Q3 2020 Earnings Presentation
November 5, 2020

Forward Looking Statements and Non-GAAP Measures

ADT has made statements in this presentation and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties, including under the heading 2020 Improved Financial Outlook. All statements, other than statements of historical fact, included in this document are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to anticipated financial performance, management’s plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, our ability to successfully respond to the challenges posed by the COVID-19 pandemic, our strategic partnership and ongoing relationship with Google, the expected timing of product commercialization with Google or any changes thereto, the successful internal development, commercialization and timing of our next generation platform and other matters. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. ADT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. Forward-looking statements can be identified by various words such as “expects,” “intends,” “will,” “anticipates,” “believes,” “confident,” “continue,” “propose,” “seeks,” “could,” “may,” “should,” “estimates,” “forecasts,” “might,” “goals,” “objectives,” “targets,” “planned,” “projects,” and similar expressions. These forward-looking statements are based on management’s current beliefs and assumptions and on information currently available to management. ADT cautions that these statements are subject to risks and uncertainties, many of which are outside of ADT’s control, and could cause future events or results to be materially different from those stated or implied in this document, including among others, risk factors that are described in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein.

Non-GAAP Measures

To provide investors with additional information in connection with our results as determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we disclose Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Net Income (Loss) before special items, Diluted Net Income (Loss) per share before special items, U.S. Commercial Organic Revenue, U.S. Commercial Inorganic Revenue, and Net Leverage Ratio as non-GAAP measures. Reconciliations from GAAP to non-GAAP financial measures for reported results can be found in the appendix.

The Company is not providing a quantitative reconciliation of its updated financial outlook for Adjusted EBITDA and Adjusted Free Cash Flow to net income (loss) and net cash provided by operating activities, which are their respective corresponding GAAP measures, because these GAAP measures that are excluded from the Company’s non-GAAP financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as special items discussed below under the heading — “Non-GAAP Measures—Adjusted EBITDA” and “Non-GAAP Measures—Adjusted Free Cash Flow.” Additionally, information that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future GAAP financial results.

Amounts on subsequent pages may not add due to rounding.

Note: The operating metrics Gross Customer Revenue Attrition, Unit Count, RMR, RMR additions, and Revenue Payback are approximated as there may be variations to reported results in each period due to certain adjustments we might make in connection with the integration over several periods of acquired companies that calculated these metrics differently, or otherwise, including periodic reassessments and refinements in the ordinary course of business. These refinements, for example, may include changes due to systems conversion or historical methodology differences in legacy systems. Record performance on metrics reflect measurements made since the formation of ADT Inc. in 2015.

Key Takeaways

- Durable recurring revenue model has performed well and gained additional momentum in the third quarter
- Q3 net subscriber growth with record trailing twelve-month attrition of 12.9% vs. prior quarter of 13.1%
- U.S. RMR additions up ~10% vs. prior year; efficient subscriber acquisition with revenue payback now at a record 2.2 years
- Accelerating first-generation, co-branded DIFM solution with Google, and developing ADT-owned next-generation platform
- **Powerful, long-term growth engine with multiple growth channels**

Q3 Results and Recent Highlights

Revenue and Growth	▪ Positive net subscribers in Q3 and new RMR additions grew ~7% year-over-year (~10% in U.S.) ▪ Growth in RMR drives higher sequential M&S Revenue ▪ Total revenue flat year-over-year, with higher mix of outright sales to residential customers offset by sale of Canada and reduction in commercial volume due to COVID-19
Robust Cash Flow & EBITDA Generation	▪ Adjusted Free Cash Flow of $127M and $532M year to date, up $73M vs. prior year to date ▪ Adjusted EBITDA of $564M compared with $563M in Q2'20 ▪ Improved customer retention with TTM attrition declining from 13.5% a year ago to 12.9%
Strengthen Residential Platform	▪ Internal initiatives and favorable macro trends continue to benefit ADT ▪ Accelerating availability of offerings from Google partnership ▪ Launched initiative to develop and own next-generation interactive platform
Commercial Platform Improving	▪ Commercial revenue increased on a sequential basis; Ending RMR up year to date ▪ Continuing accretive tuck-in M&A strategy, building for the future ▪ Healthy backlog and installation revenue sales have started to rebound
Acquire New Customers More Efficiently	▪ Improved trailing twelve-month revenue payback from 2.4x to 2.2x year-over-year ▪ Continued success with national pricing and consumer financing program

Sustainable Growth through Macro & Company Specific Drivers

Macro Dynamics

Increasing **de-urbanization**, particularly following COVID-19 pandemic, will drive new demand

Increased **demand for security** driven by recent national events heightening awareness for home monitoring offerings

Household formation increasing with **millennials** powering housing market rebound

Continuing acceleration of **smart home adoption**

ADT Initiatives

Continued execution of additive **partnerships** such as D.R. Horton; healthy pipeline of opportunities

Improving **marketing efficiency** and sales close rates, due to internal investments in **analytics** and benefits from Defenders acquisition

DIY expansion with Blue by ADT experiencing strong growth with co-branded Google offering to come

Google partnership attracts a broader set of buyers due to new products, improved technologies, expanded routes to market, and co-branding

ADT's structure and NOL position minimize exposure to change in federal tax rate

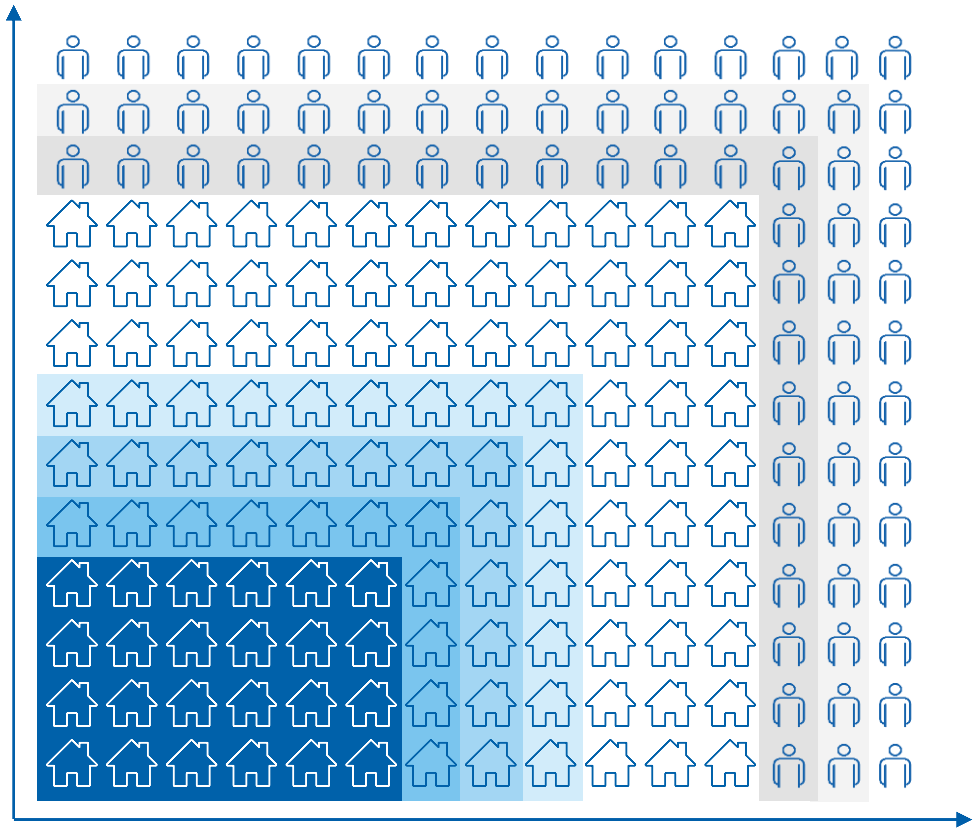
Growing Consumer Offering Broadens Addressable Market

Expanding ADT's addressable market now and for the future

- Trusted DIFM security at the core; historic 20%+ market penetration

- Expanding DIY offering with Blue by ADT, and ADT + Google in 2021
- New channels with homebuilders and multi-family dwellings
- Attract 'smart home first' buyers with Google

- Adding peace of mind beyond the home with mobile security



ADT + Google Partnership to Build Next-Generation Smart and Helpful Home

Best-in-Class Hardware
next-generation features, easier to install, higher quality, modern aesthetics

Optimal Technology Partner
video analytics, data analytics, complementary strength to facilitate growth in smart and helpful home and broadens DIY offering

Joint ADT + Google Branding
#1 in security brand meets #1 data and technology brand

Committed Joint Investments
marketing, product development, training [1]

Note:
1. Mutual commitment ($150M from Google, $150M from ADT), subject to the achievement of certain milestones.

