



**NATIONAL STORAGE**  
— AFFILIATES —

# **NAREIT Presentation**

**June 2015**



# Cautionary Statement

We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statements. The forward-looking statements contained in this presentation reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in the Prospectus filed with the SEC on April 24, 2015 under the headings “Prospectus Summary,” “Risk Factors,” “Forward-Looking Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business and Properties.” If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

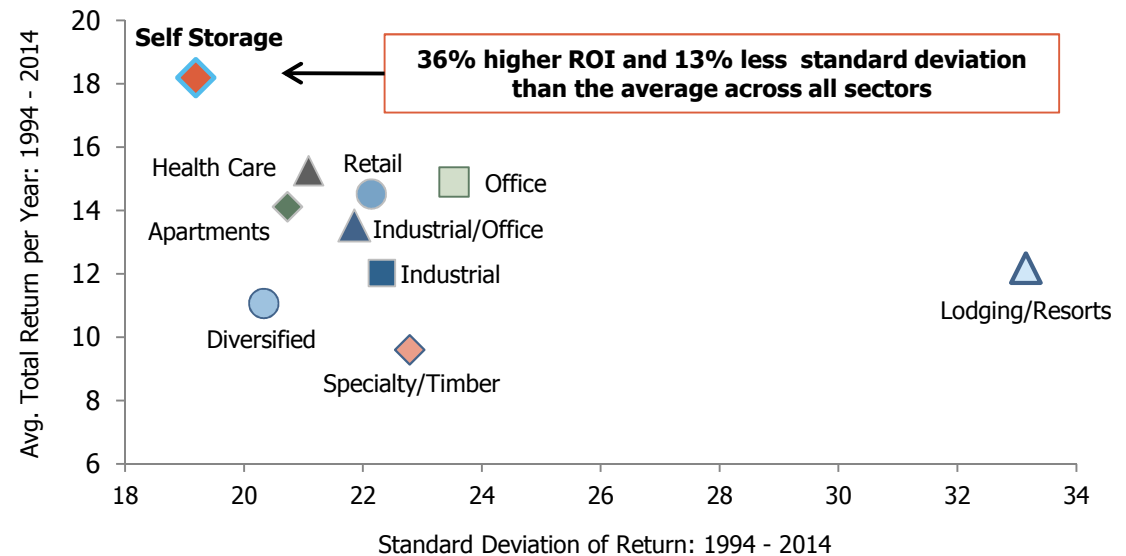
Before you decide whether to invest in the common shares, you should read the Prospectus and the other documents we have filed with the SEC for more complete information about our company. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

# Self Storage Consistently Outperforms

## Self Storage Outperforms on Total Return With Less Volatility

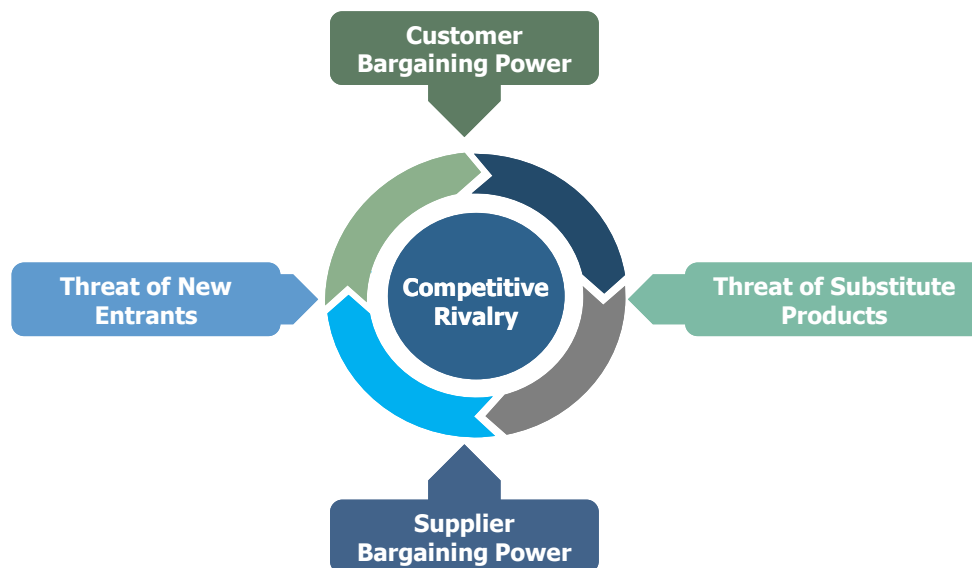
Since 1994, total returns for self storage have outperformed all other equity REIT sectors while experiencing the least volatility

- The industry is expected to continue to generate substantial NOI growth
- Savings expected through improved scale, new technology and centralized infrastructure



Source: NAREIT.

