pursuant hereto for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided , however , nothing in this Section 2.4 shall relieve or otherwise limit the liability of each of the Parties, as such, for any breach or violation of its obligations under such agreements, documents or instruments.

SECTION 2.5 **Governing Law** . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other

jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

SECTION 2.6 Jurisdiction. Each Party irrevocably (a) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the Parties, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each of the Parties hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the addresses specified pursuant to Section 2.9, shall be effective service of process for any suit or proceeding in connection with this Agreement. Each Party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 2.6, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a Party is entitled pursuant to the final judgment of any court having jurisdiction. Each Party expressly acknowledges that the foregoing waiver is intended to be irrevocable under the laws of the State of Delaware and of the United States of America; provided that each such Party's consent to jurisdiction and service contained in this Section 2.6 is solely for the purpose referred to in this Section 2.6 and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose.

SECTION 2.7 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 2.8 Specific Performance; Remedies.

(a) Each Party hereby acknowledges and agrees that the subject matter of this Agreement is unique, that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or

otherwise are breached and that remedies at law would not be adequate to compensate such other Parties not in default or in breach. Accordingly, each Party agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions of this Agreement in addition to any other remedy to which they may be entitled, at law or in equity. The Parties waive any defense that a remedy at law is adequate and any requirement to post bond or provide similar security in connection with actions instituted for injunctive relief or specific performance of this Agreement.

(b) All remedies available under this Agreement, at law or oth e rwise, shall be deemed cumulative and not alternative or exclusive of other remedies. The exercise by any Party of a particular remedy shall not preclude the exercise of any other remedy.

SECTION 2.9 Notice .

(a) Except as otherwise provided in this Agreement, any notice or other communication required or permitted to be delivered to any Party under this Agreement, the Certificate of Incorporation or Bylaws of the Company, or the General Corporation Law of the State of Delaware shall be in writing and delivered by (i) email or (ii) overnight delivery via a national courier service to the following email address or physical address, as applicable:

If to the Member, the General Partner, Parent or the Company:

c/o Apollo Global Management, LLC
9 West 57 th Street, 43 rd Floor
New York, New York 10019
Attention: Marc Becker and General Counsel
Email: mbecker@apollolp.com; jsuydam@apollolp.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Taurie M. Zeitzer; Gregory A. Ezring; and Tracey A. Zaccone
Email: tzeitzer@paulweiss.com; gezring@paulweiss.com; and tzaccone@paulweiss.com

If to the Purchaser:

Koch SV Investments, LLC
4111 East 37 th Street North
Wichita, Kansas 67220
Attention: Brett Watson and Adam Schaeffer
Email: brett.watson@kochind .com; adam.schaeffer@kochps .com

with a copy (which shall not constitute notice) to:

Milbank, Tweed, Hadley & McCloy LLP

28 Liberty Street
New York, New York 10005
Attention: Rod Miller
Email: rdmiller@milbank.com

(b) Notice or other communication pursuant to Section 2.9(a) shall be deemed given or received (i) in the case of personal delivery or delivery by electronic mail, on the date of such delivery, (ii) in the case of dispatch by nationally recognized overnight courier, on the next Business Day following such dispatch and (iii) in the case of mailing, on the fifth Business Day after the posting thereof. Any Party may specify a different address, by written notice to the other Parties. The change of address shall be effective upon the other Parties' receipt of the notice of the change of address.

SECTION 2.10 **Amendments; Waivers**. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Preferred Majority Holder, the Member, the General Partner, Parent and the Company or, in the case of a waiver, by (i) the Preferred Majority Holder if for the benefit of the Member, the General Partner, Parent and/or the Company or (ii) the Member, the General Partner, Parent and the Company if for the benefit of the Preferred Majority Holder. No knowledge, investigation or inquiry, or failure or delay by the Member, the General Partner, Parent, the Company or any Holder in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder. No waiver of any right or remedy hereunder shall be deemed to be a continuing waiver in the future or a waiver of any rights or remedies arising thereafter.

SECTION 2.11 **Counterparts**. This Agreement may be executed (including by facsimile transmission, ".pdf," or other electronic transmission) in two or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when two or more counterparts have been signed by each of the Parties and delivered (including by facsimile transmission, ".pdf" or other electronic transmission) to the other Parties.

SECTION 2.12 **Assignment**. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted assigns and successors. None of the rights, privileges or obligations set forth in, arising under or created by this Agreement may be assigned or transferred by the Member, the General Partner, Parent or the Company without the prior written consent of the Preferred Majority Holder. The Purchaser and the Holders may assign this Agreement and the rights, privileges and obligations hereunder to any of their Affiliates or otherwise in connection with a transfer of the Shares in accordance with Section 1.6. Parent may assign its payment obligations hereunder to one or more of its Affiliates without the prior written consent of the Preferred Majority Holder so long as Parent remains fully liable for all of its obligations hereunder. Any assignment or transfer in violation of this Section 2.12 shall be null and void.

SECTION 2.13 **Severability**. In the event that any provision of this Agreement, or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal,

void, invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect and the application of such provision to other Persons or circumstances shall be interpreted so as reasonably to effect the intent of the Parties. The Parties further agree to replace such illegal, void, invalid or unenforceable provision of this Agreement with a legal, valid and enforceable provision that achieves, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

SECTION 2.14 Certain Acknowledgments. Each of the Member, the General Partner, Parent and the Company acknowledges on its behalf and on behalf of its Subsidiaries and its other Affiliates that:

(a) The Holders and their respective Affiliates are involved in a broad range of transactions and may have economic interests that conflict with those of each of the Member, the General Partner, Parent, the Company or any of its Subsidiaries or Affiliates. Each Holder is and shall act under this Agreement as an independent contractor. Nothing in this Agreement or otherwise shall be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty of the Holders to any of the Member, the General Partner, Parent, the Company or any of their respective Subsidiaries or Affiliates or equity holders thereof. The rights and obligations contemplated by this Agreement are the result of arm's-length commercial negotiations between the Holders, on the one hand, and the Member, the General Partner, Parent and the Company, on the other hand. In connection with such rights and obligations, each of the Holders is acting solely as a principal and not as agent or fiduciary of any of the Member, the General Partner, Parent, the Company or any of their respective Subsidiaries, Affiliates, members of management, equity holders or creditors thereof or any other Person.

(b) None of the Holders or any of their respective Affiliates or Representatives shall have any obligation to use in connection with the transactions contemplated by this Agreement, or to furnish to the Member, the General Partner, Parent, the Company or any of their respective Subsidiaries or Affiliates or equity holders, confidential information obtained by them from other Persons.

SECTION 2.15 Termination. Subject to Section 2.1, this Agreement shall automatically terminate, and all parties hereto shall automatically be released from any obligations hereunder and under the Second Amended and Restated Series A Certificate of Designation and, if any, any obligations under the Amended and Restated Investors Rights Agreement, the Original Certificate of Designations and the Original Investors Rights Agreement, on the date none of the Shares issued on the Closing Date remain outstanding.

SECTION 2.16 LLC Agreement. The Parties agree that the rights set forth in Section 1.3 shall be given effect notwithstanding any provision to the contrary in the LLC Agreement. In the event of any conflict between any provision of this Agreement and any provision of the LLC Agreement as it relates to the Preferred Majority Holder's rights and obligations under Section 1.3 , then this Section 2.16 shall control. Without limitation of the foregoing, no actions taken, or failures to act, taken or omitted by any Manager or Observer pursuant to and in accordance with Section 1.3 , including at the direction of the Preferred Majority Holder, shall constitute a breach of the LLC Agreement or of any duty owed by any such Manager or Observer to the General Partner, the Member or any other Person and no such

Manager or Observer shall have any liability to any such Person on account of any such action or omission. The Member agrees to use its reasonable best efforts to exercise its rights under the LLC Agreement as may be necessary to give effect to the provisions of Section 1.3 ; provided that the Member shall not be required to remove or otherwise cause the resignation of any Manager or Observer.

SECTION 2.17 Effect of Amendment and Restatement . As of the date hereof, this Agreement shall amend, and restate as amended, the Amended and Restated Investors Rights Agreement, but shall not constitute a novation thereof or in any way impair or otherwise affect the rights or obligations of the parties under the Amended and Restated Investors Rights Agreement except as such rights or obligations are amended and restated by this Second Amended and Restated Investors Rights Agreement. The Amended and Restated Investors Rights Agreement as amended and restated by this Second Amended and Restated Investors Rights Agreement shall be deemed to be a continuing agreement among the parties hereto and thereto, and all documents, instruments and agreements delivered pursuant to or in connection with the Amended and Restated Investors Rights Agreement not amended and restated in connection with the entry of the parties into this Agreement shall remain in full force and effect, each in accordance with its terms, as of the date of delivery or such other date as contemplated by such document, instrument or agreement to the same extent as if the modifications to the Amended and Restated Investors Rights Agreement contained herein were set forth in an amendment to Amended and Restated Investors Rights Agreement in a customary form, unless such document, instrument or agreement has otherwise been terminated or has expired in accordance with or pursuant to the terms of this Agreement, the Amended and Restated Investors Rights Agreement or such document, instrument or agreement or as otherwise agreed by the required parties hereto or thereto.

ARTICLE III
DEFINITIONS

SECTION 3.1 Defined Terms .

(a) Capitalized terms used but not otherwise defined herein have the meanings specified or incorporated by reference in the Second Amended and Restated Certificate of Designation of Series A Preferred Securities of the Company (the " Second Amended and Restated Series A Certificate of Designation ").

(b) The following words and phrases have the meanings specified in this Section 3.1(b) :

" Agreement Date " shall mean [●], 2018.

" Apollo " shall mean, collectively, the investment funds managed, sponsored or advised by Apollo Management VIII, L.P. A reference to a "member of Apollo" is a reference to any such investment fund.

“ AP VIII Entity ” shall mean the Member and any Person organized or formed by any member of Apollo, the Member or one or more of their respective Affiliates for the purpose of holding Equity Interests or debt of Parent or any of its Subsidiaries.

“ Closing Date ” shall mean May 2 , 2016.

“ Confidential Information ” shall mean any information, documents and materials relating to the activities of any Party, any of its Affiliates or any of their respective Representatives that any other Party, any of such other Party’s Affiliates or any of their respective Representatives may acquire, other than information that (a) was, is or becomes available to a Party or any of its Affiliates or any of their respective Representatives through publicly available sources of information (other than as a result of improper disclosure in breach or violation of this Agreement), (b) was, is or becomes available to a Party or any of its Affiliates or any of their respective Representatives on a non-confidential basis that is not, to such Party’s knowledge, subject to confidentiality obligations owing to any other Party or (c) was, is or becomes independently developed by a Party or any of its Affiliates or any of their respective Representatives without any use of Confidential Information and without any breach or violation of this Agreement. Confidential Information may include information that pertains or relates to (i) the business and affairs of any Party or any of its Affiliates, (ii) any direct or indirect investment in any Party or any of its Affiliates or any proposed direct or indirect investment in any Party or any of its Affiliates or (iii) any other matters with respect to any Party or any of its Affiliates.

“ Disposition ” shall mean, with respect to Shares in respect of which Distributions were made (or deemed made), (i) any redemption by the Company of such Shares or (ii) any taxable disposition (whether actual or deemed by the Code) of such Shares.

“ Disqualified Person ” shall mean any Person set forth on Exhibit B .

“ DRD Holder ” shall mean a Person taxed as a corporation for U.S. federal income tax purposes that holds Shares directly or indirectly through an entity that is transparent for U.S. federal income tax purposes.

“ Environment ” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“ Environmental Laws ” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, the generation, use, transport, management, Release or threatened Release of, or exposure to, any Hazardous Material or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Materials).

“ Governmental Authority ” shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body.

" Hazardous Materials " shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum by products or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or pesticides, fungicides, fertilizers or other agricultural chemicals, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

" Initial Public Offering " shall mean an underwritten initial public offering of Common Stock.

" Manager " shall have the meaning assigned to such term in the LLC Agreement.

" Minimum Hold Condition " shall mean that either (a) at least 25.0% of the Shares issued on the Closing Date remain outstanding or (b) less than 25.0% of the Shares issued on the Closing Date remain outstanding as a result of one or more redemptions pursuant to Section 6(a) of the Second Amended and Restated Series A Certificate of Designation.

" Minimum Segregated Account Amount " shall mean either (a) at any time following the consummation of an Initial Public Offering (but before the consummation of any subsequent public offering (a " Subsequent Offering ")), an amount in cash equal to at least $750,000,000, or (b) at any time following the consummation of a Subsequent Offering, an amount equal to at least the aggregate Redemption Price for all outstanding Series A Preferred Securities outstanding as of such time, provided, that for purposes of this clause (b), (i) in the event such Subsequent Offering occurs on or prior to June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was July 1, 2018 and for each calendar quarter ending after June 30, 2018, the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter and (ii) in the event such Subsequent Offering occurs after June 30, 2018, the aggregate Redemption Price shall be initially calculated assuming the Redemption Date was the last date of the calendar quarter during which such Subsequent Offering was consummated and for each calendar quarter thereafter the aggregate Redemption Price shall be calculated assuming the Redemption Date was the last date of such calendar quarter.

" Other Taxes " shall mean any and all present or future stamp or documentary Taxes or any other excise, transfer, sales, property, intangible, mortgage recording or similar Taxes arising from any payment made hereunder or under any other Related Agreement or from the execution, registration, delivery or enforcement of, consummation or administration of, from the receipt or perfection of security interest under, or otherwise with respect to, the Related Agreements (but excluding, for the avoidance of doubt, any income, branch profits, franchise or similar taxes).

" Private Holder Information " shall mean, as determined by the Company in good faith, any information and documentation that is not Public Holder Information.

" Public Holder Information " shall mean, as determined by the Company in good faith, any information and documentation that is either exclusively (a) of a type that would reasonably be expected to be publicly available if Parent, the Company or any of its Subsidiaries were public reporting companies or (b) not material with respect to Parent, the Company or any of its

Subsidiaries or any of their respective securities for purposes of foreign, United States federal and state securities laws.

" Public Side Holder " shall mean any Holder that does not wish to receive Private Holder Information and that has provided written notice to the Company that it has elected to receive only Public Holder Information; provided that any Holder that becomes a Public Side Holder shall cease to be a Public Side Holder if such Holder provides written notice to the Company that it wishes to receive Private Holder Information.

" Qualified Representative " shall mean an individual that (a) is a director, manager, officer or employee of the Preferred Majority Holder or of any Affiliate of the Preferred Majority Holder or (b) has been consented to in writing by the Member (or other applicable Person), such consent not to be unreasonably withheld, conditioned or delayed.

" Regulation S " shall mean Regulation S promulgated under the Securities Act.

" Release " shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

" Relevant Time " shall mean, with respect to Shares on which any Distribution was made (or deemed made), the earliest of (a) the time at which a Disposition of such Shares occurs, (b) the time at which such Distribution is taxable, or (c) the time at which an adverse final determination is made with respect to the sufficiency of the Company's earnings.

" Representatives " shall mean, with respect to any specified Person, such Person's and such Person's Affiliates' respective directors, officers, partners, managers, employees, attorneys, accountants, trustees, consultants, agents, advisors and other representatives.

" Resale " shall mean any sale of all or any portion of Shares; provided that the Accumulated Stated Value of Shares proposed to be sold or sold in any such Resale shall equal at least $25,000,000 as of the time of such sale.

" Responsible Officer " of any Person shall mean any executive officer or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement, or any other duly authorized employee or signatory of such Person.

" Rule 144 " shall mean Rule 144 promulgated under the Securities Act.

" Rule 144A " shall mean Rule 144A promulgated under the Securities Act.

" Segregated Account " shall mean an account established by the Company solely for the purpose of holding the Minimum Segregated Account Amount, which Minimum Segregated Account Amount may only be used by the Company to redeem the Series A Preferred Securities in whole or in part from time to time.