ADT + Google Platform Update

Accelerating ADT + Google Offering

- **First generation ADT + Google professional DIFM offering accelerated to the second half of 2021**
  - Co-branded professional offering
  - Integration of leading Google devices
  - Introduces Google video analytics service
  - Leverages successful Command platform

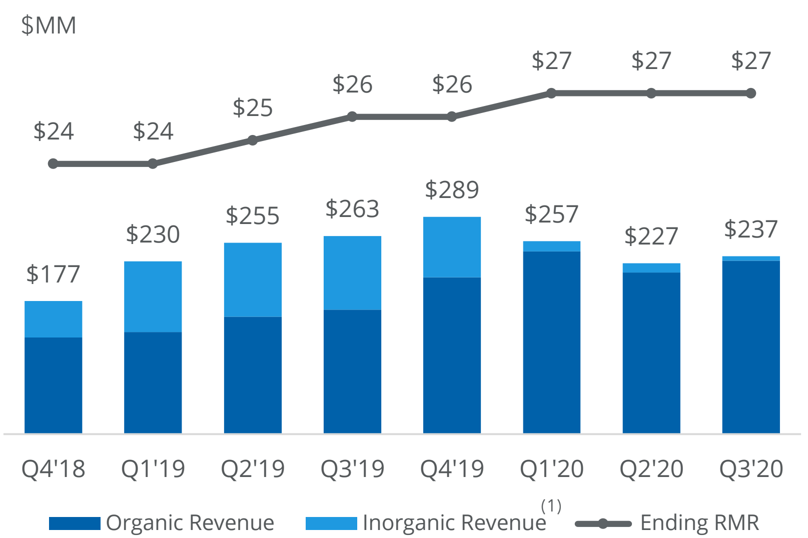
Developing Next-Generation ADT-Owned Platform

- **ADT will own next-generation platform, developed in coordination with Google**
  - Development work underway
  - Native integration of automation & security
  - Platform scope integrates the consumer in-home experience, customer service experience, and back-end ADT support

Agreement with existing platform provider significantly accelerates ADT + Google go-to-market, while clearing the path to develop and own the next-generation, end-to-end platform

Commercial Platform: Improving from Q2'2020 and Positioned for Market Recovery

U.S. Commercial Total Revenue



- RMR stable with modest growth during COVID-19 period
- Service & Installation activities experiencing interim impacts

Recent Highlights

- Commenced work on our largest National Account ever, Family Dollar / Dollar Tree; Converted over 6,000 sites in 19 weeks
- Awarded Operation Warp Speed related contracts
- Backlogs at highest point this year and installation revenue sales have rebounded during the last 3 months
- Red Hawk integration completed and significant cost reductions implemented

Opportunities

- Diverse vertical markets; low dependence on new construction
- Solutions to assist customer return to work
- Tuck-in acquisitions at value prices
- Technology / analytics to augment service

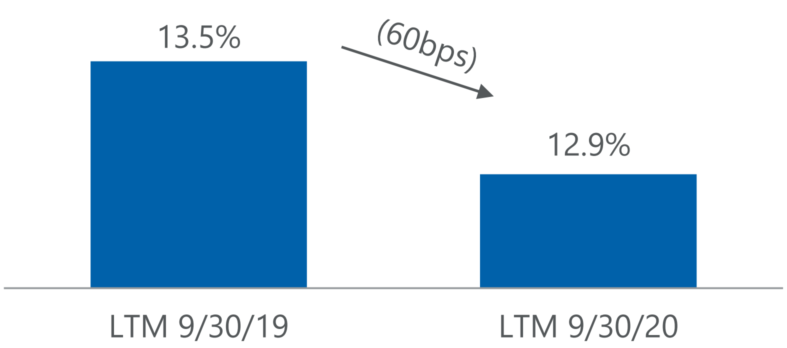
Note:
1. Incremental revenue from acquisitions until there is a 12-month overlap.

Powerful Long-Term Growth Engine

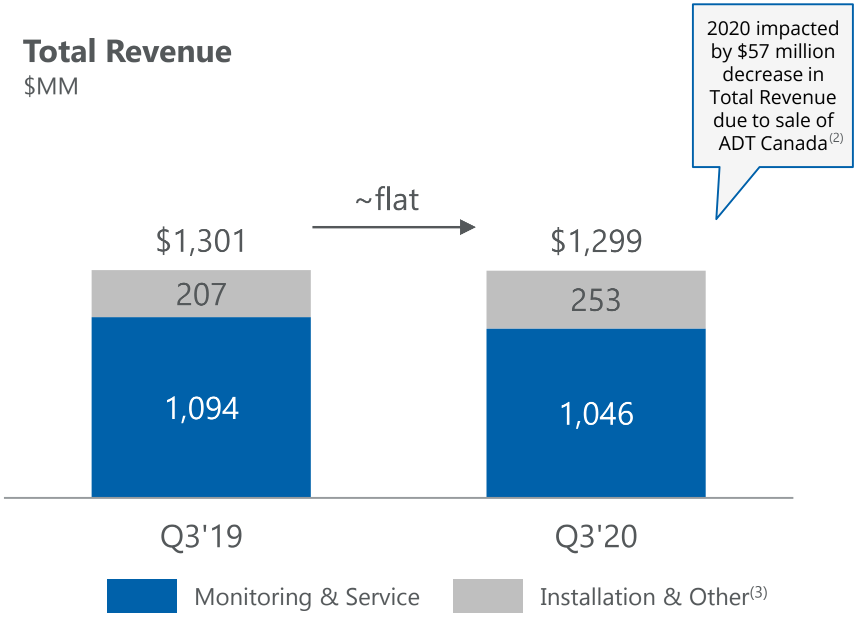
	Recent Momentum	Next Phases of Growth
Core Pro-Install "DIFM"	▪ Year-to-date subscriber growth ▪ Climbing interactive customer base ▪ Consumer financing 2020 launch providing consumer choice and yielding larger system sizes ▪ New partnership with largest U.S. homebuilder, D.R. Horton	▪ Expand distribution channels including e-commerce & retail ▪ Continue driving new partnerships ▪ Begin deployment of go-to-market funds ($150M from ADT, $150M from Google) ▪ Launch co-branded ADT + Google offering during the second half of 2021
DIY Opportunity	▪ High double-digit growth rate in '20 ▪ Q3 launch of new Blue by ADT platform (compatible with future Google products)	▪ Launch co-branded ADT + Google DIY solution in 2021 with new distribution channels, including retail
Commercial	▪ Signed largest ever National Accounts agreement with Family Dollar / Dollar Tree ▪ Operation Warp Speed win	▪ Return post-COVID-19 to growth in several high performing verticals ▪ Continue successful tuck-in M&A strategy
New Markets	▪ Launched consumer app SoSecure by ADT, and mobile safety partnerships with Lyft and Instacart	▪ Continue to drive new partnerships and become the mobile security partner of choice for businesses and consumers

