

ASC 842 - Disclaimer

Disclaimer

This presentation is intended to provide additional information to investors about the impact of the adoption of ASC 842, *Leases* to our financial statements. This information should be considered in addition to, not as a substitute for or superior to the disclosures contained in our filings with the Securities and Exchange Commission.

ASC 842 Leasing Standard Update

Key takeaways

- We adopted the new standard (ASC 842) as of January 1, 2019. Comparative periods were not adjusted.
- Operating leases
 - Operating leases now appear on the balance sheet
 - Upon adoption, we recorded an operating lease right-of-use asset of \$431.7 million and an operating lease liability of \$502.4 million
 - The operating lease right-of-use asset represents the present value of future payments as adjusted for deferred rent and lease incentives, prepaid rent and deferred transaction costs
 - The operating lease liability represents the present value of future payments, net of tenant improvement allowance receivables
 - There is no net impact to the income statement or statement of cash flows
- Finance leases (formerly capital leases)
 - Naming of the account changed
 - There is no material impact to any financial statements

Operating lease right-of-use asset and liability as of Q1'19

Net present value of future lease payments	\$	544.1	1
Deferred rent and lease incentives		(119.4)	2
Deferred transaction costs and prepaid rent		5.7	3
Right-of-use asset at 3/31/19	\$	430.4	

1. Represents the net present value of future lease payments at a weighted average discount rate of 4.4%
2. Deferred rent and lease incentive obligations reduce our right-of-use asset as they reduce our future rent expense

Net present value of future lease payments	\$	544.1	1
Tenant improvement allowance receivables		(28.5)	4
Lease liability at 3/31/2019	\$	515.6	

3. Unamortized deferred transaction costs and prepaid rent increase our right-of-use asset as they increase our future rent expense
4. Tenant improvement allowance receivables reduce our operating lease liability as they are cash inflows