" Taxes " shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

(c) The following words and phrases have the meanings specified in the sections indicated:

Term	Section
Agreement	Preamble
Budget	Section 1.2(vi)
Company	Preamble
Company Materials	Section 1.2(b)
Distributions	Section 1.1(a)
DRD Gross-Up Payment	Section 1.1(a)
DRD Gross-Up Payment Due Date	Section 1.1(b)
Extraordinary Dividend	Section 1.1(d)
General Partner	Preamble
Holder	Preamble
Hypothetical Tax Rate	Section 1.1(a)
Indemnitee	Section 1.8(b)
Joinder	Preamble
Member	Preamble
Non-DRD Amount	Section 1.1(a)
Parent	Preamble
Parties	Preamble
Related Parties	Section 2.4
Required Holders	Section 1.2(d)
Purchaser	Preamble
Resale	Section 1.6(e)
Subsequent Offering	Definition of Minimum Segregated Account
Second Amended and Restated Series A Certificate of Designation	Section 3.1(a)

SECTION 3.2 Construction. The Parties intend that each representation, warranty, covenant and agreement contained in this Agreement shall have independent significance. The headings are for convenience only and shall not be given effect in interpreting this Agreement. References to sections, articles, schedules or exhibits are to the sections, articles, schedules and exhibits contained in, referred to by or attached to this Agreement, unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "include," "includes" and "including" in this Agreement mean "include/includes/including without limitation . " All references to "$", currency, monetary values and dollars set forth herein shall mean U.S. dollars. The use of the masculine, feminine or neuter gender or the singular or plural form of words shall not limit any provisions of this

Agreement. References to a Person also include its permitted assigns and successors. The word "will" shall be construed to have the same meaning as the word "shall". The words "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". With respect to the determination of any period of time, "from" shall mean "from and including". The word "or" shall not be exclusive. Any reference to a statute refers to the statute, any amendments or successor legislation and all rules and regulations promulgated under or implementing the statute, as in effect at the relevant time. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." All references to the knowledge of the Member, the General Partner, Parent, the Company or any of their Affiliates or facts known by any such Person shall mean actual knowledge of any authorized officer of such Person. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day. Any reference herein to any law, contract, agreement or other instrument, including the governing documents of any Person, shall be construed as referring to such law, contract, agreement or instrument as amended or modified or, in the case of a law, codified or reenacted, in each case, in whole or in part, and as in effect from time to time. The Parties acknowledge and agree that (a) each Party and its counsel has reviewed, or has had the opportunity to review, the terms and provisions of this Agreement, (b) any rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be used to interpret this Agreement and (c) the provisions of this Agreement shall be construed fairly as to all Parties and not in favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of such previous drafts of this Agreement or any other Related Agreement or the fact that any clauses have been added, deleted or otherwise modified from any prior drafts of this Agreement or any other Related Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

COMPANY:

ADT INC.

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

PARENT:

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

By: Prime Security Services TopCo Parent GP, LLC, its general partner

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

GENERAL PARTNER:

PRIME SECURITY SERVICES TOPCO PARENT GP, LLC

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

MEMBER (SOLELY FOR PURPOSES OF SECTIONS 1.3 , 1.7 , 1.8 AND ARTICLES II AND III):

AP VIII PRIME SECURITY SERVICES HOLDINGS, L.P.

By: Prime Security Services GP, LLC, its general partner

By: /s/ Laurie D. Medley

Name: Laurie D. Medley

Title: Vice President

PURCHASER:

KOCH SV INVESTMENTS, LLC

By: /s/ Brett D. Watson
Name: Brett D. Watson
Title: Vice President

EXHIBIT A

Joinder

(See attached.)

JOINDER TO
SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT

This JOINDER (this " Joinder ") to the Second Amended And Restated Series A Investors Rights Agreement (as amended, restated, supplemented or otherwise modified from time to time, the " Agreement "), dated as of [●], 2018, by and among Koch SV Investments, LLC, a Delaware limited liability company, each Holder, including any Person who becomes a party thereto by the execution of a joinder agreement substantially in the form of this Joinder, Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company (the " General Partner "), Prime Security Services TopCo Parent, L.P., a Delaware limited partnership (" Parent "), ADT Inc., a Delaware corporation (the " Company "), and, solely for purposes of Section 1.3 , 1.7 , 1.8 and Articles II and III (for purposes of the definitions used in the Sections of the Agreement to which the Member (as defined below) is a party) thereof, AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership (the " Member "), and each Affiliate of the Member, the General Partner, Parent or the Company who becomes a party thereto by the execution of a joinder substantially in the form attached to the Agreement as Exhibit D , is made as of [●] by [●], a [●] (the " Joining Investor "). Capitalized terms used herein but not otherwise defined have the meanings set forth in the Agreement.

Pursuant to Section 1.6(a) of the Agreement, the Shares are transferable to the Joining Investor if, and only if, the Joining Investor executes and delivers this Joinder in accordance with the terms of the Agreement.

The Joining Investor agrees as follows.

1. Upon execution of this Joinder, the Joining Investor will become a party to the Agreement and will be fully bound by, and subject to, all of the terms and conditions of the Agreement as if the undersigned were an original signatory to the Agreement as a Holder.

2. This Joinder shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

3. A signature delivered by facsimile or other electronic transmission (including e-mail) will be considered an original signature. Any Person may rely on a copy of this Joinder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the Joining Investor has caused this Joinder to be duly executed and delivered as of the date first written above.

[●]

By:
Name:
Title:

EXHIBIT B

Disqualified Persons

1. Highland Capital Management, L.P.
2. Davidson Kempner Capital Management, LLC
3. Black Diamond Capital Management, LLC
4. Icahn & Co., Inc. / High River L.P.
5. Aurelius Capital Management
6. Elliott Management
7. Cyrus Capital Partners, L.P.
8. Vivint Inc.
9. Monitronics International, Inc.
10. Comcast Corporation
11. AT&T Inc.
12. Any reasonably identifiable affiliate (reasonably identifiable by their name) of, and, if applicable, any reasonably identifiable fund or other entity managed by (in the case of such fund or such other entity, reasonably identifiable by their name), any of the entities listed above (other than, in the case of 8, 9, 10 or 11 above, any affiliates that are bona fide equity or debt funds that are primarily engaged in investing in commercial loans, bonds and similar extensions of credit or equity or debt securities in the ordinary course and for which no personnel making investment decisions in respect of any equity fund which has a direct or indirect equity investment in the companies listed in 8, 9, 10 or 11 above has the right to make any investment decisions).

EXHIBIT C

Immaterial Subsidiaries

1. Protection One Charitable Foundation

2. Prime Security One MS, Inc.

EXHIBIT D

Affiliate Joinder

JOINDER TO
SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT

This JOINDER (this " Joinder ") to the Second Amended and Restated Series A Investors Rights Agreement (the " Agreement "), dated as of [●], 2018, by and among Koch SV Investments, LLC, a Delaware limited liability company, each Holder, including any Person who become party thereto by the execution of a joinder agreement substantially in the form attached thereto as Exhibit A , ADT Inc., a Delaware corporation (the " Company "), Prime Security Services TopCo Parent, L.P., a Delaware limited partnership (" Parent "), Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company (the " General Partner "), and, solely for purposes of Sections 1.3 , 1.7 , 1.8 and Articles II and III (for purposes of the definitions used in the Sections of this Agreement to which the Member (as defined below) is a party) thereof, AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership (the " Member "), and each of the Member's, the General Partner's, Parent's and the Company's respective Affiliates who become party thereto by the execution of a joinder agreement substantially in the form of this Joinder, and is made as of [●], 20[●], by [●], a [●] (the " Joining Affiliate "). Capitalized terms used but not otherwise defined herein have the meanings specified or incorporated by reference in the Agreement.

The Joining Affiliate owns Common Stock of the Company and, pursuant to Section 1.4 of the Agreement, each of the Member, the General Partner, Parent and the Company is obligated to cause the Joining Affiliate to execute and deliver this Joinder.

The Joining Affiliate agrees as follows.

1. Upon execution of this Joinder, the Joining Affiliate shall become a Party to the Agreement and shall be fully bound by, and subject to, all of the terms and conditions thereof as if such Joining Affiliate were Parent.

2. This Joinder and all questions relating to the interpretation or enforcement of this Joinder shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

3. A signature delivered by facsimile or other electronic transmission (including e-mail) shall be considered an original signature. Any Person may rely on a copy of this Joinder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the Joining Affiliate has caused this Joinder to be duly executed and delivered as of the date first written above.

[●]

By:
Name:
Title:

Annex I

Restrictive Legend to the Series A Preferred Securities Certificate

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RIGHTS, PREFERENCES, POWERS, AND THE QUALIFICATIONS, RESTRICTIONS AND LIMITATIONS, SET FORTH IN THE SECOND AMENDED AND RESTATED CERTIFICATE OF DESIGNATION FOR THE SERIES A PREFERRED SECURITIES FILED WITH THE SECRETARY OF STATE OF THE STATE OF DELAWARE PURSUANT TO SECTION 151 OF THE DELAWARE GENERAL CORPORATION LAW (THE "SECOND AMENDED AND RESTATED CERTIFICATE OF DESIGNATION") AND THE RIGHTS, PREFERENCES, POWERS, AND THE QUALIFICATIONS, RESTRICTIONS AND LIMITATIONS, SET FORTH IN THE SECOND AMENDED AND RESTATED SERIES A INVESTORS RIGHTS AGREEMENT BY AND AMONG PRIME SECURITY SERVICES TOPCO PARENT GP, LLC, PRIME SECURITY SERVICES TOPCO PARENT, L.P., ADT INC. (THE "COMPANY") AND CERTAIN HOLDERS OF THE COMPANY'S SECURITIES PARTY THERETO (THE "SECOND AMENDED AND RESTATED INVESTORS RIGHTS AGREEMENT"). NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THE SECOND AMENDED AND RESTATED INVESTORS RIGHTS AGREEMENT. A COPY OF THE SECOND AMENDED AND RESTATED CERTIFICATE OF DESIGNATION AND THE SECOND AMENDED AND RESTATED INVESTORS RIGHTS AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO ANY HOLDER UPON REQUEST.

WRITTEN CONSENT OF PREFERRED MAJORITY HOLDER

December 22, 2017

The undersigned, being the Preferred Majority Holder (as defined below), of ADT Inc., a Delaware corporation (the " Company "), pursuant to Section 228 of the General Corporation Law of the State of Delaware, DOES HEREBY CONSENT to the adoption of, and DOES HEREBY ADOPT, the following resolutions:

WHEREAS , the undersigned, Koch SV Investments, LLC (" Koch "), the sole holder of the 750,000 outstanding Series A Preferred Securities, par value $0.01 per share, of ADT Inc. (the " Company ") (the " Series A Preferred Securities ");

WHEREAS , hereby consents to (a) the Certificate of Amendment of the Certificate of Designation of Series A Preferred Securities (the " A&R Series A Certificate of Designation ") and (b) the Certificate of Amendment of the Certificate of Designation of Series Z Preferred Securities (the " A&R Series Z Certificate of Designation "), each in the form attached hereto as Exhibit A and Exhibit B , respectively, in each case, amending and replacing in the entirety the Certificate of Designation of the Series A Preferred Securities and the Certificate of Designation of the Series Z Preferred Securities of the Company, respectively;

For the avoidance of doubt, except as otherwise contemplated by this Written Consent (including the exhibits attached hereto), (i) Koch, as the Preferred Majority Holder, does not otherwise consent to any other alteration, modification, waiver or amendment to the rights, remedies, powers, privileges or covenants contained in the Series A Preferred Securities, the Series Z Preferred Securities or in any Related Agreement (as defined in each of the A&R Series A Certificate of Designation and the A&R Series Z Certificate of Designation) and (ii) this Written Consent will not be deemed to (a) be consent to any past, current or future waiver or modification of any other term or condition of the Series A Preferred Securities, the Series Z Preferred Securities or any Related Agreement or (b) otherwise prejudice any right or remedy which Koch may now have or may have in the future under or in connection with the Series A Preferred Securities, the Series Z Preferred Securities or any Related Agreement.

[*Signature page follows*]

IN WITNESS WHEREOF , this Written Consent is executed as of the date first written above.

PREFERRED MAJORITY HOLDER

KOCH SV INVESTMENTS, LLC

By: /s/ Brett D. Watson

Name: Brett D. Watson

Title: Vice President

Exhibit 10.39

ADT INC.
AMENDED AND RESTATED MANAGEMENT INVESTOR RIGHTS AGREEMENT

Dated as of January 23, 2018

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This **MANAGEMENT INVESTOR RIGHTS AGREEMENT** is made as of January 23, 2018 (this " Agreement ") among **ADT Inc.** (f/k/a Prime Security Services Parent, Inc.), a Delaware corporation (the " Company "), **PRIME SECURITY SERVICES TOPCO PARENT, L.P.** , a Delaware limited partnership (" TopCo Parent ") and the **HOLDERS** that are parties hereto.

WHEREAS , the Company and TopCo Parent entered into the original Management Investor Rights Agreement of the Company on November 7, 2016 (such agreement, the " Original Agreement ");

WHEREAS , on September 27, 2017, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, pursuant to which Certificate of Amendment the Company changed its name to "ADT Inc.";

WHEREAS , the Company and TopCo Parent deem it advisable and in the best interests of the Company and the Holders to amend and restate the Original Agreement in its entirety as set forth herein;

WHEREAS , TopCo Parent and each Holder deem it to be in the best interest of the Company, TopCo Parent and the Holders that provision be made for the continuity and stability of the business and policies of the Company, and, to that end, the Company, TopCo Parent and the Holders hereby set forth herein their agreement with respect to the Common Stock owned by them.

NOW, THEREFORE , in consideration of the premises and of the mutual consents and obligations hereinafter set forth, the parties hereto hereby agree as follows:

Section 1. Definitions .

As used in this Agreement:

" Adoption Agreement " has the meaning ascribed to such term in Section 6.1 .

" Affiliate " of any Person that is not a Holder means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person. Notwithstanding the foregoing, except with respect to Sections 3.2 , 4.1(a) , 5.1(d) , 5.1(e) , 6.1 , 6.2(b) , 12 , 13.4 , 15.19 , 15.20 , 15.22 , the proviso to 5.1 , the definitions of "Control Disposition", "Subject Party", and the phrase "any other Person that is affiliated with Apollo", (a) the Company, its Subsidiaries and their respective joint ventures shall not be considered Affiliates of TopCo Parent, AP VIII Prime Security, the Koch Equityholder or the Apollo Funds, (b) none of the Apollo Funds or TopCo Parent shall be considered an Affiliate of (i) any portfolio company in which any Apollo Fund or any of its investment fund affiliates or TopCo Parent or the Koch Equityholder or their respective affiliates has made a debt or equity investment (and vice versa), (ii) any limited partners, non-managing members of, or other similar direct or indirect investors in any of the Apollo Funds, AP VIII Prime Security, TopCo Parent,

the Koch Equityholder or any of their respective affiliates (and vice versa) or (iii) any portfolio company in which any limited partner, non-managing member of, or other similar direct or indirect investor in the Apollo Funds, AP VIII Prime Security, TopCo Parent, the Koch Equityholder or any of their respective affiliates have made a debt or equity investment (and vice versa), and none of the Persons described in clauses (i) through (iii) of this definition shall be considered an Affiliate of each other and (c) without giving effect to the exception set forth in the beginning of this sentence, no Holder shall be considered an Affiliate of any Person described in clauses (a) and/or (b) of this definition (and vice versa). Notwithstanding anything to the contrary herein, to the extent that AGS would be considered an "Affiliate" of the Apollo Funds, TopCo Parent, the Koch Equityholder or any of their respective Affiliates, AGS shall not be considered such an "Affiliate" of the Apollo Funds, TopCo Parent, the Koch Equityholder or any of their respective Affiliates when AGS acts as a broker-dealer, underwriter, placement agent, initial purchaser, arranger or lender or in any similar role in the ordinary course of its business.