Significant Reduction in Attrition

Gross Customer Revenue Attrition[1]
%



Total Revenue
$MM



Attrition improved 60 basis points YoY; improved sequentially by 20 basis points

- Lower rate of disconnects due to fewer relocations, strong customer service despite COVID-19 challenges, and focus on retention initiatives

Total reported revenue flat

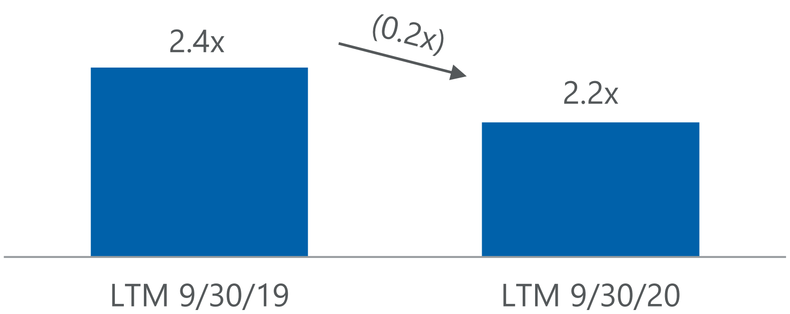
- Decrease in M&S revenue primarily due to sale of Canada
- Increase in installation revenue primarily due to higher volume of outright sale residential transactions as a result of the Defenders acquisition[4], partially offset by lower volume of commercial transactions due to COVID-19

Notes:

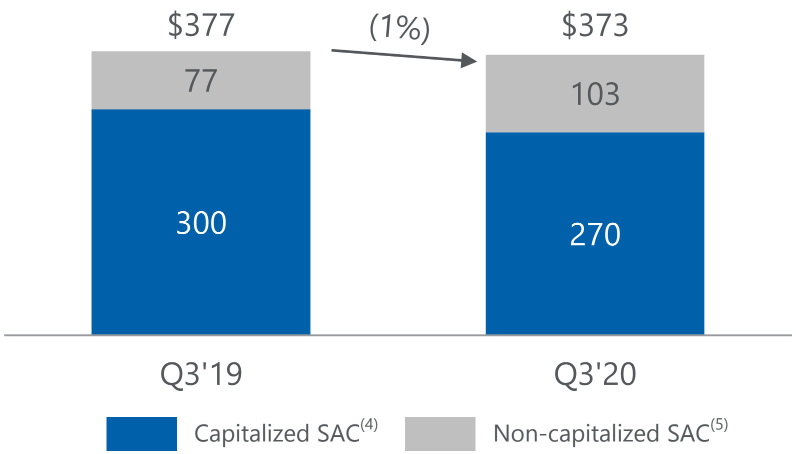
1. Recurring revenue lost as a result of customer attrition net of dealer charge-backs and reinstatements; excludes wholesale customers who outsource their monitoring to ADT and DIY customers; calculated on a trailing 12 months basis.
2. Results adversely impacted by November 2019 divestiture of ADT Canada.
3. Includes increases related to revenue recognized in excess of contractually stated amounts under ASC 606 of $33M and $4M for Q3'20 and Q3'19, respectively; also includes amortization of deferred installation revenue of $31M and $28M for Q3'20 and Q3'19, respectively.
4. In connection with the anticipated transition of residential transactions arising through Defenders to a predominately Company-owned model in 2021, we do not expect to experience the same level of revenue growth as compared to our results of operations for the three months ended September 30, 2020.

Continuing to Improve Customer Acquisition Efficiency

Customer Revenue Payback(1)(2)
Years



Net Subscriber Acquisition Costs (SAC)(3)
$MM



Continued to strengthen SAC efficiency

- Driven by higher installation revenue, efficient installation spend, and other productivity actions
- Efficiency supported by acquisition of Defenders and new pricing and consumer financing program

Net SAC down 1% vs. prior year with RMR additions up 7% (U.S. RMR up 10%)

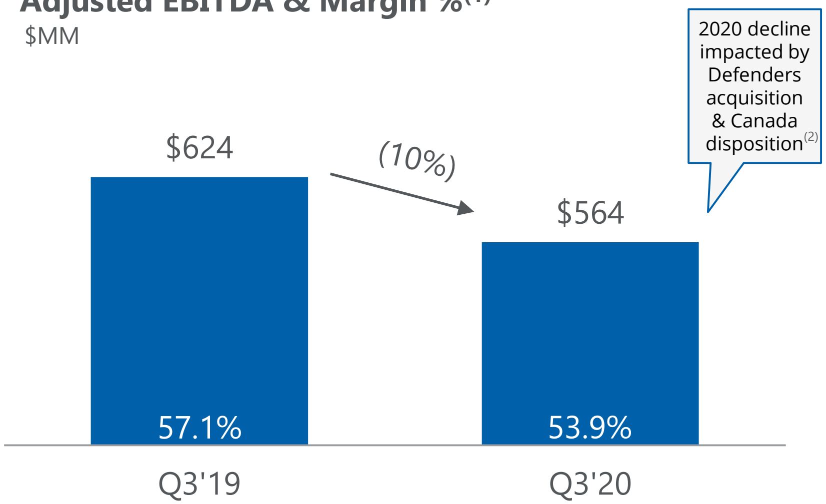
- Lower net SAC compared to the prior year despite increase in RMR adds
- Mix shift to non-capitalized SAC, driven by outright sales arising through Defenders

Notes:
1. Excludes wholesale customers who outsource their monitoring to ADT.
2. Revenue payback measures the net SAC incurred in the period divided by the recurring monthly revenue added during the period, and represents the approximate time, in years, required to recover our net SAC through contractual monthly recurring fees.
3. Net subscriber acquisition cost represents the costs of acquiring new customers and installation expenditures, net of installation revenues.
4. Q3'20 includes a reduction of $7M in realized charge-backs associated with a $39M advance payment for estimated future dealer charge-backs, received in Q1'20, related to accounts purchased from Defenders prior to the Defenders acquisition; additionally, excludes a reduction related to retail installment contract receivables of $44M in Q3'20.
5. Amounts exclude net reductions of $13M and $5M for Q3'20 and Q3'19, respectively, related to ASC 606 ($33M and $4M, respectively), gross proceeds from our consumer receivables facility ($24M and $0M, respectively), and other non-cash adjustments to SAC ($4M and $1M, respectively).

Significant Cash Flow Generation

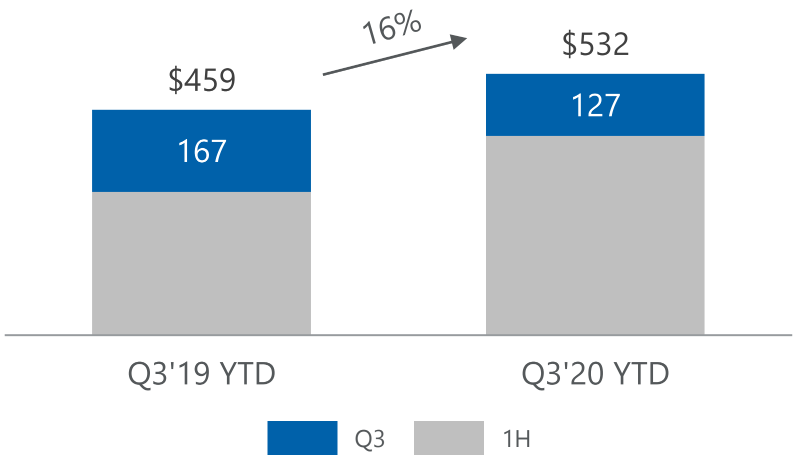
Adjusted EBITDA & Margin %[1]

$MM



Adjusted Free Cash Flow

$MM



Adjusted EBITDA decrease of 10%; sequential increase of $1M

- Prior year comparison impacted by previously disclosed impact of the acquisition of Defenders and elimination of financial contribution from ADT Canada
- Higher volume of outright sale residential transactions and spending controls were partially offset by lower volume of commercial transactions due to COVID-19

Continued strong, positive cash flow generation

- Third quarter Adjusted FCF adversely impacted by $74M million of additional cash interest due to year over year change in quarterly timing of payments
- YTD cash performance driven by improvement in Net SAC spend, favorable operating expenditure trends, and certain timing items

Notes:

1. Adjusted EBITDA margin is calculated as a percentage of monitoring and service revenue.
2. Results adversely impacted by November 2019 divestiture of ADT Canada and January 2020 acquisition of Defenders.

Strong Cash Flow Generation

($ in millions)	For the three months ended Sep 30, 2020	Sep 30, 2019	Y/Y Change	For the nine months ended Sep 30, 2020	Sep 30, 2019	Y/Y Change
Adjusted EBITDA	**$564**	**$624**	**($61)**	**$1,666**	**$1,876**	**($210)**
Less: Capitalized SAC[(1)]	(270)	(300)	31	(590)	(891)	301
Plus: Net Proceeds from Consumer Receivables Facility	22	-	22	41	-	41
Less: Cash Taxes	(12)	(3)	(9)	(16)	(8)	(8)
Less: Cash Interest	(197)	(123)	(74)	(448)	(407)	(40)
Less: Capital Expenditures[(2)]	(33)	(30)	(3)	(97)	(113)	15
Less: Working Capital & Other[(3)]	52	(2)	54	(25)	2	(26)
Adjusted Free Cash Flow	**$127**	**$167**	**($40)**	**$532**	**$459**	**$73**

Notes:

1. Includes a reduction of $7M and $33M in realized charge-backs in Q3'20 and YTD Q3'20, respectively, associated with a $39M advance payment received in Q1'20 for estimated future dealer charge-backs related to accounts purchased from Defenders prior to the Defenders acquisition; additionally, excludes a reduction related to retail installment contract receivables of $44M and $60M in Q3'20 and YTD Q3'20, respectively.
2. Capital expenditures exclude special items primarily related to integration activities.
3. Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees; includes net reductions related to ASC606 of $33M and $4M in Q3'20 and Q3'19, respectively, and $158M and $10M in YTD Q3'20 and YTD Q3'19, respectively.

Strength Across Key Financial and Operating Metrics

Year over Year Comparison	For the three months ended			
($ in millions)	Sep 30, 2020	Sep 30, 2019[1]	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$1,046	$1,094	($48)	(4%)
Total Revenue	$1,299	$1,301	($2)	(0%)
Net Loss	($113)	($182)	$69	38%
Adjusted EBITDA	$564	$624	($61)	(10%)
Adjusted Free Cash Flow	$127	$167	($40)	(24%)
LTM Gross Revenue Attrition	12.9%	13.5%		(60 bps)
LTM Revenue Payback (in years)	2.2x	2.4x	(0.2x)	
End of Period RMR	$341	$351	($10)	(3%)
End of Period RMR (U.S. only)	$341	$336	$6	2%

Note:
1. 2019 figures include ADT Canada, which was divested in November 2019.

Strength Across Key Financial and Operating Metrics

Sequential Comparison	For the three months ended			
($ in millions)	Sep 30, 2020	June 30, 2020	Q/Q Change	Q/Q Change %
Monitoring and Service Revenue	$1,046	$1,041	$4	0%
Total Revenue	$1,299	$1,331	($32)	(2%)
Net Loss	($113)	($107)	($6)	(6%)
Adjusted EBITDA	$564	$563	$1	0%
Adjusted Free Cash Flow	$127	$232	($106)	(46%)
LTM Gross Revenue Attrition	12.9%	13.1%		(20 bps)
LTM Revenue Payback (in years)	2.2x	2.3x	(0.1x)	
End of Period RMR	$341	$339	$3	1%

Capital Structure Well-Positioned to Support Growth

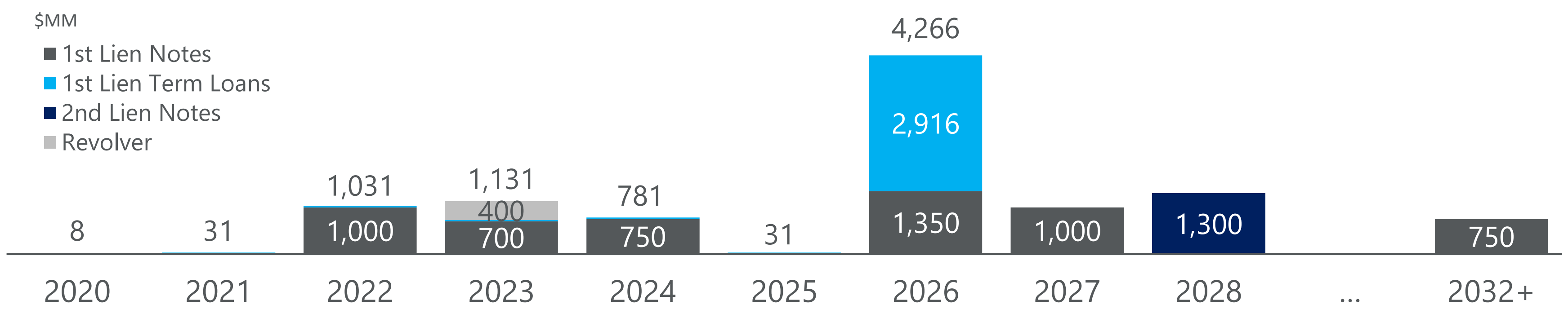
Capital Structure[1]

$MM	12/31/19 Actual	9/30/20 Actual
Revolver	-	-
First Lien Term Loan	3,102	3,079
First Lien Notes	5,550	5,550
Receivables Facility	-	41
Finance Leases	75	63
Total First Lien Debt	**$ 8,727**	**$ 8,733**
Second Lien Notes	1,246	1,300
Total Debt	**$ 9,973**	**$ 10,033**
Cash and Cash Equivalents	(49)	(489)
Net Debt	**$ 9,924**	**$ 9,544**
LTM Adjusted EBITDA	**2,483**	**2,274**
Net Leverage Ratio	**4.0x**	**4.2x**
Fixed vs. variable ratio[2]	99%/1%	99%/1%

Recent Highlights

- Issued $1B 2027 Notes at 3.375%; redeemed 6.25% 2021 Notes
- Received $450M from Google, issued 54.7 million shares of ADT Class B common stock to Google
- Apollo ownership percentage reduced from 85% to 74%[3]
- Paid out Q3 quarterly dividend of $0.035 per share in October
- Declared Q4 quarterly dividend of $0.035 per share payable on January 4, 2021
- Planning minimum $300M debt paydown in Q4

Debt Maturity Profile[4][5]



Notes:

1. Debt instruments are stated at face value excluding debt issuance discount, deferred financing costs, and fair value adjustments.
2. Includes the impact of interest rate swaps.
3. Based on outstanding ADT common stock and Class B common stock on an as-converted basis.
4. Excludes Consumer Receivables and Finance Leases.
5. Revolver is indicative of total revolver capacity, not current drawn balances.