" Affiliate " of a Holder means: (a) the spouse (not including a former spouse or a spouse from whom such Holder is legally separated) and lineal descendants (including children by adoption and step children) of the Subject Party for an individual Holder, and in any such case, any trust formed in connection with the bona fide estate planning activities of the Subject Party for such Holder: (i) the beneficiaries of which may only include the Subject Party for such Holder, and the spouse (not including a former spouse or spouse from whom such Holder is legally separated) and lineal descendants (including children by adoption and step children) of the Subject Party and (ii) with respect to which such Subject Party is the sole trustee or custodian, and (b) any limited liability company or partnership: (i) with respect to which at least eighty percent (80%) of the outstanding equity interests are beneficially solely owned by the Subject Party for such Holder, and/or the spouse (not including a former spouse or a spouse from whom such Holder is legally separated) and lineal descendants (including children by adoption and step children) of the Subject Party, (ii) with respect to which the Subject Party, and/or the spouse (not including a former spouse or a spouse from whom such Holder is legally separated) and lineal descendants (including children by adoption and step children) of the Subject Party, is the sole manager or managing member or general partner, as the case may be, and otherwise has the sole power to direct or cause the direction of management and policies of such limited liability company or partnership, whether through the ownership of voting securities, by contract or otherwise and (iii) which is not formed for the purpose of circumventing the requirements of the transfer restrictions set forth in this Agreement.

" Agreement " has the meaning ascribed to such term in the preamble.

" AGS " means Apollo Global Securities, LLC, a Delaware limited liability company.

" AP VIII Prime Security " means (i) AP VIII Prime Security Services Holdings, L.P., a Delaware limited partnership and/or (ii) any Person organized or formed by any member of the Apollo Funds, AP VIII Prime Security Services Holdings, L.P. or one or more of their respective Affiliates for the purpose of holding securities or debt of TopCo Parent or any of its Subsidiaries.

" Apollo Funds " mean, collectively, the investment funds managed, sponsored or advised by Apollo Management VIII, L.P. or any of its Affiliates, including Apollo Investment Fund VIII, L.P., Apollo Overseas Partners VIII, L.P., Apollo Overseas Partners (Delaware) VIII, L.P. and Apollo Overseas Partners (Delaware 892) VIII, L.P.

" Award " means an award of Options, restricted stock or restricted stock units granted pursuant to the Company's 2016 Equity Incentive Plan, or any other equity plan approved by the Company in respect of which the recipient is required to be joined to this Agreement as a Holder.

" Award Shares " has the meaning ascribed to such term in Section 9.2 .

" Bad Leaver " means a Subject Party who experiences a Termination of Relationship as a result of the Subject Party's termination of employment or other service relationship by the Company or its Subsidiaries that is either (a) for Cause or (b) due to a material breach of any restrictive covenant applicable to such Subject Party.

" Board " means the Board of Directors of the Company and any duly authorized committee thereof. All determinations by the Board required pursuant to the terms of this Agreement to be made by the Board shall be binding and conclusive.

" Business Day " shall mean any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks in New York, New York are authorized or required by applicable law to close.

" Bylaws " means the Amended and Restated Bylaws of the Company (as the same may be amended and/or restated from time to time).

" Cause " means, with respect to the Termination of Relationship of a Subject Party by the Company or any of its Subsidiaries, (a) if such Subject Party is at the time of the Termination of Relationship a party to an employment, consultancy, directorship or similar services agreement with the Company or any of its Subsidiaries that defines such term (or a similar term), the meaning ascribed to such term therein and (b) in all other cases, the Termination of Relationship of a Subject Party by the Company or any of its Affiliates based on (i) such Subject Party's conviction of, or entry of a plea of no contest to (x) a felony or (y) a misdemeanor involving moral turpitude (or the equivalent of a misdemeanor involving moral turpitude or a felony in a jurisdiction other than the United States), (ii) the Subject Party's gross negligence or willful misconduct, or a willful failure to attempt in good faith to substantially perform his or her duties (other than due to physical illness or incapacity), (iii) any finding by the Securities and Exchange Commission pertaining to the Subject Party which, in the opinion of independent counsel selected by the Company, could reasonably be expected to impair or impede the Company's ability to register, list, or otherwise offer its stock to the public, or following any initial public offering, to maintain itself as a publicly traded company, (iv) the Subject Party's material breach of a material provision of any employment or services agreement or any non-competition, non-disclosure or non-solicitation agreement with the Company or any of its Subsidiaries, (v) the Subject Party's material violation of any written policies adopted by the Company governing the conduct of persons performing services on behalf of the Company, (vi) the obtaining by the Subject Party of any material improper personal benefit as a result of a breach by the Subject Party of any covenant or agreement (including a breach by the Subject Party of the Company's code of ethics or a material breach by the Subject Party of other written policies furnished to the Subject Party relating to personal investment transactions) of which the Subject Party was or should have been aware, (vii) the Subject Party's fraud or misappropriation, embezzlement or material misuse of funds or property belonging to the Company or any of its Affiliates, (viii) the Subject Party's use of alcohol or drugs that materially interferes with the performance of his or her duties, or (ix) willful or reckless misconduct in respect of the Subject Party's obligations to the Company or its Affiliates or other acts of misconduct by the Subject

Party occurring during the course of the Subject Party's employment, which in either case results in or could reasonably be expected to result in material damage to the property, business or reputation of the Company or its Affiliates.

" Certificate of Incorporation " means the Company's Amended and Restated Certificate of Incorporation (as the same may be amended and/or restated from time to time, including by virtue of any certificate of designation).

" Common Stock " means: (a) all shares of the voting or non-voting common stock of the Company and (b) all securities of the Company or any other Person which any Person acquires in respect of its Common Stock in connection with any exchange, merger, conversion, reclassification, recapitalization, consolidation, reorganization or other transaction involving the Company or its securities. All references herein to Common Stock owned by a Holder include the community interest or similar marital property interest, if any, of the spouse of such Holder in such Common Stock. The term "common stock" means any stock of any class of the Company which has no preference over any other class of equity securities of the Company in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject by the terms of the Company's Certificate of Incorporation to redemption by the Company (whether or not shares of such class have voting rights).

" Company " has the meaning ascribed to such term in the preamble.

" Competitor " has the meaning ascribed to such term in Section 4.1(b) .

" Control Disposition " means a Disposition (other than a Permitted Disposition) which would have the effect of transferring to a Person or Group that is not an Affiliate of the Apollo Funds (a) a number of shares of Common Stock such that, following the consummation of such Disposition, such Person or Group possesses fifty percent (50%) or more of the outstanding voting stock or equity securities of the Company or the voting power to elect a majority of the Board (whether by merger, consolidation or sale or transfer or otherwise) or (b) all or substantially all of the assets of the Company and its Subsidiaries (on a consolidated basis).

" Disposition " means any transaction or series of related transactions resulting in a direct or indirect transfer, assignment, sale, gift, pledge, hypothecation or other encumbrance, or any other disposition, whether by merger, consolidation or otherwise, of Common Stock (or any interest therein or right thereto) or of all or part of the voting power (other than the granting of a revocable proxy) associated with the Common Stock (or any interest therein, including any right, option, profit participation, or other interest) whatsoever, or any other transfer of legal, economic or beneficial ownership of Common Stock or any interest therein, whether voluntary or involuntary, including (a) as a part of any liquidation of a Holder's assets or (b) as a part of any reorganization of a Holder pursuant to the United States or other bankruptcy law or other similar debtor relief laws. The terms "Dispose", "Disposing" or "Disposal" shall have correlative meanings.

" Divorced Holder " has the meaning ascribed to such term in Section 2(b) .

" Divorced Spouse " has the meaning ascribed to such term in Section 2(b) .

" Eligible Offerees " means the Company and its assignees.

" Exchange Act " means the Securities Exchange Act of 1934.

" Fair Market Value of the Common Stock " means the fair market value of a share of Common Stock as determined by the Board.

" Good Leaver " means a Subject Party who experiences a Termination of Relationship as a result of (a) the Subject Party's death or disability or (b) for any reason not provided for in the definition of "Bad Leaver".

" Group " has the meaning ascribed thereto in Section 13(d)(3) of the Exchange Act.

" Holder " means a holder of Common Stock who is or becomes, party to this Agreement, other than the Company, TopCo Parent and the Koch Equityholder. For the avoidance of doubt, a holder of Common Stock shall be a Holder hereunder solely with respect to those shares of Common Stock acquired by such Holder in respect of which such Holder is required to be joined to this Agreement.

" Koch Equityholder " means, collectively, Koch SV Investments, LLC, a Delaware limited liability company, in its capacity as a holder of Preferred Stock, and any of its transferees, successors and/or assigns, insofar as they become holders of Preferred Stock, in the same capacity.

" Management Shares " means all Common Stock that may be purchased by, transferred to, or are otherwise held by, any Holder (whether pursuant to an Award, upon the exercise of an Option or otherwise), in respect of which the holder is required to be joined to this Agreement as a Holder.

" Material Agreement " has the meaning ascribed to such term in Section 4.1 .

" New Equity Securities " has the meaning ascribed to such term in Section 13.2 .

" New Holdco " has the meaning ascribed to such term in Section 13.2 .

" Notice " has the meaning ascribed to such term in Section 4.1 .

" Offer " has the meaning ascribed to such term in Section 2(b) , 2.2 , 2.3 , 2.4 , 2.5 or 2.6 , as applicable.

" Offeror " has the meaning ascribed to such term in Section 2.5 .

" Option " means an option to purchase or acquire Common Stock issued to Subject Parties pursuant to the Prime Security Services Parent, Inc. 2016 Equity Incentive Plan, or any other equity plan implemented by the Company from time to time, that requires the recipient of such option to be joined to this Agreement as a Holder upon the exercise thereof.

" Permitted Disposition " has the meaning described to such term in Section 5.1 .

" Person " means any legal person, including any individual, corporation, investment fund, partnership, limited partnership, limited liability company, joint venture, joint stock company, association, trust, unincorporated entity or any domestic or foreign government

or political subdivision thereof, whether on a federal, state or local level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof.

" Piggy-Back Notice " has the meaning ascribed to such term in Section 10.1 .

" Piggy-Back Registration Right " has the meaning ascribed to such term in Section 10.1 .

" Preferred Stock " means (a) all shares of the voting or non-voting preferred stock of the Company and (b) all securities of the Company or any other Person which any Person acquires in respect of its Preferred Stock in connection with any exchange, merger, conversion, reclassification, recapitalization, consolidation, reorganization or other transaction involving the Company or its securities. The term "preferred stock" means any stock of any class or series of the Company which has a preference over any other class or series of equity securities of the Company in respect of dividends or of amounts payable in the event of any voluntary or involuntary equity distributions, dissolution or winding up of the Company and which is subject by the terms of the Certificate of Incorporation to redemption by the Company.

" Public Sale " means any sale, occurring simultaneously with or after an initial public offering, of Common Stock to the public pursuant to an offering registered under the Securities Act or to the public in the manner described by the provisions of Rule 144(f) under the Securities Act.

" Purchase Price " means, for purposes of the purchase of Securities Subject to the Offer under Sections 2(b) , 2.2 , 2.3 , 2.4 , or 2.5 , and Common Stock purchased by a Divorced Holder or a Surviving Holder under Sections 2(b) or 2.2 , an amount equal to the Fair Market Value of the Common Stock as of the date of such purchase.

" Qualified Public Offering " means an underwritten public offering of Common Stock by the Company (or any of its direct or indirect parent entities, any of its Subsidiaries or any successor thereof) pursuant to an effective Registration Statement filed by the Company with the Securities and Exchange Commission (other than on Forms S-4 or S-8 or successors to such forms) under the Securities Act, pursuant to which the aggregate offering price of the Common Stock sold in such offering is at least $100,000,000 and pursuant to which the Common Stock shall be listed on a U.S. nationally-recognized exchange or an internationally-recognized securities exchange (or on NASDAQ or a similar quotation system).

" Receipt Notice " has the meaning ascribed to such term in Section 3.3 .

" Redeemed Holder " has the meaning ascribed to such term in Section 9.2 .

" Redeemed Securities " has the meaning ascribed to such term in Section 9.2 .

" Registrable Securities " has the meaning ascribed to such term in Section 10.10(a) .

" Registration Statement " means any registration statement of the Company filed with, or to be filed with, the Securities and Exchange Commission under the rules and regulations promulgated under the Securities Act, including the related prospectus, amendments and

supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and material incorporated by reference in such registration statement.

" Related Parties " has the meaning ascribed to such term in Section 15.20 .

" Reorganization " has the meaning ascribed to such term in Section 13.2 .

" Repurchase Notice " has the meaning ascribed to such term in Section 9.2 .

" Repurchase Right " has the meaning ascribed to such term in Section 9.2 .

" Repurchase Termination Date " has the meaning ascribed to such term in Section **Error! Reference source not found.** .

" securities " shall mean, with respect to any Person, all equity interests of such Person, all securities convertible into, exercisable or exchangeable for equity interests of such Person, and all options, warrants, and other rights to purchase or otherwise acquire from such Person equity interests, including any equity appreciation or similar rights, contractual or otherwise.

" Securities Act " means the Securities Act of 1933.

" Securities Subject to the Offer " means: (a) with respect to an Offer required under Section 2(b) , all Common Stock transferred to or retained by or vested in the Divorced Spouse (defined therein) and not elected to be purchased by the Divorced Holder (as defined therein) within the time limits specified in that section, and no others, (b) with respect to an Offer required under Section 2.2 , all Common Stock vesting in or transferable to any heir or legatee of the deceased spouse other than the Surviving Holder (as defined in that Section) and not elected to be purchased by the Surviving Holder within the time limits specified in that Section, and no others and (c) all Common Stock held by a Holder (other than Common Stock owned by the Apollo Funds, AP VIII Prime Security or any other Person that is affiliated with Apollo) required to make an Offer under Sections 2.3 , 2.4 , 2.5 and 2.6 , as applicable.

" Subject Party " means (a) with respect to any Holder that is or was an employee, officer, consultant or director of the Company or its Subsidiaries, such employee, officer, consultant or director and (b) with respect to any Holder that is not and was not an employee, officer, consultant or director of the Company or any of its Subsidiaries, the current or former employee, officer, consultant or director of the Company or its Subsidiaries with respect to whom such Holder received Common Stock in accordance with and subject to the terms and conditions of this Agreement. Notwithstanding the foregoing, in no event shall the Apollo Funds, the Koch Equityholder, AP VIII Prime Security, any TopCo Parent Director or any of their respective Affiliates be deemed a Subject Party for purposes of this Agreement.

" Subsidiary " means each Person in which another Person owns or controls, directly or indirectly, capital stock or other equity interests representing more than fifty percent (50%) in voting power of the outstanding capital stock or other equity interests.

" Surviving Holder " has the meaning ascribed to such term in Section 2.2 .

" Termination of Relationship " means (a) if the Subject Party is an employee of the Company or any Subsidiary, the termination of the Subject Party's employment relationship

with the Company or such Subsidiary for any reason, (b) if the Subject Party is a consultant or other independent contractor to the Company or any Subsidiary, the termination of the Subject Party's consulting or independent contractor relationship with the Company or such Subsidiary for any reason, and (c) if the Subject Party serves as a member of the board of directors (or equivalent governing body) or as a director of any Subsidiary or Affiliate of the Company and is not an employee thereof, the termination of such service for any reason; provided , that there shall be no "Termination of Relationship" in situations where the Subject Party, in agreement with the Company or its Subsidiaries, around the same time enters into a new employment or service agreement with the Company or any of its Subsidiaries or takes up a director mandate in the Company or any of its Subsidiaries or continues another existing employment or service agreement or director mandate with/in the Company or any of its Subsidiaries.

" TopCo Parent " means has the meaning ascribed to such term in the preamble.

" TopCo Parent Agreement " means the Fourth Amended and Restated Limited Partnership Agreement of TopCo Parent, dated as of the date hereof, by and among TopCo Parent, Prime Security Services TopCo Parent GP, LLC, as general partner, the limited partners as listed from time to time in the ledge maintained by TopCo Parent, and the warrantholders as listed from time to time in the ledger maintained by TopCo Parent, as the same may be amended, restated and/or modified from time to time.

" TopCo Parent Director " means any director of the Company or its Subsidiaries who is also a general partner, partner, managing director, manager, officer, director or principal of TopCo Parent or any Affiliate of TopCo Parent (including TopCo Parent GP).

" TopCo Parent GP " means Prime Security Services TopCo Parent GP, LLC, a Delaware limited liability company.

" Underwriters Lock-Up Period " has the meaning ascribed to such term in Section 15.17 .

" Underwritten Offering " has the meaning ascribed to such term in Section 10.10(f) .

Section 2. General Rule .