Cash Generation and Efficient Capital Deployment

Flexible Capital Deployment

	Invest In Efficient Organic Growth	Selectively Pursue Accretive Acquisitions	Optimize Capital Structure/Debt Level	Return Capital To Shareholders
2019/2020 Progress	• On-going RMR adds • Command/Control • New pricing/consumer financing model • Service improvements • Marketing/branding	• Red Hawk • LifeShield • Defenders • I-View Now • Commercial tuck-ins	• 4 refinancing events • Weighted average cost of debt down ~100 bps • Extended average maturity to ~2026	• >$600M cash dividends distributed • ~$150M share buyback at average of $6.27
Future Focus	• Google implementation and re-imagination • New partnerships • Next gen technology • Commercial growth	• Continued commercial tuck-ins • Opportunistic bulk account acquisitions	• Leverage and debt reduction • On-going cost of capital optimization	• On-going dividend • $75M of share repurchase authorization • Stock price appreciation

2020 Improved Financial Outlook (1)(2)

Total Revenue	**Total Revenue of $5,200M - $5,350M; previously $5,050M - $5,300M** ▪ Improving the range based on Q3 performance ▪ Residential direct sales (excluding legacy Defenders) were converted to historical ADT ownership model during Q2, which is expected to result in lower 2nd half 2020 reported installation revenues
Adjusted EBITDA	**Adjusted EBITDA of $2,150M - $2,225M; previously $2,100M - $2,200M** ▪ Increasing estimates based on year to date performance ▪ Continue to focus actions on long-term growth of the company vs. short-term optimization; evaluating Q4 incremental investments in the business
Adjusted Free Cash Flow	**Adjusted Free Cash Flow of $650M - $725M; previously $625M - $725M** ▪ Raising bottom of range due to Q3 performance and improved outlook for Adjusted EBITDA ▪ Evaluating incremental Q4 investments to generate future period returns, including potential bulk account acquisitions

Notes on 2020 Improved Financial Outlook:

(1) The 2020 Improved Financial Outlook assumes continued general economic disruption during the fourth quarter of 2020 related to COVID-19 impacts.

(2) Guidance excludes 3G and Code-Division Multiple Access ("CDMA") radio conversion costs.

Snapshot of Business by Customer Type and Unit Count

Market Profile (LTM 9/30/20)

	Residential	Small Business	Large / Multi-Site	Total
Unit Count	~5,800K	~500K	~250K	~6,500K
Ending RMR	$281M	$30M	$27M	$337M
M&S Revenue	$3,378M	$394M	$420M	$4,191M
Installation Revenue[1]	$482M	$32M	$593M	$1,107M
New RMR Additions	$42M	$5M	$4M	$51M
Revenue Payback	~2.4x	~2.0x	~1.0x	~2.2x
Gross Attrition	~13%	~15%	~11%	~13%
Typical Revenue / Site	$40-$55	$50-$65	$50-$120+	$45-$55

Unit Count

Units in millions	Q3'20	Q3'19	Y/Y %	Q2'20	Q/Q %
Interactive	3.1	2.8	9%	3.0	2%
Traditional	2.7	2.9	(9%)	2.7	(2%)
U.S. Residential	**5.7**	**5.7**	**0%**	**5.7**	**0%**
U.S. Commercial & Small Business	0.7	0.7	(1%)	0.7	0%
Other	0.1	0.1	(2%)	0.1	(4%)
Total EoP Units	**6.5**	**6.5**	**0%**	**6.5**	**0%**
Memo: Total Residential	5.8	5.8	0%	5.8	0%
Memo: Total Commercial & Small Business	0.7	0.7	(1%)	0.7	0%

Notes: Market profile and unit count exclude wholesale customers who outsource their monitoring to ADT; unit count, ending RMR, and typical revenue/site exclude Canada, all other metrics include Canada through the date of disposition on November 6, 2019.

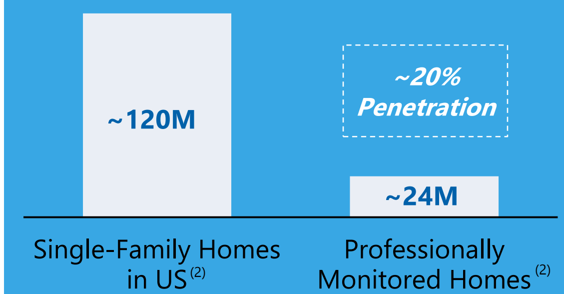
1. Includes amortization of deferred installation revenue of $85M for residential. $27M for small business, and $7M for large/multi-site.

Q&A

Appendix

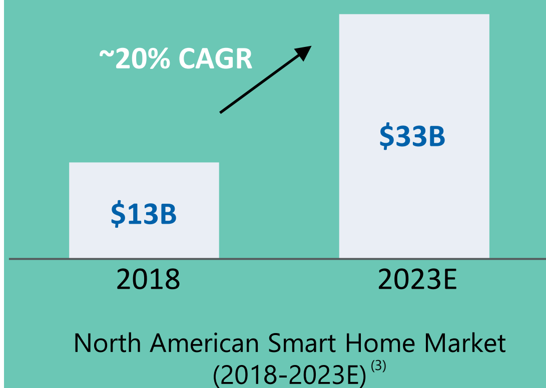
America's #1 Smart Home Security Provider [1]

A large and growing market for security…



- The professionally designed and installed Do-It-For-Me market (DIFM) remains strong and is expected to continue to grow at a steady pace
- The fast growing, smaller DIY market represents an opportunity for ADT to service the remaining 80% of households without a security system

…and dramatically growing smart home market…

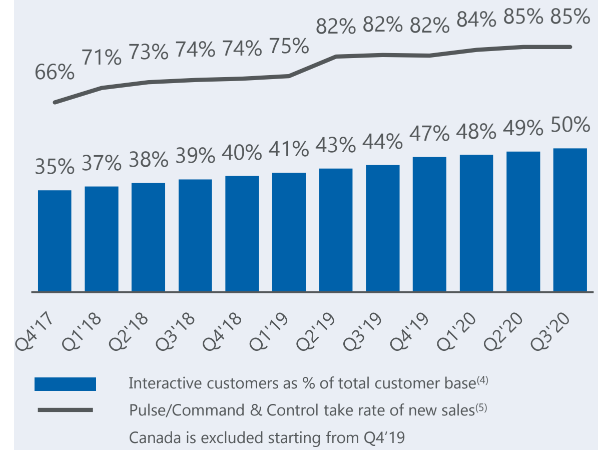


Over the next 5 years, pro-monitored solutions are

45% more likely

to include network cameras.[2]

…that ADT has demonstrated the ability to capture.



Over 775,000 Command and Control Installations Since National Launch

- High interactive take rate and higher video mix is driving increases in both upfront revenue and recurring revenue per unit
- Technician installation productivity gains vs. Pulse

Notes:

1. Strategy Analytics, "US Interactive Security: Self-installed, Professionally-Monitored Solutions Gaining Momentum," April 2019.
2. Parks Associates Digital Living Forecast Q3 2019.
3. Research on Global Markets, Insights by Netscribes: Global Smart Home Market (2018-2023).
4. Interactive services include Pulse, Control, and similar ADT platforms, and are inclusive of services ranging from remote arm and disarm to full home automation.
5. Take rate represents sales by ADT or its authorized dealer network, and excludes large/multi-site, health, wholesale, and DIY customers.

Installation Revenue

Installation & Other Revenue ($MM)								
Period	Residential	Y/Y Change	Small Business	Y/Y Change	Large / Multi-Site	Y/Y Change	Total	Y/Y Change
3Q2020	$112	$73	$8	-	$133	($27)	$253	$46
2Q2020	158	125	8	-	124	(33)	290	92
1Q2020	165	135	8	1	151	15	324	151
4Q2019	47	18	8	1	186	76	240	95

The increase in installation and other revenue during 2020 was primarily due to higher volume of revenue from equipment sold outright to residential customers as a result of the Defenders Acquisition and a temporary change in ownership model for residential transactions to support ADT's pricing and financing rollout. This outright sales model reverted to the traditional ADT owned model during the second quarter, except for Defenders. These residential revenue increases were partially offset by a decrease in the volume of revenue from equipment sold outright to large / multi-site commercial customers as a result of the COVID-19 pandemic and due to the sale of ADT Canada.