(a) Without limiting Section 7 , except as expressly permitted by the terms and subject to the conditions of Sections 2 , 3 , 5 , 9 and 10 , no Holder shall make any Disposition, directly or indirectly, whether by merger, consolidation or otherwise, through an Affiliate or otherwise, except for (i) Permitted Dispositions made in accordance with Section 5.1 , and (ii) Dispositions approved by the Board (it being agreed that, for the avoidance of doubt, the Board shall have no duty or obligation whatsoever to approve any Disposition). The preceding sentence shall apply with respect to all Common Stock held directly or indirectly at any time by a Holder (including to all Common Stock acquired upon the exercise of any Award), regardless of the manner in which such Holder initially acquired Common Stock. Any attempt to effect a Disposition, directly or indirectly, not in compliance with this Agreement shall be null and void ab initio and neither the Company nor any transfer agent shall register or otherwise give any effect in the Company's stock records to such attempted Disposition. In the case of a Disposition or attempted Disposition

contrary to the provisions of this Agreement, the parties engaged or attempting to engage in such Disposition shall indemnify and hold harmless the Company and each of the other Holders from all losses that such indemnified person may incur (including any legal fees and expenses) in enforcing the provisions of this Agreement. In the event of a conflict between any provision of this Section 2 and Section 9 , the terms of Section 9 shall control. For the avoidance of doubt, offers pursuant to Sections 2(b) , 2.2 , 2.3 , 2.4 , 2.5 and 2.6 are subject in all respects to the provisions of Section 3 .

(b) In furtherance, and not in limitation, of Section 2(a) , no Disposition by a Holder shall become effective (i) unless prior written notice thereof has been delivered to the Board and the Board has consented to such Disposition (which, solely in the case of Permitted Dispositions made in accordance with Section 5.1), shall not be unreasonably withheld, delayed or conditioned, (ii) unless such Disposition complies in all respects with this Agreement, and (iii) until the transferee complies with the provisions of Section 6.1 .

(c) Notwithstanding anything to the contrary set forth herein, no Disposition by TopCo Parent is or shall be restricted pursuant to this Agreement.

2.1 Divorce of Holder .

If the marital relationship of a Holder is terminated by divorce, and pursuant to such divorce, or any property settlement in connection with such divorce, Common Stock, previously registered in the name of such Holder (the " Divorced Holder ") are transferred to, or a community property interest or similar marital property interest is retained by or vested in, the spouse of the Divorced Holder (the " Divorced Spouse "), the Divorced Holder shall promptly notify the Company of such event. The Divorced Holder shall have the option to purchase all or any portion of the Divorced Holder's shares of Common Stock, that have been transferred to or which are retained by or vested in the Divorced Spouse by virtue of the divorce decree, property settlement, or by operation of the community property or similar marital property laws for an amount equal to the Purchase Price, and the Divorced Spouse shall be obligated to sell such Common Stock, to the Divorced Holder for such Purchase Price. Such option must be exercised, and the purchase consummated, within sixty (60) days after the Common Stock is transferred to or otherwise vested in or allowed to be retained by the Divorced Spouse. The option shall be exercised by the giving of written notice of exercise to the Divorced Spouse. The Divorced Holder shall, within five (5) Business Days after the expiration of such sixty (60) day period, deliver written notice to the Company as to whether the Divorced Holder has purchased all or a portion of the Common Stock so transferred to or otherwise vested in or retained by the Divorced Spouse. In the event such written notice states that the Divorced Holder has not purchased all such Common Stock, or no such notice is delivered to the Company within the time required, the Divorced Spouse shall be deemed to have made an irrevocable offer (the " Offer ") of all such remaining Common Stock to the Eligible Offerees for an amount per share equal to the Purchase Price, and the Company shall (and is hereby authorized by the Holders and their respective spouses to), within five (5) Business Days after (a) the receipt of such notice, if delivered within the time required or (b) if such notice is not delivered within the time required, the receipt by the Company of evidence, satisfactory to it that the Divorced Holder did not exercise its option to purchase all or a portion of such Common Stock within such sixty (60) day period, deliver written notice of the Offer to the Eligible Offerees stating all such Common Stock are Securities Subject

to the Offer pursuant to this Section 2(b) , and the date of such Offer shall be deemed to be the date such written notice of the Offer is so delivered by the Company.

2.2 Death of Spouse .

If the spouse of a Holder dies, and all or any portion of the Common Stock registered in the name of such Holder (the " Surviving Holder ") vests in or is transferable to any heir or legatee other than the Surviving Holder, the Surviving Holder shall promptly notify the Company of such event. The Surviving Holder shall have the option to purchase all of the Common Stock vesting in or transferable to such heir or legatee for an amount equal to the Purchase Price,

and such heir or legatee and the estate of the deceased spouse shall be obligated to sell such Common Stock to the Surviving Holder for such Purchase Price. Such option must be exercised, and the purchase consummated, within one hundred fifty (150) days after the last to occur of (a) the entry of an order of a probate, notary public or similar court (having jurisdiction over the estate of the deceased spouse) (i) admitting to probate the will of the deceased spouse or (ii) determining the heirs of the deceased spouse if the deceased spouse is determined to have died intestate or (b) the appointment of the executor, administrator or legal representative of the estate of the deceased spouse. The option shall be exercised by the giving of written notice of exercise to the executor, administrator or legal representative of the deceased spouse's estate. The Surviving Holder shall, within five (5) days after the expiration of such one hundred fifty (150) day period, deliver written notice to the Company as to whether the Surviving Holder has purchased all of the Common Stock vesting in or transferable to any such heir or legatee. In the event such written notice states that the Surviving Holder has not purchased all such Common Stock, or no such notice is delivered to the Company within the time required, all such heirs and legatees shall be deemed to have made an irrevocable Offer (the " Offer ") of such remaining Common Stock to the Eligible Offerees for an amount per share equal to the Purchase Price, and the Company shall (and is hereby authorized by the Holders and their respective spouses, heirs and legatees to), within five (5) Business Days after (x) the receipt of such notice, if delivered within the time required or (y) if such notice is not given within the time required, the receipt by the Company of evidence satisfactory to it that the Surviving Holder did not exercise its option to repurchase such remaining Common Stock within such one hundred fifty (150) day period, deliver written notice of the Offer to the Eligible Offerees stating that all such Common Stock are Securities Subject to the Offer pursuant to this Section 2.2 , and the date of such Offer shall be deemed to be the date such written notice of the Offer is so delivered by the Company.

2.3 Bankruptcy .

If any of the following events occurs:

(a) Any Holder shall (i) voluntarily be adjudicated as bankrupt or insolvent, (ii) consent to or not contest the appointment of a receiver or trustee for himself, herself or itself for all or any part of his, her or its property, (iii) file a petition seeking relief under the bankruptcy, rearrangement, reorganization or other debtor relief laws of the United States or any state or any other competent jurisdiction or (iv) make a general assignment for the benefit of his, her or its creditors; or

(b) If (i) a petition is filed against a Holder seeking relief under the bankruptcy, rearrangement, reorganization or other debtor relief laws of the United States or any state or other competent jurisdiction or (ii) a court of competent jurisdiction enters an order, judgment or decree appointing a receiver

or trustee for a Holder, or for any part of his, her or its property, and such petition, order, judgment or decree shall not be and remain discharged or stayed within a period of sixty (60) days after its entry;

then any such event shall be deemed an irrevocable " Offer " to sell such Common Stock to the Eligible Offerees for an amount per share equal to the Purchase Price, and such Holder shall within five (5) Business Days from such event notify the Company in writing of such event, and the Company shall, within five (5) Business Days from receipt thereof (or, if no such notice is delivered to the Company by the Holder, within five (5) Business Days from the Company's receipt of evidence, satisfactory to it, of any of the foregoing events), deliver written notice of the Offer to

the Eligible Offerees stating that all of the Common Stock registered in the name of such Holder are Securities Subject to the Offer pursuant to this Section 2.3 . The date of such Offer shall be deemed to be the date such written notice of the Offer is so delivered by the Company.

2.4 Death of Holder .

If a Holder dies and the Common Stock previously registered under the name of such Holder vests in or is transferable to any of the Holder's heirs or legatees, then such heir or legatee (or its representative) shall within five (5) Business Days from such event notify the Company in writing thereof, and shall have the option of becoming a Holder under this Agreement by notifying the Company of its intention to retain all or a portion of such Common Stock and completing and executing an Adoption Agreement as referred to in Section 6.1 , executing any required joinder and otherwise complying with the requirements set forth herein. In the event such written notice states that the heir or legatee does not intend to retain all of the Common Stock, or no such notice is delivered to the Company within the time required, all such heirs and legatees shall be deemed to have made an irrevocable " Offer " of such Common Stock to the Eligible Offerees for an amount per share equal to the Purchase Price, and the Company shall, within five (5) Business Days from receipt of such notice (or if no such notice is delivered to the Company, within five (5) Business Days from the Company's receipt of evidence satisfactory to it, of any of the foregoing events) of such Offer deliver a written notice of the Offer to the Eligible Offerees stating that all such Common Stock are Securities Subject to the Offer pursuant to this Section 2.4 . The date of such Offer shall be deemed to be the date on which such written notice is so delivered by the Company.

2.5 Indirect Transaction .

In the event of a transaction involving a change of ownership interest or voting power of a Holder which avoids or has the effect of avoiding the restrictions on Dispositions provided in this Section 2 , such transaction shall be deemed a Disposition by such Holder and an irrevocable " Offer ," and such Holder (" Offeror ") shall promptly notify the Company of such event and Offer, by written notice to the Company, to sell all Securities Subject to the Offer to the Eligible Offerees for an amount per share equal to the Purchase Price. Offers under this Section 2.5 shall (a) be in writing, (b) be irrevocable for so long as any Eligible Offeree has the right to purchase any Securities Subject to the Offer, (c) be sent by the Offeror to the Company and (d) contain a description of the proposed transaction and change of ownership interest or voting power. The Company shall, within five (5) Business Days from receipt thereof (or, if no such written notice is delivered to the Company by the Holder, within five (5) Business Days from the Company's receipt of evidence, satisfactory to it, of such a Disposition by the Offeror), deliver written notice of the Offer to the Eligible Offerees stating that all Common Stock registered in the name of such Holder are Securities Subject to the Offer Pursuant to this

Section 2.5 . The date of such Offer shall be deemed to be the date such written notice of the Offer is so delivered by the Company.

2.6 Right of First Refusal .

In the event that a Holder shall have received a bona fide offer or offers from a third-party or parties to purchase any portion of the Common Stock held by such Holder, and the Disposition shall have received the prior written consent of the Company in accordance with this Section 2 , prior to selling any Common Stock to the third-party or parties, such Holder shall promptly deliver to the Company in writing a notice of the proposed transaction (the " Offer ") setting forth in reasonable detail (a) a description of the proposed transaction and proposed purchaser, (b) the number of Securities Subject to the Offer and the form and amount of

consideration therefor and (c) any and all other material terms and conditions of the Offer. The Company shall, within five (5) Business Days from receipt thereof, deliver written notice of the Offer to the Eligible Offerees stating the terms and conditions of such Offer, including the number of shares of Common Stock that are Securities Subject to the Offer pursuant to this Section 2.6 , and the date of such Offer shall be deemed to be the date such written notice of the Offer is so delivered by the Company. Upon receipt of such Offer, the Eligible Offerees shall have the right to elect to purchase the Securities Subject to the Offer in accordance with the provisions of Section 3 .

Section 3. Procedures; Price .

3.1 Eligible Offerees .

The Eligible Offerees shall have the right, for sixty (60) days following the date of an Offer, to accept the Offer as to all or any Securities Subject to the Offer. The Eligible Offerees that accept the Offer shall agree in advance on the allocation of the Securities Subject to the Offer among the accepting Eligible Offerees. If the Company shall not have sufficient funds available to permit it lawfully to purchase Securities Subject to the Offer which the Company has accepted in whole or in part, the Holders shall, promptly upon the request of the Company, take such action to vote their respective shares to reduce the stated capital of the Company to the extent permitted by law or to authorize such other steps as may be appropriate or necessary in order to enable the Company, if possible, lawfully to purchase such Securities Subject to the Offer.

3.2 Certain Effects of Offers .

Subject to the terms and conditions of Section 6.2 , unless otherwise waived by the Board in its sole discretion, all Common Stock transferred by a Holder in accordance with the terms and subject to the conditions of this Agreement and any other agreement imposing restrictions on transfer and ownership to which such Holder is a party from time to time to any third party or to any Eligible Offeree (other than (x) a transferee described in Section 5.1(a) , (c) , (d) and/or (e) or (y) the Company or any of its Affiliates), and all Securities Subject to the Offer under Sections 2(b) through 2.6 (unless acquired by the Company, nt or any of its Affiliates), shall remain subject to the terms and conditions of this Agreement.

3.3 Acceptance; Closing .

If an Eligible Offeree (other than the Company) accepts an Offer as to all or any portion of the Securities Subject to the Offer, it shall evidence its acceptance by delivering to the

Company a written notice of intent to purchase such Securities Subject to the Offer. The Company shall, in turn, promptly notify in writing any Holder or any other party required to sell Securities Subject to the Offer of the receipt of such notices (" Receipt Notice "). The Company shall accept an Offer as to the Securities Subject to the Offer by promptly notifying the Holder or any other party required to sell Securities Subject to the Offer of such acceptance, and such notice by the Company shall be deemed a Receipt Notice. The closing of the acquisitions of Securities Subject to the Offer by Eligible Offerees shall be consummated within ninety (90) days following the delivery of the Receipt Notice. In the case of all acquisitions of Securities Subject to the Offer by Eligible Offerees such acquisitions shall be consummated at a closing held at the principal offices of the Company (unless otherwise mutually agreed), at which time the Purchase Price shall be delivered to the transferor of the Common Stock or the transferor's representative, and the transferor or the transferor's representative shall deliver to the Eligible Offerees purchasing such shares the certificates representing the Securities Subject to the Offer so purchased, duly endorsed for transfer or accompanied by duly executed stock powers or assignment forms, or in the event

any such certificates are alleged to have been lost, stolen or destroyed, an affidavit of lost, stolen or destroyed certificates to be delivered to the Company in a form reasonably satisfactory to the Company (including, if so requested, a bond in customary amount), and evidence of good title to the Securities Subject to the Offer so purchased and the absence of liens, encumbrances and adverse claims with respect thereto and such other matters as are deemed necessary by the Company for the proper transfer of the Securities Subject to the Offer so purchased to the acquiring Eligible Offerees on the books of the Company.

3.4 Form of Payment .

The Purchase Price for all Securities Subject to the Offer pursuant to an Offer made under Sections 2(b) through 2.6 , as applicable, shall be paid in cash in immediately available funds. Notwithstanding anything to the contrary, for the avoidance of doubt, Common Stock purchased by Eligible Offerees shall be purchased for an amount equal to the Purchase Price.

Section 4. Certain Dispositions .

4.1 Loan and Other Agreements; Certain Restrictions .

(a) Notwithstanding anything in this Agreement to the contrary, without limitation and in furtherance of the general restriction on Dispositions in Section 2 , no Holder shall make any Disposition (including a Disposition pursuant to Section 2 , 4 or 5 (other than pursuant to Section 5.1(a)) that, in the Company's sole judgement, would cause a breach or default or acceleration of payments under any loan agreement, note, indenture or other agreement or instrument to which the Company and/or its Affiliates are a party and under which the indebtedness or liability of the Company and/or its Affiliates exceeds $2,000,000 (" Material Agreement "), unless the Board approves the transfer in writing in advance of such Disposition. Therefore, each Holder desiring or required to make a Disposition shall, prior to attempting to effect any such Disposition, (i) give written notice (" Notice ") to the Board and the Company describing the proposed Disposition and the proposed transferee in sufficient detail, setting forth the number of shares of Common Stock as to which such Holder desires to make a Disposition; and (ii) provide such other information concerning the proposed Disposition as the Board or the Company requests. If, in the Board's judgment, the proposed Disposition would cause a breach

or default or acceleration of payments under any Material Agreement, then such Disposition may not be made, and any attempted Disposition shall be null and void ab initio and of no force and effect. If the Board approves such Disposition and any shares of Common Stock with respect to which approval has been given are not actually transferred within the relevant time period provided in the applicable provisions of this Agreement, then all of the provisions of this Agreement shall apply to any subsequent transaction affecting such Common Stock (except as expressly excluded by the other terms of this Agreement). Additionally, all Common Stock transferred (whether to a third-party or any Holder) pursuant to a Disposition complying with the terms of this Section 4 (other than a Disposition to (x) a transferee described in Section 5.1(a) , (c) , (d) and/or (e) or (y) the Company, TopCo Parent or their respective Affiliates) shall remain subject to the terms and conditions of this Agreement, and no Disposition may be effected unless and until the transferee has in accordance with the terms and conditions of this Agreement, agreed to be

bound by the terms and conditions of this Agreement, including by executing any required joinder and an Adoption Agreement.