In connection with the anticipated transition of Defenders transactions to a predominately Company-owned model in 2021, we expect residential installation and other revenue to decline subsequent to the change.

Strength Across Key Financial and Operating Metrics

	For the nine months ended			
($ in millions)	Sep 30, 2020	Sep 30, 2019[1]	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$3,133	$3,249	($116)	(4%)
Total Revenue	$4,000	$3,827	$173	5%
Net Loss	($520)	($352)	($168)	(48%)
Adjusted EBITDA	$1,666	$1,876	($210)	(11%)
Adjusted Free Cash Flow	$532	$459	$73	16%
LTM Gross Revenue Attrition	12.9%	13.5%		(60 bps)
LTM Revenue Payback (in years)	2.2x	2.4x	(0.2x)	
End of Period RMR	$341	$351	($10)	(3%)
End of Period RMR (U.S. only)	$341	$336	$6	2%

Note:
1. 2019 figures include ADT Canada, which was divested in November 2019.

Additional Historical Quarterly Data

(in millions)	For the Three Months Ended September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Key Performance Indicators					
Monitoring and Service Revenue	$1,094	$1,058	$1,046	$1,041	$1,046
Total Revenue	$1,301	$1,298	$1,370	$1,331	$1,299
Net Loss	$(182)	$(72)	$(300)	$(107)	$(113)
Adjusted EBITDA	$624	$607	$539	$563	$564
Adjusted EBITDA Margin (as % of M&S revenue)	57.1%	57.4%	51.6%	54.1%	53.9%
LTM Gross Customer Revenue Attrition[1]	13.5%	13.4%	13.5%	13.1%	12.9%
Revenue Payback (in years)[1]	2.4x	2.3x	2.3x	2.3x	2.2x
Net Subscriber Acquisition Costs [2]					
Non-capitalized	$77	$84	$171	$145	$103
Capitalized[3]	$300	$251	$160	$160	$270
Total	$377	$335	$331	$305	$373
Free Cash Flow					
Adjusted EBITDA	$624	$607	$539	$563	$564
Less: Capitalized SAC[3]	$(300)	$(251)	$(160)	$(160)	$(270)
Plus: Net proceeds from consumer receivables facility	-	-	-	$19	$22
Less: Cash taxes	$(3)	$9	$(1)	$(3)	$(12)
Less: Cash interest	$(123)	$(138)	$(165)	$(85)	$(197)
Less: Capital expenditures[4]	$(30)	$(30)	$(30)	$(35)	$(33)
Less: Working capital and other[5]	$(2)	$(64)	$(10)	$(67)	$52
Adjusted Free Cash Flow	$167	$132	$173	$232	$127
RMR					
Ending RMR (excluding Wholesale)	$347	$332	$335	$335	$337
Wholesale RMR	$4	$4	$4	$4	$4
Ending RMR (including Wholesale)	$351	$336	$339	$339	$341
RMR Additions[1]	$13.5	$12.2	$12.9	$11.4	$14.5

Notes:
1. Excludes wholesale customers who outsource their monitoring to ADT, unless otherwise noted.
2. Net Subscriber Acquisition Cost (SAC) represents the costs of acquiring new customers and installation expenditures, net of installation revenues. Effective Q1 2020, our presentation of SAC excludes non-cash effects of ASC 606, retail installment contract receivables, and other non-cash adjustments. Beginning in Q2 2020, includes the gross proceeds from our consumer receivables facility.
3. Includes reductions of $14M, $11M and $7M in realized charge backs in Q1'20, Q2'20 and Q3'20, respectively, associated with a $39M advance payment received in Q1'20 for estimated future dealer charge backs related to accounts purchased from Defenders prior to the Defenders Acquisition.
4. Capital expenditures exclude special items primarily related to integration activities.
5. Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees; includes net reductions related to ASC606.

Selected Statement of Operations Components

($ in millions)	GAAP Line Items — For the three months ended September 30, 2020: Total Revenue	Cost of Revenue	SG&A	D&A	Total	GAAP Line Items — For the three months ended September 30, 2019: Total Revenue	Cost of Revenue	SG&A	D&A	Total
Monitoring & Service Revenue	1,037	-	-	-	**$1,037**	1,093	-	-	-	**$1,093**
Monitoring & Service Costs and G&A	-	198	187	-	**$385**	-	213	185	-	**$398**
Net Expensed SAC	222	160	152	-	**$90**	180	143	108	-	**$71**
Depreciation and Amortization	31	-	25	473	**$467**	28	-	21	506	**$499**
Special Items	8	-	47	-	**$39**	-	-	167	-	**$167**
Total	**$1,299**	**$358**	**$411**	**$473**		**$1,301**	**$357**	**$480**	**$506**	

	GAAP Line Items: Total Revenue	Cost of Revenue	SG&A	D&A
Monitoring & Service Revenue	Monitoring & Service Revenue	-	-	-
Monitoring & Service Costs and G&A	-	Field Service and Customer Care Expenses	General and Administrative	-
Net Expensed SAC	Installation Revenue	Installation Costs	Selling and Advertising	-
Depreciation and Amortization	Amortization of deferred subscriber acquisition revenue	-	Amortization of deferred subscriber acquisition costs (commissions)	Depreciation and Amortization
Special Items	Purchase Accounting Adjustments and Radio Conversion Revenue	-	Special Items	-

Note:
Excludes special items not applicable to the GAAP measures presented.

Statements of Operations

Statements of Operations:

(in millions, except per share data)	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Monitoring and related services	$ 1,046	$ 1,094	$ 3,133	$ 3,249
Installation and other	253	207	867	578
Total revenue	1,299	1,301	4,000	3,827
Cost of revenue (exclusive of depreciation and amortization shown separately below)	358	357	1,142	1,021
Selling, general and administrative expenses	411	379	1,278	1,048
Depreciation and intangible asset amortization	473	506	1,440	1,503
Merger, restructuring, integration, and other	(6)	10	115	23
Goodwill impairment	-	45	-	45
Loss on sale of business	-	55	1	55
Operating income (loss)	63	(51)	24	132
Interest expense, net	(157)	(152)	(569)	(466)
Loss on extinguishment of debt	(49)	(15)	(115)	(103)
Other income	2	-	7	3
Loss before income taxes	(141)	(218)	(654)	(434)
Income tax benefit	28	36	133	82
Net loss	$ (113)	$ (182)	$ (520)	$ (352)
Net (loss) income per share - basic:				
Common stock	$ (0.15)	$ (0.25)	$ (0.68)	$ (0.47)
Class B common stock	$ 0.05	$ -	$ (0.10)	$ -
Weighted-average shares outstanding - basic:				
Common stock	761	740	760	749
Class B common stock	8	-	3	-
Net loss per share - diluted:				
Common stock	$ (0.15)	$ (0.25)	$ (0.68)	$ (0.47)
Class B common stock	$ (0.07)	$ -	$ (0.44)	$ -
Weighted-average shares outstanding - diluted:				
Common stock	761	740	760	749
Class B common stock	17	-	6	-

GAAP to Non-GAAP Reconciliations

Net Loss Before Special Items and Diluted Net Loss Per Share Before Special Items:

(in millions, except per share data)	For the Three Months Ended September 30, 2020	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2020	For the Nine Months Ended September 30, 2019
Net loss	$ (113)	$ (182)	$ (520)	$ (352)
Merger, restructuring, integration, and other	(6)	10	115	23
Financing and consent fees[(1)]	-	22	5	23
Foreign currency gains[(2)]	-	-	-	(1)
Loss on extinguishment of debt	49	15	115	103
Radio conversion costs, net[(3)]	13	12	24	13
Share-based compensation expense	26	19	75	65
Interest rate swaps, net[(4)]	(8)	1	89	9
Acquisition related adjustments[(5)]	-	4	1	17
Other[(6)]	(1)	9	(5)	17
Goodwill impairment	-	45	-	45
Loss on sale of business	-	55	1	55
Tax adjustments[(7)]	(18)	(22)	(80)	(60)
Net loss before special items	$ (58)	$ (11)	$ (181)	$ (42)
Weighted-average shares outstanding - diluted:				
Common stock	761	740	760	749
Class B common stock	17	-	6	-
Net loss per share - diluted:				
Common stock	$ (0.15)	$ (0.25)	$ (0.68)	$ (0.47)
Class B common stock	$ (0.07)	$ -	$ (0.44)	$ -
Net loss per share before special items - diluted:[(8)]	$ (0.08)	$ (0.02)	$ (0.24)	$ (0.06)

Notes:

1. Represents fees expensed associated with financing transactions.
2. Represents the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars.
3. Represents costs, net of any incremental revenue earned, associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
4. Primarily represents the change in the fair value of interest rate swaps not designated as hedges.
5. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions.
6. Represents other charges and non-cash items. The three and nine months ended September 30, 2020 include recoveries of $3 million and $7 million, respectively, of notes receivable from a former strategic investment that were previously written-off, $5 million of which is included in the nine months ended September 30, 2019. The three and nine months ended September 30, 2019 include an estimated legal settlement, net of insurance, of $6 million.
7. Represents tax impact on special items.
8. Represents net loss before special items divided by diluted weighted-average shares outstanding of common stock.

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin:

(in millions)	For the Three Months Ended					For the Nine Months Ended		For the Twelve Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	December 31, 2019
Net loss	$ (113)	$ (107)	$ (300)	$ (72)	$ (182)	$ (520)	$ (352)	$ (592)	$ (424)
Interest expense, net	157	187	225	154	152	569	466	723	620
Income tax benefit	(28)	(28)	(78)	(16)	(36)	(133)	(82)	(150)	(98)
Depreciation and intangible asset amortization	473	478	489	487	506	1,440	1,503	1,927	1,989
Amortization of deferred subscriber acquisition costs	25	23	23	22	21	70	59	92	80
Amortization of deferred subscriber acquisition revenue	(31)	(30)	(29)	(29)	(28)	(90)	(79)	(119)	(107)
Share-based compensation expense	26	25	23	21	19	75	65	95	86
Merger, restructuring, integration and other	(6)	12	109	13	10	115	23	128	36
Goodwill impairment	-	-	-	-	45	-	45	-	45
Loss on sale of business	-	1	-	6	55	1	55	7	62
Loss on extinguishment of debt	49	-	66	1	15	115	103	116	104
Radio conversion costs, net(1)	13	5	7	12	12	24	13	37	25
Financing and consent fees(2)	-	-	5	-	22	5	23	5	23
Foreign currency gains(3)	-	-	-	(1)	-	-	(1)	(1)	(1)
Acquisition related adjustments(4)	-	-	1	6	4	1	17	7	22
Other(5)	(1)	(3)	(1)	5	9	(5)	17	(1)	22
Adjusted EBITDA	$ 564	$ 563	$ 539	$ 607	$ 624	$ 1,666	$ 1,876	$ 2,274	$ 2,483
Net loss to total revenue ratio	*-8.7%*	*-8.0%*	*-21.9%*	*-5.5%*	*-14.0%*	*-13.0%*	*-9.2%*	*-11.2%*	*-8.3%*
Adjusted EBITDA Margin (as percentage of M&S Revenue)	*53.9%*	*54.1%*	*51.6%*	*57.4%*	*57.1%*	*53.2%*	*57.7%*	*54.2%*	*57.6%*
Total revenue	$ 1,299	$ 1,331	$ 1,370	$ 1,298	$ 1,301	$ 4,000	$ 3,827	$ 5,298	$ 5,126
Monitoring and related services revenue	$ 1,046	$ 1,041	$ 1,046	$ 1,058	$ 1,094	$ 3,133	$ 3,249	$ 4,191	$ 4,308

Notes:

1. Represents costs, net of any incremental revenue earned, associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
2. Represents fees expensed associated with financing transactions.
3. Represents the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars.
4. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions.
5. Represents other charges and non-cash items. Includes recoveries of $2M, $2M, and $3M for Q1'20, Q2'20, and Q3'20, respectively, of notes receivable from a former strategic investment that were previously written-off, $5M of which occurred in both Q2'19 and Q4'19. Additionally, includes an estimated legal settlement, net of insurance, of $6 million for Q3'19.

GAAP to Non-GAAP Reconciliations

Free Cash Flow and Adjusted Free Cash Flow:

(in millions)	For the Three Months Ended					For the Nine Months Ended		For the Twelve Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	December 30, 2019
Net cash provided by operating activities	$ 364	$ 379	$ 250	$ 414	$ 480	$ 993	$ 1,459	$ 1,407	$ 1,873
Net cash (used in) provided by investing activities	(265)	(197)	(338)	179	(369)	(800)	(1,157)	(622)	(978)
Net cash provided by (used in) financing activities	345	(254)	158	(704)	6	249	(510)	(455)	(1,214)
Net cash provided by operating activities	364	379	250	414	480	993	1,459	1,407	1,873
Dealer generated customer accounts and bulk account purchases	(121)	(82)	(62)	(155)	(181)	(265)	(514)	(420)	(670)
Subscriber system asset expenditures	(135)	(72)	(65)	(112)	(137)	(273)	(431)	(384)	(542)
Purchases of property and equipment	(36)	(42)	(35)	(39)	(36)	(112)	(120)	(151)	(159)
Free Cash Flow	72	182	89	108	127	343	394	452	502
Net proceeds from receivables facility	22	19	-	-	-	41	-	41	-
Financing and consent fees	-	-	5	3	18	5	19	9	23
Restructuring and integration payments	6	6	7	5	1	18	10	23	14
Integration related capital expenditures	4	7	5	8	6	15	7	23	16
Radio conversion costs, net	11	4	3	12	10	18	13	30	25
Other[1]	12	13	65	(5)	5	90	15	86	10
Adjusted Free Cash Flow	$ 127	$ 232	$ 173	$ 132	$ 167	$ 532	$ 459	$ 663	$ 590
Memo: Cash interest included above									
Cash interest	$ 197	$ 85	$ 165	$ 138	$ 123	$ 448	$ 407	$ 586	$ 545

Note:

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

GAAP to Non-GAAP Reconciliations

Debt to Net Income Ratio:

(in millions)	September 30, 2020	December 31, 2019
Total debt (book value)	$ 9,744	$ 9,692
LTM net loss	(592)	(424)
Debt to net loss ratio	**(16.5x)**	**(22.9x)**

Net Leverage Ratio:

(in millions)	September 30, 2020	December 31, 2019
First lien term loan	$ 3,079	$ 3,102
First lien notes	5,550	5,550
Receivables facility	41	-
Finance leases	63	75
Total first lien debt	**8,733**	**8,727**
Second lien notes	1,300	1,246
Total debt[1]	**10,033**	**9,973**
Cash and cash equivalents	(489)	(49)
Net debt	**9,544**	**9,924**
LTM adjusted EBITDA	**$ 2,274**	**$ 2,483**
Net leverage ratio	**4.2x**	**4.0x**

Note:
1. Debt instruments are stated at face value.