(b) Notwithstanding anything in this Agreement to the contrary, without the Board's prior written consent, no Holder shall make any Disposition (including a Disposition pursuant to Section 2 , 4 or 5 (other than pursuant to Section 5.1(a)) to any Person that, in the judgement of the Board, (i) is an actual or known potential competitor of the Company or any of its Affiliates, (ii) is known to be adverse, or to have interests adverse, to the interests of the Company or any of its Affiliates as a result of a current or former litigation, arbitration, dispute or claim (each of clauses (i) and (ii), a " Competitor ") or (iii) is known to hold (directly or indirectly) more than a five percent (5%) ownership interest in any Competitor.

Section 5. Permitted Dispositions; Pledges; Voting Trusts .

5.1 Permitted Dispositions .

The following Dispositions shall be permitted without compliance with the provisions of Section 2 through 4 (each a " Permitted Disposition "):

(a) by any Holder, in the case of Common Stock, with respect to a Public Sale in connection with the exercise of Piggy-Back Registration Rights in accordance with Section 10 ;

(b) by any Holder who is an individual or a trust, a Disposition (i) to a trust or estate planning-related entity for estate planning purposes, (ii) to an Affiliate of such Holder controlled by such Holder (or by such Holder's grantor) or (iii) in the case of such Holder's (or in the case of a trust, the grantor's) death, by will, the laws of intestate succession or in accordance with the applicable trust instrument to executors, administrators, testamentary trustees, legatees or beneficiaries of such Holder;

(c) any Disposition to the Company;

(d) (i) any Disposition by TopCo Parent to (x) one or more of its Affiliates or (y) any one, certain of or all current or prospective members, partners or other direct or indirect equity holders (as applicable) of AP VIII Prime Security (or one or more Affiliates of any such member(s), partner(s) or other direct or indirect equity holders(s) (as applicable)) or other direct or indirect holders of securities of TopCo Parent, (ii) any direct or indirect issuance of securities of TopCo Parent, (iii) any direct or indirect issuance of Common Stock to TopCo Parent, or (iv) any "Permitted Transfer" (as defined in the TopCo Parent Agreement); and

(e) by any Holder during such Holder's lifetime to such Holder's Affiliates; provided that the Board has first provided its written consent to such Disposition;

provided , however , that, unless otherwise waived by the Board in its sole discretion, as a condition to any such Permitted Disposition, any Person (including such Person's spouse, if any), other than

(x) the Company, TopCo Parent, AP VIII Prime Security or their respective Affiliates, (y) any Person to whom TopCo Parent, AP VIII Prime Security or their respective Affiliates has Disposed of Common Stock or (z) any other transferee or recipient of securities described in clauses (a), (c), (d) and/or (e) of this Section 5.1 , so acquiring such Common Stock from a Holder shall be required to become a party to and be bound by this Agreement, shall be required to subject the Common Stock acquired by such Person to the provisions of this Agreement, and thereafter any such Person shall be deemed a "Holder" for the purposes of this Agreement.

5.2 Pledges, etc .

(a) Unless approved by the Board, no Holder shall pledge or grant any lien or encumbrance over, any Common Stock held by it, unless such pledge, lien or encumbrance is made by such Holder to the Company.

(b) A breach by any Holder of the covenants contained in this Section 5.2 shall not relieve or waive the obligations of all other Holders to comply with such covenants.

5.3 Voting Trusts, etc .

No Holder shall grant any proxy or enter into or agree to be bound by any voting trust, voting agreement or other obligation with respect to any Common Stock or enter into any agreements or arrangements of any kind with any Person with respect to any Common Stock that are inconsistent with or that could reasonably be expected to be inconsistent with the provisions of this Agreement, including agreements or arrangements with respect to the acquisition, Disposition, ownership or voting (if applicable) of any Common Stock, nor shall any Holder act, for any reason, as a member of a group or in concert with any other Persons in connection with the acquisition, Disposition or voting (if applicable) of any Common Stock in any manner which is inconsistent with or that could reasonably be expected to be inconsistent with the provisions of this Agreement.

Section 6. Conditions; Additional Parties .

6.1 Conditions to Permitted Transfers .

Unless otherwise waived by the Board in its sole discretion, as a condition to the Company's obligation to effect a Disposition permitted by this Agreement on the books and records of the Company, any transferee of Common Stock (other than (x) a transferee described in Section 5.1(a), (c), (d) and/or (e) or (y) the Company, TopCo Parent or their respective Affiliates) shall be required to (a) become a party to this Agreement by executing an Adoption Agreement in substantially the form of Exhibit A (or in such other form that is satisfactory to the Board) (an "Adoption Agreement"), (b) if such transferee is a natural person, cause his or her spouse (and any subsequent spouse), to execute and deliver a Spousal Consent or, if unmarried, to personally execute and deliver a Spousal Consent, in each case substantially in the form of Exhibit C attached hereto or in a form otherwise satisfactory to the Board and (c) execute such further documents as may be necessary, in the sole judgement of the Board.

6.2 Additional Parties.

(a) Unless otherwise waived by the Board in its sole discretion, any Person which acquires any Common Stock subsequent to the execution of this Agreement (other than (x) a transferee described in Section 5.1(a), (c), (d) and/or

(e) or (y) the Company, TopCo Parent or their respective Affiliates) shall become a party to this Agreement upon executing (together with such Person's spouse, if any) an Adoption Agreement in substantially the form of Exhibit A (or in such other form that is satisfactory to the Board) and such further documents as may be necessary, in the sole judgement of the Board.

(b) Unless otherwise waived by the Board in its sole discretion, in the event that any Person acquires Common Stock from (i) a Holder or any of its Affiliates or a member of such Holder's Group or (ii) any direct or indirect transferee of a Holder, including pursuant to any Disposition contemplated by Section 5.1 of this Agreement (other than Section 5.1(a)), such Person shall be subject to any and all obligations and restrictions of the Holder (for whom the shares of Common Stock were purchased) hereunder, as if such Person was such Holder named herein, including the obligation to make an Offer to Eligible Offerees pursuant to Section 2.4 upon the death of the Holder (from whom the shares of Common Stock were purchased). Additionally, whenever a Holder makes a transfer of Common Stock, including pursuant to any Disposition contemplated by Section 5.1 of this Agreement (other than Section 5.1(a)), unless otherwise waived by the Board in its sole discretion, such shares shall contain a legend so as to inform any transferee that such shares were held originally by a Holder and are subject to repurchase upon the death of such Holder. Such legend shall not be placed on any shares of Common Stock acquired from a Holder by the Company, TopCo Parent, AP VIII Prime Security, the Apollo Funds or any of their respective Affiliates.

Section 7. Restriction on Transfer.

7.1 Each Holder acknowledges that its Common Stock has not been registered under the Securities Act and as such its Common Stock may not be transferred except pursuant to an effective Registration Statement under the Securities Act or pursuant to an exemption from registration under the Securities Act. Each Holder agrees that it will not make any Disposition at any time if such action would or would be likely to (a) constitute a violation of any securities laws of any applicable jurisdiction or a breach of the conditions to any exemption from registration of Common Stock under any such laws or a breach of any undertaking or

agreement of such Holder entered into pursuant to such laws or in connection with obtaining an exemption thereunder, (b) cause the Company to become subject to the registration requirements of the U.S. Investment Company Act of 1940 or (c) be a non-exempt "prohibited transaction" under ERISA or Section 4975 of the Code or cause all or any portion of the assets of the Company to constitute "plan assets" for purposes of fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code.

7.2 To the extent certificated, each certificate representing Common Stock (if any) or other instrument (including a statement issued by the registrar in connection with a book-entry system) representing Common Stock shall (unless otherwise permitted by the provisions of Section 7.4 below) be stamped or otherwise imprinted with a legend in substantially the following form:

" **THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF**

1933, AS AMENDED (THE " *ACT* "), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS. ANY OFFER, SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THESE SECURITIES IN A TRANSACTION THAT IS NOT REGISTERED UNDER THE ACT IS SUBJECT TO THE COMPANY'S RIGHT TO REQUIRE DELIVERY OF AN OPINION OF COUNSEL TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO AN AMENDED AND RESTATED MANAGEMENT INVESTOR RIGHTS AGREEMENT, DATED AS OF JANUARY [●] , 2018, AMONG THE ISSUER OF SUCH SECURITIES (THE " *COMPANY* "), AND THE OTHER PARTIES NAMED THEREIN, AS THE SAME MAY BE AMENDED, RESTATED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME. THE TERMS OF SUCH AMENDED AND RESTATED MANAGEMENT INVESTOR RIGHTS AGREEMENT INCLUDE, AMONG OTHER THINGS, RESTRICTIONS ON

TRANSFER AND OWNERSHIP OF THE SECURITIES REPRESENTED HEREBY. A COPY OF SUCH AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST ."

7.3 Each Holder by acceptance thereof agrees, prior to any Disposition, to give written notice to the Company of such Holder's intention to effect such Disposition and to comply in all other respects with the terms and conditions of this Agreement. Each such notice shall describe the manner and circumstances of the proposed Disposition. Upon request by the Company, the Holder delivering such notice shall deliver a written opinion, addressed to the Company, of counsel for such Holder, stating that in the opinion of such counsel (which opinion and counsel shall be satisfactory to the Company) such proposed Disposition of shares by such Holder does not involve a transaction requiring registration or qualification of such shares under the Securities Act. Such Holder shall be entitled to transfer such shares in accordance with the terms of the notice delivered to the Company only and to the extent that the Board consents in writing in advance of such transfer, except as permitted pursuant to Section 5.1 . Each certificate or other instrument evidencing the securities issued upon the transfer of any Common Stock shall

bear the legend set forth in Section 7.2 above unless (a) in such opinion of counsel to the Holder of such shares (which opinion and counsel shall be acceptable to the Company) registration of any future transfer is not required by the applicable provisions of the Securities Act or (b) the Company shall have waived the requirement of such legends.

7.4 Notwithstanding the foregoing provisions of this Section 7 , the restrictions imposed by this Section upon the transfer and ownership of any Common Stock shall cease and terminate when (a) any such shares are sold or otherwise disposed of (i) pursuant to an effective Registration Statement under the Securities Act or (ii) in a transaction contemplated by Section 7.3 above which does not require that the shares so transferred bear the legend set forth in Section 7.2 hereof or (b) the holder of such shares has met the requirements for transfer of such shares under Rule 144 under the Securities Act (subject to the delivery of opinions as set forth above).

Section 8. Notices .

In the event a notice or other document is required to be sent hereunder to the Company, TopCo Parent or to any Holder or the spouse or legal representative of a Holder, such notice or other document, if sent by mail, shall be sent by registered mail, return receipt requested (and by air mail in the event the addressee is not in the continental United States), to the party entitled to receive such notice or other document at the address set forth on Annex I hereto. Any such notice shall be effective and deemed received three (3) days after proper deposit in the mails, but actual notice shall be effective however and whenever received. The Company, TopCo Parent or any Holder or spouse or their respective legal representatives may effect a change of address for purposes of this Agreement by giving notice of such change to the Company, and the Company shall, upon the request of any party hereto, notify such party of such change in the manner provided herein. Until such notice of change of address is properly given, the addresses set forth herein shall be effective for all purposes. Notwithstanding the foregoing, each Holder acknowledges and agrees that any notice required or permitted by this Agreement or under the Certificate of Incorporation, the Bylaws, the Delaware General Corporation Law or other applicable law may be given to such Holder at the electronic mail address set forth on Annex I hereto. Each Holder further agrees to notify the Company of any change to such Holder's

electronic mail address and that the provision of such notice to the Company shall constitute the consent of such Holder to receive notice at such electronic mail address. In the event that the Company is unable to deliver notice to such Holder at the electronic mail address so provided by such Holder, such Holder shall, within two (2) Business Days after a request by the Company, provide the Company with a valid electronic mail address to which such Holder consents to receive notice at such electronic mail address.

Section 9. Repurchase Rights .

9.1 Except as otherwise agreed by the Company in writing, including pursuant to an applicable award agreement or an employment agreement, following a Subject Party's Termination of Relationship for any reason, each Award held by such Subject Party that remains unvested pursuant to the terms of the award agreement on the date of notice of such Termination of Relationship shall be automatically forfeited without the need for any further action by any Person, together with the right to receive any payments that would have been payable thereon.

9.2 Following a Subject Party's Termination of Relationship for any reason, the Company or its designee shall have the right (the " Repurchase Right "), but not the obligation, upon delivery of a written notice (a " Repurchase Notice ") to such Subject Party and any transferee of such Subject Party to whom such Subject Party has transferred Common Stock hereunder (collectively, the " Redeemed Holder "), within one (1) year after the later of (i) such Subject Party's date of Termination of Relationship and (ii) the date such Subject Party exercises any Award that is vested (but unexercised) on or becomes vested after such Subject Party's date of Termination of Relationship (the " Repurchase Termination Date "), to repurchase all or any portion of the Redeemed Holder's shares of Common Stock issued pursuant to an Award (" Award Shares ") that have not been forfeited pursuant to Section 9.1 as of such date of Termination of Relationship (the " Redeemed Securities ").

9.3 If the Company or its designee elects to exercise its Repurchase Right, the repurchase price for Redeemed Securities shall be determined as set forth below:

(a) If the Subject Party was deemed a Good Leaver, all of the Redeemed Securities may be repurchased for an amount equal to the Fair Market Value of the Common Stock determined as of the date of delivery of the Repurchase Notice; and

(b) If the Subject Party was deemed a Bad Leaver, then (i) no consideration shall be paid by the Company or its designee to repurchase Redeemed Securities that are unvested Award Shares and (ii) all other Redeemed Securities can be repurchased for the lesser of (x) the price paid by the Subject Party for such Redeemed Securities and (y) an amount equal to the Fair Market Value of the Common Stock as of the date of delivery of the Repurchase Notice.

9.4 The aggregate repurchase price for Redeemed Securities repurchased pursuant to this Section 9 shall be paid in cash in a single lump sum payment at the closing of such repurchase.

9.5 The closing of the purchase of the Redeemed Securities pursuant to this Section 9 shall take place on a date designated by the Company; provided , that the Company may, to the fullest extent permitted by law, defer the closing of the repurchase beyond such date. Notwithstanding anything herein to the contrary, including any deferral of the closing

of any repurchase pursuant to this Section 9 , the repurchase of the Redeemed Securities shall, to the fullest extent permitted by law, be deemed effective, and the Subject Party shall cease to have any rights with respect thereto (other than the right to receive the repurchase price determined pursuant to Section 9.3) immediately upon delivery of the Repurchase Notice.

9.6 In the event that Redeemed Securities are purchased pursuant to this Section 9 , the Redeemed Holder, and such Person's successors, assigns or representatives, will take all steps necessary and desirable to obtain all required third-party, governmental and regulatory consents and approvals and take all other actions necessary and desirable to facilitate consummation of such repurchase in a timely manner.

9.7 The Company or its designee purchasing the Redeemed Securities will pay for the Redeemed Securities purchased pursuant to this Section 9 by delivery of a check or wire transfer of funds, in exchange for the delivery by the Redeemed Holder of the certificates representing such Common Stock duly endorsed for transfer to the Company or its designee, as applicable, accompanied by duly executed stock powers or assignment forms, or in the event any such certificates are alleged to have been lost, stolen or destroyed, an affidavit of lost, stolen or destroyed certificates to be delivered to the Company in a form reasonably satisfactory to the Company (including, if so requested, a bond in customary amount), and evidence of good title to the Redeemed Securities so purchased and the absence of liens, encumbrances and adverse claims

with respect thereto. The Company shall have the right to record such transfer on its books and records without the consent of the Redeemed Holder. Upon the exercise of the Redemption Right, the Redeemed Holder shall transfer such Redeemed Securities free and clear of all liens and other encumbrances by delivering such instruments of transfer to the Company or its designee, as requested by the Company.

9.8 The Company or its designee purchasing the Redeemed Securities will be entitled to require the Redeemed Holder to provide representations and warranties regarding (w) its power, authority and legal capacity to enter into such repurchase, (x) valid right, title and interest in, and ownership of, the Redeemed Securities, (y) the absence of any liens on the Redeemed Securities, and (z) the absence of any violation, in any material respect, or default under, or acceleration of any material agreement or instrument pursuant to which the Redeemed Holder or the assets of the Redeemed Holder are bound as a result of such repurchase. Should the Company or any of its designees elect to exercise any Repurchase Rights pursuant to this Section 9 regardless of whether the Redeemed Holder delivers any Redeemed Securities in accordance with the terms hereof, the Company may, at its option, upon delivery of the Repurchase Notice, in addition to all other remedies it may have, (1) cancel on its books such Redeemed Securities registered in the name of the Redeemed Holder and (2) issue to the purchaser, in lieu thereof, the same class of securities of the Company registered in the purchaser's name (or if the Company is the purchaser, cancel such Common Stock), and all of the Redeemed Holder's right, title and interest in and to the Redeemed Securities shall terminate in all respects.

9.9 Notwithstanding anything to the contrary contained in this Agreement, all purchases of Redeemed Securities by the Company shall be subject to applicable restrictions contained in federal law and the Delaware General Corporation Law and in the Company's and its respective Subsidiaries' debt and equity financing agreements. Notwithstanding anything to the contrary contained in this Agreement, if any such restrictions prohibit or otherwise delay the purchase by the Company of Redeemed Securities hereunder which the Company is otherwise entitled or required to make, then the Company shall make such purchases within thirty (30) days of the date that it is permitted to do so under such restrictions.

9.10 Upon receipt of a Redemption Notice, the Redeemed Holder shall be obligated to promptly take all action or actions requested by the Company that are necessary or appropriate to complete the actions required by this Section 9 .

Section 10. Piggy-Back Registration Rights .

10.1 In the event that the Company proposes to register any Registrable Securities under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8, or any successor forms thereto, promulgated under the Securities Act), for the account of TopCo Parent (or the Apollo Funds if such Apollo Funds are direct holders of Common Stock) the Company shall give the Holders written notice (the " Piggy-Back Notice ") of its intention to effect such a registration at least ten (10) days before the anticipated filing date. Subject to Section 10.2 , such Holders shall have the right (the " Piggy-Back Registration Right ") to request that the Company use its reasonable best efforts to cause all the Registrable Securities specified in a written request by the Holders and delivered to the Company within ten (10) days after the giving of such Piggy-Back Notice by the Company to be included in such registration on the same terms and conditions as the Registrable Securities otherwise being sold in such registration. The Holders shall be entitled to request to include in such Registration Statement a number of Registrable Securities equal to the product of (x) the aggregate number of shares of Common Stock owned by such Holder as of the date of the Piggy-Back Notice (or at the Company's option, as of the date such Registration

Statement is filed) and (y) the ratio of (i) the number of shares of Common Stock proposed to be included in such Registration Statement that are owned, directly or indirectly, by the Apollo Funds to (ii) the aggregate number of shares of Common Stock owned, directly or indirectly, by the Apollo Funds that are outstanding as of the date of the Piggy-Back Notice (or at the Company's option, as of the date such Registration Statement is filed). If at any time after giving written notice of its intention to register any Registrable Securities and prior to the effective date of the Registration Statement filed in connection with such registration, the Company determines for any reason not to proceed with the proposed registration, the Company may at its election give written notice of such determination to the Holders and thereupon shall be relieved of its obligation to register any Registrable Securities in connection with such registration. A Holder shall be permitted to withdraw all or part of its Registrable Securities from a registration pursuant to this Section 10.1 at any time prior to the effectiveness of such Registration Statement except in an underwritten offering where such Holder has previously committed to the underwriters that it would participate in such offering.

10.2 If the registration of which the Company gives notice is for a registered public underwritten offering, the Company shall so advise each of the Holders as a part of the written notice given pursuant to Section 10 . In such event, the right of each of the Holders to registration pursuant to this Section 10 shall be conditioned upon such Holder's participation in such underwritten offering and the inclusion of such Holder's Registrable Securities in the underwritten offering to the extent provided herein. The Holders whose Registrable Securities are to be included in such registration shall (together with the Company) enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for the underwritten offering by the Company; provided that such Holder will not be required to make any representations or warranties to the Company or to the underwriters (other than customary representations and warranties regarding such Holder, such Holder's ownership of Registrable Securities to be sold in such underwritten offering, and such Holder's intended method of distribution) or to undertake any indemnification obligations to the Company or to the underwriters with respect thereto (other than as provided in Section 10.7). Notwithstanding any other provision of this Section 10 , if the managing underwriter or underwriters determine that the inclusion of some or all of the Registrable Securities proposed to be included in the registration

and the underwritten offering would adversely affect the successful marketing (including pricing) of the offering, then the Company shall include in such Registration Statement only such number of Registrable Securities as the Company has been advised can be sold in such offering without such adverse effect, to be allocated in the following manner: (i) first, one hundred percent (100%) of the Registrable Securities the Company proposes to sell, (ii) second, the number of Registrable Securities which the Apollo Funds, TopCo Parent and each Holder holding Registrable Securities requested to be included in such offering, pro rata amongst the Apollo Funds, TopCo Parent and each Holder holding Registrable Securities based on the number of Registrable Securities that each of them shall have so requested to be included in such offering, and (iii) third, the number of Registrable Securities requested to be included in such offering by any other Persons, pro rata among such Persons based upon the number of Registrable Securities which all such Persons requested to be included in such offering; provided , that in the event such offering is a Qualified Public Offering and the managing underwriter or underwriters determine that the inclusion of some or all of the Registrable Securities proposed to be included in the registration and the underwritten offering would adversely affect the successful marketing (including pricing) of the offering, then the managing underwriter or underwriters shall include in such Registration Statement only such number of Registrable Securities as the Company has been advised can be sold in such offering without such adverse effect, to be allocated in the discretion of the managing underwriter or underwriters. If any Holder disapproves of the terms of any such underwritten offering, it may elect to withdraw therefrom by written notice to the Company and the managing underwriter or

underwriters prior to the commencement of such underwritten offering. Any Registrable Securities excluded or withdrawn from any such underwritten offering also shall be excluded or withdrawn from the related registration.

10.3 In the event that any Holder requests inclusion in a registration pursuant to this Section 10 in connection with a distribution of Registrable Securities to its partners, members or other equity holders, the registration shall provide for a resale by such partners, members or other equity holders, as applicable, if requested by such Holder; provided , that, in each case, such Holder shall cause its partners, members or other equity holders, as applicable, to be bound by and comply with this Section 10 . Each of the Holders holding Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Section 10 . The Company shall afford any Holder holding Registrable Securities included in any registration that, in the judgment of such Holder, might be deemed to be an underwriter or a "controlling person" (within the meaning of Section 15 of the Securities Act or Section 20 of the 1934 Act) of the Company to participate in the Registration Statement with respect to such registration and to include language in such Registration Statement that, in the reasonable judgment of such Holder and its legal counsel, should be included therein.

10.4 Notwithstanding anything contained herein to the contrary, the Company shall have the right to require the Holders to suspend offers and sales of Registrable Securities included on any Registration Statement filed whenever, and for so long as, in the judgment of the Company either (A) an event has occurred which makes any statement made in such Registration Statement or related prospectus or document incorporated therein or deemed to be incorporated therein by reference untrue in any material respect or which requires the making of any changes in such Registration Statement or prospectus so that it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; or (B) it is advisable to suspend use of the Registration Statement and prospectus due to pending corporate developments or public

filings with the Securities and Exchange Commission or similar events; provided , however , that the aggregate number of days included in any such suspension period shall not exceed one hundred and eighty (180) days in any twelve (12) month period.

10.5 In connection with any registration of Registrable Securities under the Securities Act (including any registration pursuant to this Section 10) for sale to the public, each Holder agrees (i) not to sell, make any short sale of, grant any option for the purchase of, or otherwise make a Disposition of, any Registrable Securities (in each case, other than as part of such offering) without the prior written consent of the Company during a period designated in writing by the Company to each Holder that shall begin no more than ten (10) days prior to the effectiveness of the Registration Statement under which such public offering shall be made and continuing for no more than ninety (90) days (or one hundred eighty (180) days in the case of the initial public offering) after the effective date of such Registration Statement and (ii) to enter into a "lock-up" agreement on customary terms if requested by the underwriter(s) of such offering; provided , that such agreement shall not restrict the selling of any Registrable Security for more than ninety (90) days (or one hundred eighty (180) days in the case of the initial public offering) after the effective date of such Registration Statement.

10.6 The Company shall pay all expenses in connection with each registration of Registrable Securities requested pursuant to this Section 10 and other expenses incidental to the Company's performance of, or compliance with, this Section 10 ; provided , (A)

the Company only shall pay reasonable fees and expenses of one firm of counsel for the Holders whose Registrable Securities are to be included in a registration (which shall be selected by the Holders holding a majority of the Registrable Securities being included in any particular Registration Statement) and (B) that each Holder shall pay its portion of all applicable underwriting fees, discounts and similar charges, if any, relating to the sale of its Registrable Securities included in any Registration Statement pursuant to this Section 10 .

10.7 Indemnification .

(a) To the fullest extent permitted by applicable law, the Company shall indemnify each of the Holders and each of their respective Affiliates, as applicable, each of the foregoing's respective officers, directors (or Persons in similar positions), members and partners, and each Person controlling each of the Holders and their respective Affiliates within the meaning of the Securities Act or the 1934 Act, with respect to each registration which has been effected pursuant to this Section 10 , and each underwriter, if any, and each Person who controls any underwriter within the meaning of the Securities Act or the 1934 Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, including any preliminary or final prospectus contained therein and any amendments or supplements thereto, incident to any such registration; (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; or (iii) any violation by the Company of the Securities Act, the 1934 Act, any state securities or blue sky laws or any rule or regulation thereunder in connection with any such registration, and will reimburse each of the Holders and each of their respective Affiliates, as applicable, each of the foregoing's respective officers, directors (or Persons in similar positions), members and partners, and each Person controlling each of the Holders and their respective Affiliates, each such underwriter and each Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action; provided , that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense

arises out of or is based on (y) any untrue statement or omission based upon written information furnished to the Company by any Holder or underwriter and stated to be specifically for use therein or (z) the failure of any Holder or any agent acting on behalf of such Holder to timely deliver a prospectus, except those cases where such failure was a result of the act(s) or failure to act by the Company. The indemnity agreement contained in this Section 10.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld.

(b) To the fullest extent permitted by applicable law, each of the Holders will, if Registrable Securities held by it are included in the securities as to which such registration, qualification or compliance is being effected will, indemnify the Company, each of its directors and officers and each underwriter, if any, of the Company's securities covered by a Registration Statement and each Person who controls the Company or such underwriter within the meaning of the Securities Act or the 1934 Act, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, including any preliminary or final prospectus contained therein and any amendments or supplements thereto, made by such Holder; or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by such Holder therein not misleading, and will reimburse the Company and such directors, officers, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss,

damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, including any preliminary or final prospectus contained therein and any amendments or supplements thereto, in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein; provided , however , that the obligations of each of the Holders hereunder shall be limited to an amount equal to the net proceeds such Holder received by sale of securities as contemplated herein, except in the case of willful fraud by such Holder, and that the indemnity agreement contained in this Section 10.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld.

(c) Each Person entitled to indemnification under this Section 10 (each, a " Securities Indemnified Party ") shall give notice to the Person required to provide indemnification (the " Securities Indemnifying Party ") promptly after such Securities Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Securities Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided , that counsel for the Securities Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Securities Indemnified Party (whose approval shall not unreasonably be withheld) and the Securities Indemnified Party may participate in such defense at such Person's expense (unless the Securities Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Securities Indemnifying Party and the Securities Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Securities Indemnifying Party); provided , further , that the failure of any Securities Indemnified Party to give notice as provided herein shall not relieve the Securities Indemnifying Party of its obligations under this Section 10 unless the Securities Indemnifying Party is materially prejudiced thereby in its ability to defend such action. No Securities Indemnifying Party, in the defense of any such claim or litigation shall, except with the written consent of each Securities

Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Securities Indemnified Party of a release from all liability in respect to such claim or litigation. Each Securities Indemnified Party shall furnish such information regarding itself or the claim in question as a Securities Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 10 is held by a court of competent jurisdiction to be unavailable to a Securities Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Securities Indemnifying Party, in lieu of indemnifying such Securities Indemnified Party hereunder, shall contribute to the amount paid or payable by such Securities Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Securities Indemnifying Party on the one hand, and of the Securities Indemnified Party on the other, in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the Securities Indemnifying Party and of the Securities Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Securities Indemnifying Party or by the Securities Indemnified Party and the Persons' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with any Underwritten Offering contemplated by this Agreement are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall be controlling.

(f) The foregoing indemnity obligations of the Company and Holders are subject to the condition that, insofar as they relate to any loss, claim, liability or damage arising out of a statement made in or omitted from a preliminary prospectus but eliminated or remedied in the amended prospectus on file with the Securities and Exchange Commission at the time the Registration Statement in question becomes effective or the amended prospectus filed with the Securities and Exchange Commission pursuant to Commission Rule 424(b) (the " Final Prospectus "), such indemnity or contribution agreement shall not inure to the benefit of any underwriter or Holder if a copy of the Final Prospectus was furnished to the underwriter or Holder and was not furnished to the Person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

10.8 TopCo Parent shall cause or shall have caused any of its Subsidiaries engaged in an initial public offering to grant registration rights to the Holders substantially similar to the registration rights granted in this Section 10 . This Section 10 will also apply, *mutatis mutandis* , with respect to any successor to the Company, and TopCo Parent shall cause such entity to afford registration rights (and be subject to such obligations) as are analogous to those set forth in this Section 10 .

10.9 The Company shall (a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the date on which the Company becomes subject to Section 13(a) or Section 15(d) of the 1934 Act; (b) use reasonable efforts to file with the Securities and Exchange Commission in a timely manner all

reports and other documents required of the Company under the Securities Act and the 1934 Act, at any time after it has become subject to such reporting requirements; and (c) furnish to any Holder, so long as the Holder owns Registrable Securities, promptly upon request, a written statement by the Company as to the Company's compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first Registration Statement filed by the Company for an offering of its securities to the general public) and of the Securities Act and the 1934 Act (after it has become subject to such reporting requirements) and such other reports and documents so filed or furnished by the Company as such holder may reasonably request in connection with the sale of Registrable Securities without registration.

10.10 Certain Definitions. For purposes of this Section 10:

(a) "1934 Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(b) "Final Prospectus" has the meaning ascribed to such term in Section 10.7(f).

(c) "Registrable Securities" shall mean (i) Management Shares, (ii) any securities owned by or to be acquired by a Holder in respect of Management Shares in connection with a recapitalization, merger, consolidation, exchange or other reorganization of the Company, (iii) any of the securities described in the preceding clause (ii) acquired pursuant to open market purchases by or that are otherwise held by any Holder; provided, however, that Management Shares shall be deemed to be Registrable Securities only

following the date that TopCo Parent has sold Common Stock in registered offerings in exchange for net proceeds at least equal to the amount of the aggregate amount paid by TopCo Parent for all Common Stock purchased by TopCo Parent during the period beginning on the date of the Original Agreement and ending on the date of any such registered offering; and provided, further, that any Registrable Securities shall cease to be Registrable Securities when (A) a Registration Statement with respect to the sale of such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been disposed of in accordance with the plan of distribution set forth in such Registration Statement, (B) such Registrable Securities are distributed pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (C) such Registrable Securities shall have been otherwise transferred and new certificates for them not bearing a legend restricting further transfer under the Securities Act shall have been delivered by the Company and subsequent disposition of such securities does not require registration or qualification of such securities under the Securities Act or any state securities or blue sky law then in force, (D) such Registrable Securities are eligible to be sold pursuant to Rule 144 (or any similar provision then in force) under the Securities Act without volume limitations or (E) such Registrable Securities have ceased to be outstanding; and provided, further, that any securities that have ceased to be Registrable Securities shall not thereafter become Registrable Securities and any security that is issued or distributed in respect of securities that have ceased to be Registrable Securities is not a Registrable Security. Notwithstanding any other provision of this Section 10.10(a), with respect to any Registration Statement that registers Common Stock, "Registrable Securities" shall only include Common Stock.