GAAP to Non-GAAP Reconciliations

U.S. Commercial Organic Revenue:

(in millions)	For the Three Months Ended September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Monitoring and related services - U.S.	$ 1,046	$ 1,041	$ 1,046	$ 1,040	$ 1,043	$ 1,037	$ 1,021	$ 990
Monitoring and related services - Canada	-	-	-	18	50	49	49	51
Monitoring and related services	1,046	1,041	1,046	1,058	1,094	1,085	1,070	1,040
Installation and other - U.S.	253	290	324	237	200	191	167	140
Installation and other - Canada	-	-	-	3	7	7	6	5
Installation and other	253	290	324	240	207	198	173	145
Total revenue - U.S.	1,299	1,331	1,370	1,277	1,244	1,228	1,188	1,130
Total revenue - Canada[1]	-	-	-	22	57	56	55	56
Total revenue	$ 1,299	$ 1,331	$ 1,370	$ 1,298	$ 1,301	$ 1,284	$ 1,243	$ 1,185
Commercial revenue - U.S.	$ 237	$ 227	$ 257	$ 289	$ 263	$ 255	$ 230	$ 177
Commercial revenue - Canada	-	-	-	4	8	8	8	8
Total commercial revenue[2]	$ 237	$ 227	$ 257	$ 293	$ 272	$ 263	$ 237	$ 185
Commercial revenue - U.S.	$ 237	$ 227	$ 257	$ 289	$ 263	$ 255	$ 230	$ 177
Acquisition-related commercial revenue - U.S.[3]	(6)	(12)	(14)	(80)	(98)	(98)	(94)	(48)
Commercial organic revenue - U.S.	$ 231	$ 215	$ 243	$ 209	$ 165	$ 157	$ 136	$ 129
Monitoring and related services - Commercial U.S.	$ 103	$ 104	$ 106	$ 105	$ 106	$ 101	$ 97	$ 70
Installation and other - Commercial U.S.	133	124	151	184	157	153	133	107
Commercial revenue - U.S.	$ 237	$ 227	$ 257	$ 289	$ 263	$ 255	$ 230	$ 177

Notes:
1. ADT Canada was disposed of in November 2019.
2. Represents total revenue associated with commercial and national accounts.
3. Represents incremental total revenue associated with U.S. commercial and national accounts from acquisitions until there is a full twelve-month overlap from the date of acquisition.

Non-GAAP Measures

To provide investors with additional information in connection with our results, as determined in accordance with generally accepted accounting principles in the United States ("GAAP"), we disclose Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Adjusted Free Cash Flow, Net Income (Loss) before special items, Diluted Net Income (Loss) per share before special items, U.S. Commercial Organic Revenue, U.S. Commercial Inorganic Revenue, and Net Leverage Ratio as non-GAAP measures. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, operating income, cash flows, or any other measure calculated in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about our operating profitability adjusted for certain non-cash items, non-routine items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Further, we believe Adjusted EBITDA provides a meaningful measure of operating profitability because we use it for evaluating our business performance, making budgeting decisions, and comparing our performance against that of other peer companies using similar measures. We define Adjusted EBITDA as net income or loss adjusted for (i) interest, (ii) taxes, (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets and amortization of dealer and other intangible assets, (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions, (v) share-based compensation expense, (vi) merger, restructuring, integration, and other, (vii) losses on extinguishment of debt, (viii) radio conversion costs, (ix) financing and consent fees, (x) foreign currency gains/losses, (xi) acquisition related adjustments, and (xii) other charges and non-cash items. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest, taxes, and other adjustments which directly affect our net income or loss. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income or loss as calculated in accordance with GAAP. The Adjusted EBITDA discussion above is also applicable to its margin measure, which is calculated as Adjusted EBITDA as a percentage of monitoring and related services revenue.

Free Cash Flow

We believe that the presentation of Free Cash Flow is appropriate to provide additional information to investors about our ability to repay debt, make other investments, and pay dividends. We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network; subscriber system asset expenditures; and purchases of property and equipment. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities. Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Free Cash Flow in combination with the cash flows as calculated in accordance with GAAP.

Adjusted Free Cash Flow

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for payments related to (i) net cash flow associated with our consumer receivables facility, (ii) financing and consent fees, (iii) restructuring and integration, (iv) integration related capital expenditures, (v) radio conversion costs, and (vi) other payments or receipts that may mask our operating results or business trends. As a result, subject to the limitations described below, Adjusted Free Cash Flow is a useful measure of our cash flow attributable to our normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as our ability to repay other debt, make other investments, and pay dividends. Adjusted Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Adjusted Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Adjusted Free Cash Flow in combination with the GAAP cash flow numbers. During the second quarter of 2020, Free Cash Flow before special items was renamed Adjusted Free Cash Flow to reflect the net cash flow associated with our consumer receivables facility, which supports our consumer financing program that launched nationally in 2020. The inclusion of the net cash flow associated with our consumer receivables facility represents the only revision to Free Cash Flow before special items.

Net Income (Loss) before special items and Diluted Net Income (Loss) per share before special items

Net Income (Loss) before special items is defined as net income (loss) adjusted for (i) merger, restructuring, integration, and other, (ii) financing and consent fees, (iii) foreign currency gains/losses, (iv) losses on extinguishment of debt, (v) radio conversion costs, (vi) share-based compensation expense, (vii) the change in the fair value of interest rate swaps not designated as hedges, (viii) acquisition related adjustments, (ix) other charges and non-cash items, and (x) the impact these adjusted items have on taxes. Diluted Net Income (Loss) per share before special items is Net Income (Loss) before special items divided by diluted weighted-average shares outstanding of common stock. In periods of net loss, diluted weighted-average shares outstanding of common stock does not include the assumed conversion of Class B common stock to shares of common stock as the results would be anti-dilutive. We believe that Net Income (Loss) before special items and Diluted Net Income (Loss) per share before special items are benchmarks used by analysts and investors who follow the industry for comparison of its performance with other companies in the industry, although our measures may not be directly comparable to similar measures reported by other companies. The limitation of these measures is that they exclude the impact (which may be material) of items that increase or decrease our reported operating income, operating margin, net income (loss), and diluted net income (loss) per share of common stock and Class B common stock. This limitation is best addressed by using the non-GAAP measures in combination with the most comparable GAAP measures in order to better understand the amounts, character, and impact of any increase or decrease on reported results. Refer to the Company's Quarterly Reports on Form 10-Q for further discussion regarding the computation of diluted weighted-average shares outstanding of common stock.

Net Leverage Ratio

Net Leverage Ratio is calculated as the ratio of net debt to Adjusted EBITDA. Net debt is calculated as total debt, including capital leases, minus cash and cash equivalents. Refer to the discussion on Adjusted EBITDA for a description of the differences between the most comparable GAAP measure. Net Leverage Ratio is a useful measure of the Company's credit position and progress towards leverage targets. The calculation is limited in that the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis. Finally, Net Leverage Ratio discussed herein may be presented on a pro forma basis.

U.S. Commercial Organic Revenue / U.S. Commercial Inorganic Revenue

We believe that the presentation of U.S. commercial organic revenue and U.S. commercial inorganic revenue is appropriate to provide additional information to investors about the periodic growth of our business on a consistent basis. We define U.S. commercial organic revenue as revenue associated with U.S. commercial and national accounts adjusted for U.S. commercial inorganic revenue, which represents incremental total revenue associated with U.S. commercial and national accounts from acquisitions until there is a full twelve-month overlap from the date of acquisition. There are material limitations to using U.S. commercial organic revenue as it does not take into account all revenue in a given period. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering U.S. commercial organic revenue and U.S. commercial inorganic revenue in conjunction with revenue determined in accordance with GAAP.