(d) "Securities Indemnified Party" has the meaning ascribed to such term in Section 10.7(c).

(e) " Securities Indemnifying Party " has the meaning ascribed to such term in Section 10.7(c) .

(f) " Underwritten Offering " means a sale of Common Stock to an underwriter for reoffering to the public.

Section 11. Reserved .

Section 12. Confidentiality .

The terms and conditions of this Agreement shall be held confidential by the Holders and no Holder shall disclose to any Person not a party to this Agreement any of the terms or conditions of this Agreement. Each Holder agrees that it will not, directly or indirectly, at any time during or after such time as such Holder is a holder of securities of the Company, use, take commercial or proprietary advantage of or profit from or disclose in any manner whatsoever, in whole or in part, any information (whether or not in written form and whether or not expressly designated as confidential), documents or materials of or concerning TopCo Parent, AP VIII Prime Security, the Koch Equityholder, the Apollo Funds, the Company or any of their respective Affiliates or any of its or their respective former, current or future, direct or indirect, equity holders, controlling persons, general or limited partners, stockholders, members, managers, directors, officers, employees, agents, consultants, affiliates, attorneys, advisors or other representatives received on a confidential basis from the Company or any other Person under or pursuant to this Agreement or any other agreement with the TopCo Parent, AP VIII Prime Security, the Koch Equityholder, the Apollo Funds, the Company or any of their respective Affiliates including

financial terms and financial and organizational information contained in any documents, statements, certificates, materials or information furnished, or to be furnished, by or on behalf of TopCo Parent, AP VIII Prime Security, the Koch Equityholder, the Apollo Funds, the Company or any of their respective Affiliates or any other Person in connection with the purchase or ownership of any Common Stock or Awards, except as is required to be disclosed under applicable law or order of any Governmental Entity (provided , that the party required to make such disclosure shall provide the Company with prompt notice of any such disclosure and shall, to the fullest extent permitted by applicable law, limit the extent of such disclosure).

Section 13. Distributions in Connection with Merger or Qualified Public Offering; Cooperation with Qualified Public Offering Reorganization and SEC Filings .

13.1 In the event of any merger, consolidation, statutory share exchange or other business combination or reorganization of the Company, on the one hand, with any of its Subsidiaries, on the other hand, each Holder shall, to the extent necessary, as determined by TopCo Parent, execute a management investor rights agreement with terms that are substantially equivalent (to the extent practicable) to, *mutatis mutandis* , the terms of this Agreement.

13.2 Upon the election of TopCo Parent, each Holder shall enter into a capital reorganization transaction (a " Reorganization ") in which each such Holder will become a member, partner or stock holder and/or option holder of a newly formed holding company (" New Holdco "), which may be a limited liability company, corporation, or limited partnership or similar entity and shall cease to be holders of their Common Stock. The Reorganization may be structured as determined by TopCo Parent, in its sole discretion, as a contribution, merger, consolidation, recapitalization or substantially similar transaction in which each Holder exchanges the Common Stock for substantially similar equity securities of New HoldCo

(collectively, the " New Equity Securities "). The New Equity Securities shall provide each Holder with substantially similar economic and other rights, privileges and restrictions as such Holder had prior to such Reorganization. Upon the occurrence of a Reorganization, either (i) New Holdco shall assume all obligations of the Company under this Agreement and any Awards and all references herein to the Company, its Common Stock and its Awards (or terms of similar import) would be deemed changed *mutatis mutandis* to reflect the issuance of the New Equity Securities by New HoldCo and their attendant rights, privileges and restrictions and the assumption of this Agreement and any Awards by New HoldCo or (ii) upon the election of TopCo Parent, each Holder and New HoldCo shall enter into a new agreement based on terms that are substantially similar to this Agreement and otherwise that do not affect a Holder in a manner materially adverse and substantially different relative to the other Holders, as determined by TopCo Parent. Each Holder and the Company agree to execute any agreements or other documents in connection with the Reorganization that TopCo Parent deems necessary and proper to consummate the Reorganization.

13.3 In connection with any proposed transaction contemplated by Section 13.1 or Section 13.2 , each Holder shall take such actions as may be required and otherwise cooperate in good faith with the Company and TopCo Parent, including taking all actions requested by the Company or TopCo Parent and executing and delivering all agreements, instruments and documents as may be required or desirable to consummate any such proposed transaction.

13.4 Each Holder agrees, following the consummation of an initial public offering of securities of the Company (or any of its direct or indirect parent entities, any of its Subsidiaries or any successor thereof), to take or avoid taking (as applicable) actions that would potentially cause liability to the Company, TopCo Parent, AP VIII Prime Security, the Koch Equityholder, the Apollo Funds or any Affiliate of the foregoing or any Holder under Section 13

or Section 16 of the Exchange Act or the rules and regulations promulgated thereunder. To the extent that the Company, TopCo Parent, the Apollo Funds, the Koch Equityholder or any Affiliate of the foregoing or any Holder determines that it is obligated to make filings under Section 13 or Section 16 of the Exchange Act or the rules and regulations promulgated thereunder, each Holder agrees to cooperate with the Person that determines that it has such a filing obligation, including by promptly providing information required by such Person for any such filing.

Section 14. Representations and Warranties.

Each Holder hereby makes the representations and warranties set forth on Exhibit B to each of the other parties to this Agreement as of the date such Holder executes this Agreement or an Adoption Agreement, as the case may be, and on any subsequent date on which such Holder may acquire Common Stock.

Section 15. Miscellaneous Provisions .

15.1 Interpretation of Certain Words . Whenever the context requires, the gender of all words used herein shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural.

15.2 Binding Effect . This Agreement shall be binding upon the Company, the Holders, any spouses of the Holders, and their respective heirs, executors, administrators and permitted successors and assigns.

15.3 Governing Law; Jurisdiction, Waiver of Jury Trial .

(a) This Agreement shall be governed by and construed in accordance with the applicable laws of the State of Delaware, without giving effect to any choice of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the applicable laws of any jurisdiction other than the State of Delaware to be applied.

(b) Each of the parties hereto irrevocably (i) consents to submit itself to the personal jurisdiction of the Delaware Court of Chancery, or in the event (but only in the event) that the Delaware Court of Chancery does not have subject matter jurisdiction over such legal action or proceeding, the United States District Court for the District of Delaware, or in the event (but only in the event) that such United States District Court for the District of Delaware also does not have subject matter jurisdiction over such legal action or proceeding, any Delaware state court sitting in New Castle County, in connection with any matter based upon or arising out of this Agreement or the actions of the parties hereof, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (iii) agrees that it will not bring any action relating to this Agreement in any court other than the courts of the State of Delaware, as described above. Each of the parties hereto hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the addresses set forth in Annex I and Annex II shall be effective service of process for any suit or proceeding in connection with this Agreement. Each party to this Agreement hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 15.3(b) , that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to

the fullest extent permitted by applicable law, that the suit, action or proceeding in any such court is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which a party hereto is entitled pursuant to the final judgment of any court having jurisdiction. Each party hereto expressly acknowledges that the foregoing waiver is intended to be irrevocable under the laws of the State of Delaware and of the United States of America; provided , that each such party's consent to jurisdiction and service contained in this Section 15.3(b) is solely for the purpose referred to in this Section 15.3(b) and shall not be deemed to be a general submission to said courts or in the State of Delaware other than for such purpose .

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.4 Amendment .

(a) Except as otherwise expressly set forth herein, this Agreement may only be modified or amended, and provisions hereof may be waived, by an instrument in writing duly executed and delivered by TopCo Parent; provided , however , that, any amendment, modification or waiver that, by its terms, would adversely and uniquely affect a Holder relative to other

Holders without similarly affecting all of the Holders shall require the prior written consent of such adversely and uniquely affected Holder. Any waiver of any provision of this Agreement requested by any party hereto must be in writing by the party granting such waiver. Upon obtaining such approvals required by this Agreement and without any further action or execution by any other Person, including any Holder, (x) any amendment, restatement, modification or waiver of this Agreement may be implemented and reflected in a writing executed solely by TopCo Parent, and (y) each of the Holders and any other party to this Agreement shall be deemed a party to and bound by such amendment, restatement, modification or waiver of this Agreement.

(b) For the avoidance of doubt, in addition to other amendments authorized herein, amendments may be made to this Agreement from time to time by TopCo Parent, without the consent of any of the Holders or any other party to this Agreement: (i) to delete or add any provision of this Agreement required to be so deleted or added by any federal or state official, which addition or deletion is deemed by such official to be for the benefit or protection of the Holders or any other party to this Agreement and (ii) to reflect changes in ownership of Common Stock and/or other securities of the Company, including changes pursuant to Permitted Dispositions.

(c) If this Agreement is amended solely to reflect the addition or substitution of a Holder or increasing the ownership of a Holder, in accordance with the terms hereof, such amendment to this Agreement shall be sufficient when it is signed by TopCo Parent and by the Person to be substituted or added or who is increasing his, her or its investment in the Company, and, if a Holder is to be substituted, by the assigning Holder, as applicable.

15.5 Termination . This Agreement shall terminate automatically upon: (a) the dissolution of the Company or (b) the consummation of a Control Disposition.

15.6 Dispositions of Common Stock . Any Holder who disposes of all of his, her or its Common Stock and all securities exercisable, or exchangeable for or convertible into, Common Stock in conformity with the terms and conditions of this Agreement shall cease to be a party to this Agreement and shall have no further rights and obligations hereunder.

15.7 Spousal Consent . The spouses of the individual Holders are fully aware of, understand and fully consent and agree to the provisions of this Agreement and its binding effect upon any community property interests or similar marital property interests in the Common Stock they may now or hereafter own, and agree that the termination of their marital relationship with any Holder for any reason shall not have the effect of removing any Common Stock otherwise subject to this Agreement from the coverage of this Agreement and that their awareness, understanding, consent and agreement are evidenced by their signing this Agreement. Furthermore, unless otherwise determined by the Company or TopCo Parent, each individual Holder agrees to cause his or her spouse (and any subsequent spouse) to execute and deliver a Spousal Consent or, if unmarried, to personally execute and deliver a Spousal Consent, in each case substantially in the form of Exhibit C attached hereto or in a form otherwise satisfactory to the Company.

15.8 Treatment of Certain Dispositions . Any Disposition or attempted Disposition in breach of this Agreement shall be void ab initio and of no effect. Notwithstanding anything to the contrary set forth herein, the Company may determine to treat any attempted Disposition in breach of this Agreement as an Offer pursuant to Section 2.6 . Additionally, Section 3 shall apply to such attempted Disposition; provided , however , that the time periods set forth in that Section shall begin to run as of the date the Company receives

evidence satisfactory to it of such attempted Disposition. In connection with any attempted Disposition in breach of this Agreement, the Company may hold and refuse to transfer any Common Stock or any certificate therefor, in addition to and without prejudice to any and all other rights or remedies which may be available to it, TopCo Parent and/or the Holders. Each party to this Agreement acknowledges that a remedy at law for any breach or attempted breach of this Agreement will be inadequate, agrees that each other party to this Agreement shall be entitled to specific performance and injunctive and other equitable relief in case of any such breach or attempted breach and further agrees to waive (to the extent legally permissible) any legal conditions required to be met for the obtaining of any such injunctive or other equitable relief (including posting any bond in order to obtain equitable relief).

15.9 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. The failure of any Holder to execute this Agreement does not make it invalid as against any other Holder.

15.10 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, and such invalid, void or otherwise unenforceable provisions shall be null and void. It is the intent of the parties, however, that any invalid, void or otherwise unenforceable provisions be automatically replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable to the fullest extent permitted by law.

15.11 Further Efforts. Each Holder shall do and perform or cause to be done and performed, without further consideration, all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as the Company may request in order to carry out the provisions of this Agreement and to consummate of the transactions contemplated hereby.

15.12 Waivers. No course of dealing between the Company, or its Subsidiaries, and the Holders (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

15.13 Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto as to the subject matter hereof and supersedes and cancels all previous and contemporaneous agreements among all or some of the parties hereto, whether written, oral or otherwise. Unless otherwise provided herein, any consent, approval, decision or action of the Company or TopCo Parent, as the case may be, may be given, withheld, taken or omitted by the Company or TopCo Parent, as the case may be, in its sole discretion.

15.14 Third-Party Beneficiaries. Except as otherwise expressly provided for in this Agreement, none of the provisions in this Agreement shall be for the benefit of or enforceable by any Person other than the parties to this Agreement, their respective heirs,

executors, administrators, successors and assigns except that (a) each Related Party shall be a third-party beneficiary of Section 15.20 (and any other provision or definition of this Agreement to the extent an amendment, supplement, waiver or other modification of such provision or definition would modify the substance of such Section and definition) and (b) each of the Apollo Funds and AP VIII Prime Security shall be a third-party beneficiary of this Agreement. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

15.15 Recapitalizations, Splits and Adjustments to Common Stock . If, and as often as, there are any changes in the Common Stock by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions of this Agreement, as may be required, so that the rights, privileges, duties and obligations hereunder shall continue with respect to the Common Stock as so changed.

15.16 Personal Liability . To the fullest extent permitted by law, no director of the Company or its Subsidiaries shall be personally liable to the Company or any Holder as a result of any acts or omissions taken under this Agreement in good faith.

15.17 Efforts in Support of Registration . Notwithstanding anything to the contrary herein, and except for Dispositions allowed under Section 9 , if the Company proposes for any reason to register Common Stock under the Securities Act (including any registration pursuant to Section 10) for sale to the public, each Holder agrees (i) not to sell, make any short sale of, grant any option for the purchase of, or otherwise Transfer, any Registrable Securities (in each case, other than as part of such registration) without the prior written consent of the Company during a period designated in writing by the Company to each Holder that shall begin no more than ten (10) days prior to the effectiveness of the Registration Statement under which such public offering shall be made and continuing for no more than ninety (90) days (or one hundred eighty

(180) days in the case of an initial public offering), in each case, subject to any customary "booster shot" extensions, following the effective date of such Registration Statement and (ii) to enter into a "lock-up" agreement on customary terms if requested by the underwriter(s) of such offering; provided , that such agreement shall not restrict the selling of any Registrable Security for more than ninety (90) days (or one hundred eighty (180) days in the case of an initial public offering), in each case, subject to any customary "booster shot" extensions, after the effective date of such Registration Statement (the " Underwriters Lock-Up Period ").

15.18 Additional Common Stock . In the event additional shares of Common Stock are issued by the Company to a Holder at any time during the term of this Agreement, either directly or upon the exercise, conversion or exchange of securities of the Company exercisable for or convertible or exchangeable into shares of Common Stock, such additional shares of Common Stock shall, as a condition to such issuance, become subject to the terms and provisions of this Agreement.

15.19 Assignment .

(a) Notwithstanding anything to the contrary contained herein, TopCo Parent may assign its rights or obligations, in whole or in part, under this Agreement to one or more of its Affiliates.

(b) Notwithstanding anything in this Agreement to the contrary, TopCo Parent shall have the right, at its election and without the consent of any other Person, to assign any or all of its rights or obligations under this Agreement to any Person or Persons to whom TopCo Parent sells or transfers Common Stock. No Holder may, directly or indirectly, assign or transfer (whether in connection with the transfer of Common Stock or otherwise) all or any part of its rights or obligations under this Agreement without the prior written consent of TopCo Parent (which consent may be withheld by TopCo Parent at its sole discretion).

15.20 Non-Recourse . Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that certain of the parties hereto may be partnerships, limited liability companies, corporations or other entities, each Holder covenants, agrees and acknowledges that no recourse or any claims or causes of action (whether in contract, tort or otherwise) under or that may be based upon, arise out of or relate to this Agreement or any documents or instruments delivered by any Person pursuant hereto or the negotiation, execution or performance hereof or thereof (including any representation or warranty made in or in connection with, or as an inducement to enter into this Agreement or such documents and instruments), shall be had against any of the Company's, TopCo Parent's, the Apollo Funds', AP VIII Prime Security's, the Koch Equityholder's or any Holder's or any of the foregoing's respective Affiliates' former, current or future direct or indirect equity holders, controlling Persons, stockholders, directors, officers, employees, agents, Affiliates, members, financing sources, managers, general or limited partners or assignees, consultants, attorneys, advisors, portfolio companies in which any such party or any of their investment fund Affiliates have made a debt or equity investment (and vice versa) or any other representative of the Apollo Funds (including any Person negotiating or executing this Agreement on behalf of a party hereto) (each, a " Related Party " and collectively, the " Related Parties "), in each case other than (subject, for the avoidance of doubt, to the provisions of this Agreement, the Certificate of Incorporation and the Bylaws) the Company, TopCo Parent, the Holders or any of their respective assignees under this Agreement, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of

the Related Parties, as such, for any obligation or liability of the Company, TopCo Parent, the Apollo Funds, AP VIII Prime Security, the Koch Equityholder or any Holder under this Agreement or any documents or instruments delivered by any Person pursuant hereto for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided , however , that nothing in this Section 15.20 shall relieve or otherwise limit the liability of the Company or any Holder, as such, for any breach or violation of its obligations under such agreements, documents or instruments.

15.21 No Partnership Status . Nothing in this Agreement and no actions taken by the parties under this Agreement shall constitute a partnership, association or other co-operative entity between any of the parties or constitute any party the agent of any other party for any purpose.

15.22 Further Acknowledgements . Each Holder acknowledges and agrees that the restrictions on transfer set forth in this Agreement are reasonable and have been imposed to accomplish legitimate corporate objectives and may adversely affect the proceeds received by such Holder in any sale, transfer or liquidation of any Common Stock, and as a result of such restrictions on transfer and ownership, it may not be possible for the such Holder to liquidate all or any part of such Holder's interest in Common Stock at the time of such Holder's choosing, in exigent circumstances or otherwise. Each Holder further acknowledges and agrees that each of the Company, TopCo Parent, AP VIII Prime Security, the Apollo Funds

and their respective Affiliates shall have no liability whatsoever to such Holder arising from, relating to or in connection with the restrictions on transfer of Common Stock or any interest therein as set forth in this Agreement, except to the extent the Company fails to comply in any material respect with its obligations to such Holder pursuant to this Agreement.

15.23 Observance of Securities Law . Notwithstanding anything to the contrary contained herein, no Holder shall exercise any of the rights conferred hereunder in contravention of any securities laws of any applicable jurisdiction.

15.24 Interpretation . The division into sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement and all references in this Agreement to any "article," "section," "schedule" or "exhibit" are to the corresponding article, section, schedule or exhibit of or to this Agreement. Unless otherwise specified, terms such as "herein," "hereinafter," "hereof," "hereto" and "hereunder" refer to this Agreement as a whole and not merely to any particular provision of this Agreement. For purposes of this Agreement, the words "include," "includes," and "including," and any variation thereof means "including without limitation" when used within and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it. The word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning as the word "shall". The words "to the extent" shall mean the degree to which a subject or other things extends, and such phrase shall not mean simply "if". All references to currency, monetary values and dollars set forth herein shall, unless otherwise indicated, mean U.S. dollars and all payments hereunder shall be made in U.S. dollars. All references to any period of days are to the relevant number of calendar days unless Business Days are specified. Any deadline or time period set forth in this Agreement that by its terms ends on a day that is not a Business Day shall be automatically extended to the next succeeding Business Day. With respect to the determination of any period of time, "from" means "from and including". Each party hereto has participated in the drafting of this Agreement, which each such party acknowledges is the result of negotiations among such parties (as sophisticated Persons), and consequently, this Agreement shall be interpreted without reference to any laws to

the effect that any ambiguity in a document be construed against the drafter. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of the authorship of any provision of this Agreement. References to agreements and other documents shall be deemed to include all amendments, modifications and supplements thereto. References to acts and statutes shall include the rules and regulations promulgated thereunder, and any reference to any acts, statutes, rules and regulations shall refer to the same as amended from time to time. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require. Except when the context requires otherwise, any reference in this Agreement to a singular number shall include the plural.

[*Remainder of page intentionally left blank* .]

This Agreement is executed by the Company, TopCo Parent and by each Holder and spouse of a Holder to be effective as of the date first above written.

COMPANY

ADT INC.

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

TOPCO PARENT

PRIME SECURITY SERVICES TOPCO PARENT, L.P.

By: Prime Security Services TopCo Parent GP, LLC, *its general partner*

By: /s/ Timothy J. Whall
Name: Timothy J. Whall
Title: Chief Executive Officer

HOLDERS

See Annex II

EXHIBIT A

Adoption Agreement

This Adoption Agreement (this " Adoption ") is executed pursuant to the terms of the Amended and Restated Management Investor Rights Agreement dated as of January 23, 2018, a copy of which is attached hereto (as the same may be amended, restated and/or modified from time to time, the " Management Investor Rights Agreement "), by the transferee (" Transferee ") executing this Adoption. By the execution of this Adoption, the Transferee agrees as follows:

(1) Acknowledgement . Transferee acknowledges that Transferee is acquiring certain Common Stock of ADT Inc., a Delaware corporation (the " Company "), subject to the terms and conditions of the Management Investor Rights Agreement among the Company and the Holders party thereto. Capitalized terms used herein without definition are defined in the Management Investor Rights Agreement and are used herein with the same meanings set forth therein.

(2) Agreement . Transferee (i) agrees that the Common Stock acquired by Transferee, and certain other Common Stock and other securities that may be acquired by Transferee in the future, shall be bound by and subject to the terms and conditions of the Management Investor Rights Agreement, pursuant to the terms and conditions thereof and (ii) hereby adopts the Management Investor Rights Agreement with the same force and effect as if he or she were originally a party thereto.

(3) Notice . Any notice required or permitted by the Management Investor Rights Agreement or under the Certificate of Incorporation, the Bylaws, the Delaware General Corporation Law or other applicable law may be given to Transferee at the address or by means of electronic transmission set forth beside Transferee's signature below. Transferee further agrees to notify the Company of any change to Transferee's electronic mail address, and further agrees that the provision of such notice to the Company shall constitute the consent of Transferee to receive notice at such electronic mail address. In the event that the Company is unable to deliver notice to Transferee at the electronic mail address so provided by Transferee, Transferee shall, within two (2) Business Days after a request by the Company, provide the Company with a valid electronic mail address to which Transferee consents to receive notice at such electronic mail address.

(4) Joinder . Transferee agrees that, unless otherwise determined by the Company or TopCo Parent, the spouse of Transferee (and any subsequent spouse) shall execute and deliver a Spousal Consent or, if unmarried, personally execute and deliver a Spousal Consent, in each case substantially in the form of Exhibit C attached to the Management Investor Rights Agreement or in a form otherwise satisfactory to the Company.

___

[*Name of Transferee*]

Annex I

(i) If to the Company:

ADT Inc.
c/o Apollo Global Management, LLC
9 West 57th Street
New York, NY 10019
Attention: Marc Becker
Facsimile: 646-607-0546
Email: becker@apollolp.com

with a copy to:

ADT Corporation
1501 Yamato Rd.
Boca Raton, FL 33431
Attention: General Counsel
E-mail: gfinney@adt.com

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, N.Y. 10019-6064
Attention: Taurie M. Zeitzer, Esq.
E-mail: tzeitzer@paulweiss.com

(ii) If to TopCo Parent:

Prime Security Services TopCo Parent, L.P.
c/o Apollo Global Management, LLC
9 West 57th Street
New York, NY 10019
Attention: Marc Becker
Facsimile: 646-607-0546
Email: becker@apollolp.com

with a copy to:

ADT Corporation
1501 Yamato Rd.
Boca Raton, FL 33431
Attention: General Counsel
E-mail: gfinney@adt.com

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, N.Y. 10019-6064
Attention: Taurie M. Zeitzer, Esq.
E-mail: tzeitzer@paulweiss.com

(iii) If to any Holder, to the address or electronic mail address or other contact information set forth with respect to such Holder in the Company's records.

* * * * *

Annex II

HOLDER

_____

Name:

Address:

E-mail:

EXHIBIT B

Representations and Warranties

1. Holder has the requisite power and authority, is of legal age and has the requisite legal capacity to execute and deliver the Management Investor Rights Agreement or, as applicable, an Adoption Agreement (each, a " Transaction Document "), to carry out his, her or its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Holder of a Transaction Document, the performance by Holder of his, her or its obligations thereunder and the consummation by Holder of the transactions contemplated thereby have been duly authorized by Holder. The Transaction Document has been duly and validly executed and delivered by Holder and is a legal, valid and binding obligation of Holder, enforceable against Holder in accordance with its terms, except as the enforceability may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or similar laws in effect which affect the enforcement of creditors' rights generally or (b) general principles of equity.

2. The execution and delivery of a Transaction Document by Holder, the performance by Holder of his, her or its obligations thereunder and the consummation by Holder of the transactions contemplated thereby do not and will not (a) materially violate or materially conflict with any law or governmental order applicable to Holder or any of Holder's assets or properties or (b) violate or conflict with in any material respect, result in any material breach of, or constitute a material default (or event which with the giving of notice or lapse of time, or both, would become a default) under, any agreement to which Holder is a party or by which any of its assets or properties is bound.

3. Holder is an "accredited investor" as defined in Rule 501 under the Act.

4. Holder has such knowledge and experience in financial and business matters that it is capable of utilizing the information made available to Holder to evaluate the merits and risks of an investment in the Company and to make an informed investment decision with respect thereto. Holder is aware that his, her or its purchase of Common Stock is highly speculative and he, she or it is able, without impairing his, her or its financial condition, to hold the Common Stock for an indefinite period of time and to suffer a complete loss of its investment.

5. The Common Stock is being purchased by Holder for his, her or its own account only for investment and is not being purchased with a view towards their resale or further distribution.

6. Holder acknowledges that he, she or it is not subscribing for Common Stock as a result of or subsequent to (a) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the interest or (b) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

7. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (each, a " Governmental Entity "), with respect to Holder is required in connection with the execution, delivery or performance by Holder of a Transaction Document or the consummation by Holder of the transactions contemplated by such Transaction Document.

8. There are no suits, actions, claims, proceedings or investigations pending or, to the knowledge of Holder, threatened against, relating to or involving Holder before any Governmental Entity. Holder is not subject to any judgment, decree, injunction, rule or order of any court.

9. Holder acknowledges that neither the Company, any of its Affiliates nor any of their respective representatives has rendered any investment advice or securities valuation advice to Holder, and that Holder is neither subscribing for nor acquiring any interest in the Company in reliance upon or with the expectation of, any such advice.

10. Holder has been given the opportunity to ask questions of, and receive answers from, the Company concerning the terms and conditions of, and other matters pertaining to, this investment, and has had or been given an opportunity to access such financial and other information concerning the Company as it has considered necessary to make a decision to invest in the Company and has availed itself of this opportunity to the full extent desired.

11. Holder is acquiring the Common Stock in compliance with all applicable laws, rules, regulations and other legal requirements including without limitation the legal requirements of jurisdictions in which such Holder is resident and in which such acquisition is being consummated.

12. If Holder is a Non-U.S. Person, Holder has not been solicited to purchase and has not and shall not acquire his, her or its Common Stock, directly or indirectly, while present in the United States.

13. If Holder is a Non-U.S. Person, the Holder shall notify the Company promptly after it ceases to be a Non-U.S. Person.

14. Holder agrees to deliver to the Company such information as to certain matters under the Act as the Company may request in order to ensure compliance with the Act and the availability of any exemptions thereunder.

15. All information provided by Holder in connection with the Common Stock is true and correct in all material respects.

16. Holder acknowledges and agrees that the Company has relied and will rely on the representations and warranties of Holder set forth in this Exhibit B and that all such representations and warranties shall survive the date hereof. Without limiting the foregoing, each Holder agrees to give the Company prompt written notice in the event that any representations of such Holder contained herein ceases to be true at any time following the date hereof.

17. If any answer provided or background documentation required in connection herewith is found to be false, forged or misleading, Holder understands that the Company may require Holder to fully redeem its shares.

18. Holder is the sole record and beneficial owner of the Common Stock.

EXHIBIT C

Form of Spousal Consent

Date: [●]

Reference is made to that certain:

(i) ADT Inc. Amended and Restated Management Investor Rights Agreement, dated and effective as of January [●], 2018 (as amended from time to time, the " Agreement "); and

(ii) [*Title of applicable award agreement*] by and between the Company and [*full name of Options recipient*] (the " Participant "), dated and effective as of [●], 201[●] (the " Award Agreement ").

For Married Participants:

The undersigned, [*full name of Holder's spouse*], married to the Participant, both with domicile at [*home address*], hereby states the following:

1. that I have full knowledge of the terms and conditions of the Agreement;

2. that I confirm, acknowledge, approve of and hereby give my irrevocable and unconditional consent to the Participant and the Company in respect of the transfer of all securities of the Company held by the Participant at any time, as well as the exercise of all rights and obligations attached thereto (including pursuant to Sections 2(b) , 2.2 , 2.3 , 2.4 and 15.7) and, under the terms and conditions of the Agreement and/or any other related agreements or documents;

3. that this Spousal Consent shall be valid and effective upon the signing hereof and I, whether now or in the future, shall accept, agree and ratify all actions taken by the Participant in connection with the above matter;

4. that this Spousal Consent shall be valid and effective for the transfer of the abovementioned securities of the Company in one or more times; and

5. that I grant to the Participant all power and authority to, in my behalf and representation, perform all acts and execute, in the terms that my spouse deems appropriate, all agreements, instruments, minutes, communications, endorsements and other documents related to the implementation of the above.

This Spousal Consent is governed by the laws of the State of Delaware.

_____

[*Spouse of Participant*]

For Unmarried Participants:

I am unmarried, and I therefore have full capacity to agree to the investment and the other obligations or determinations undertaken under the Agreement and the Award Agreement. If I marry at a time that I hold securities of the Company or retain any rights in respect of such securities, I hereby undertake to notify the Company of such change in status and to arrange for my spouse to execute and return a Spousal Consent within sixty (60) days after the marriage.

_____

[Participant]

Exhibit 21

ADT Inc. (a Delaware corporation)
Significant Subsidiaries

Country	Entity	State
United States	ADT Holdings, Inc.	DE
United States	ADT LLC	DE
United States	ADT US Holdings, Inc.	DE
United States	Prime Security Services Borrower, LLC	DE
United States	Prime Security Services Holdings, LLC	DE
United States	The ADT Security Corporation	DE

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-222783) of ADT Inc. of our report dated March 15, 2018 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Certified Public Accountants
Fort Lauderdale, Florida
March 15, 2018

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-222783) of ADT Inc. of our report dated March 31, 2016, except for the effects of disclosing loss per share information as discussed in Note 14 to the consolidated financial statements, as to which the date is September 28, 2017, relating to the financial statements and financial statement schedule of Protection One, Inc., which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida
March 15, 2018

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Timothy J. Whall, certify that:

1. I have reviewed this Annual Report on Form 10-K of ADT Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) *Omitted pursuant to SEC Release No. 34-54942* ;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Timothy J. Whall

Timothy J. Whall

Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jeffrey Likosar, certify that:

1. I have reviewed this Annual Report on Form 10-K of ADT Inc.:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) *Omitted pursuant to SEC Release No. 34-54942* ;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Jeffrey Likosar

Jeffrey Likosar

Chief Financial Officer

Exhibit 32

ADT INC
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of the ADT Inc. (the "Company") hereby certify to their knowledge that the Company's Annual Report on Form 10-K for the period ended December 31, 2017 , as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy J. Whall

Timothy J. Whall

Chief Executive Officer

March 15, 2018

/s/ Jeffrey Likosar

Jeffrey Likosar

Chief Financial Officer

March 15, 2018

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 1350 of Title 18 of the United States Code and, accordingly, is not being filed with the U.S. Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).