## Five Forces Driving Self Storage



	Impact
Competitive Rivalry	Low – geographically limited
Customer Bargaining Power	Limited – not price driven
Threat of Substitute Products	Very few cost effective options
Supplier Bargaining Power	Limited - but increasing
Threat of New Entrants	Limited – increasing entry barriers

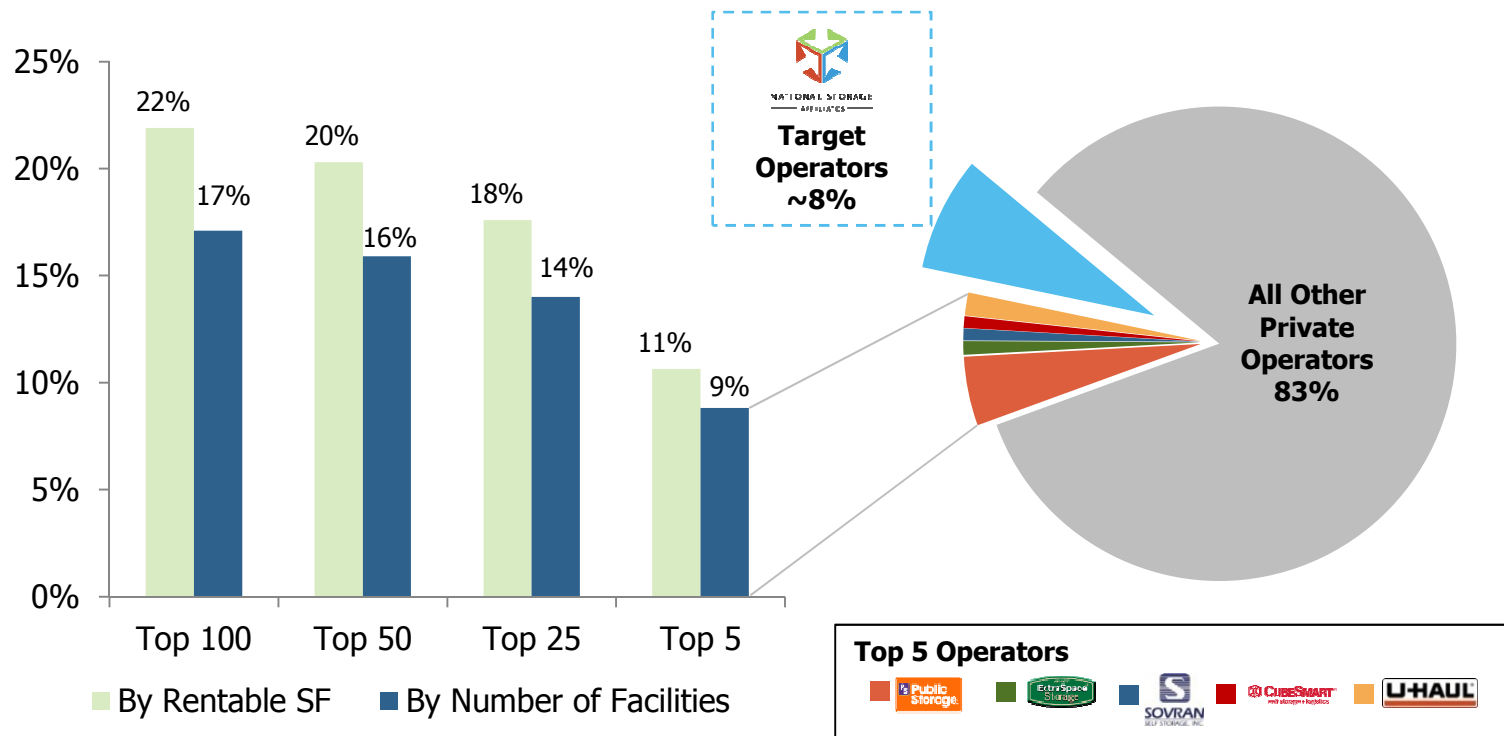
# Opportunity to Consolidate

## Highly fragmented sector

- More than 50,000 self-storage properties with over 30,000 operators
- Over \$24 billion in annual revenue with over \$200 billion in private market value

## NSA primarily targets top private operators with 20 or more institutional quality properties in the top 100 MSAs

- We estimate that our target operators own and / or manage more than 3,700 self-storage properties<sup>(1)</sup>



## Top 40 Operators

- Public Storage
- U-Haul International
- Extra Space Storage
- CubeSmart
- Sovran Self Storage, Inc.
- SecurCare Self Storage\*
- Storage-Mart
- Strategic Capital Holdings
- Simply Self Storage
- Metro Storage, LLC
- The William Warren Group
- Dahn Corporation
- Absolute Storage Management
- Westport Properties, Inc.
- The Jenkins Organization, Inc.
- Northwest\*
- Storage Pros Management
- TnT Self Storage Management
- Landvest Corporation
- Urban Self Storage
- Optivest Properties\*
- Universal Storage Group
- LAACO, Ltd.
- Atlantic Self Storage
- Stor-All Systems, Inc.
- Platinum Storage Group
- Baco Realty Corp DBA Security
- Professional Self Storage Mgmt
- Storage Solutions\*
- A-1 Self Storage
- Brundage Management Mini Storage
- Private Mini Storage
- Virtus Real Estate Capital
- Move It Self Storage\*
- Pagoda Management Co
- Guardian Storage\*
- Sentry Self Storage Management
- Amsdell Companies / Compass
- Strat Property Management
- Personal Mini Storage Management

\* Denotes NSA PRO

Source: Public company filings as of December 31, 2014, Self Storage Association and 2014 Self-Storage Almanac.

Note: Rankings are based on number of properties.

(1) Represents the market share of the top 100 operators less market share of the public operators and less NSA's market share.



# National Storage Affiliates (“NSA”) Overview

**NSA’s unique strategy has successfully attracted six of the most prominent operators with the common goal to drive significant organic and external growth**

## NSA Strategy

### Leveling The Playing Field

**Operational Management**

**Technology / Innovation**

**Economies of Scale**

**Cost of Capital**

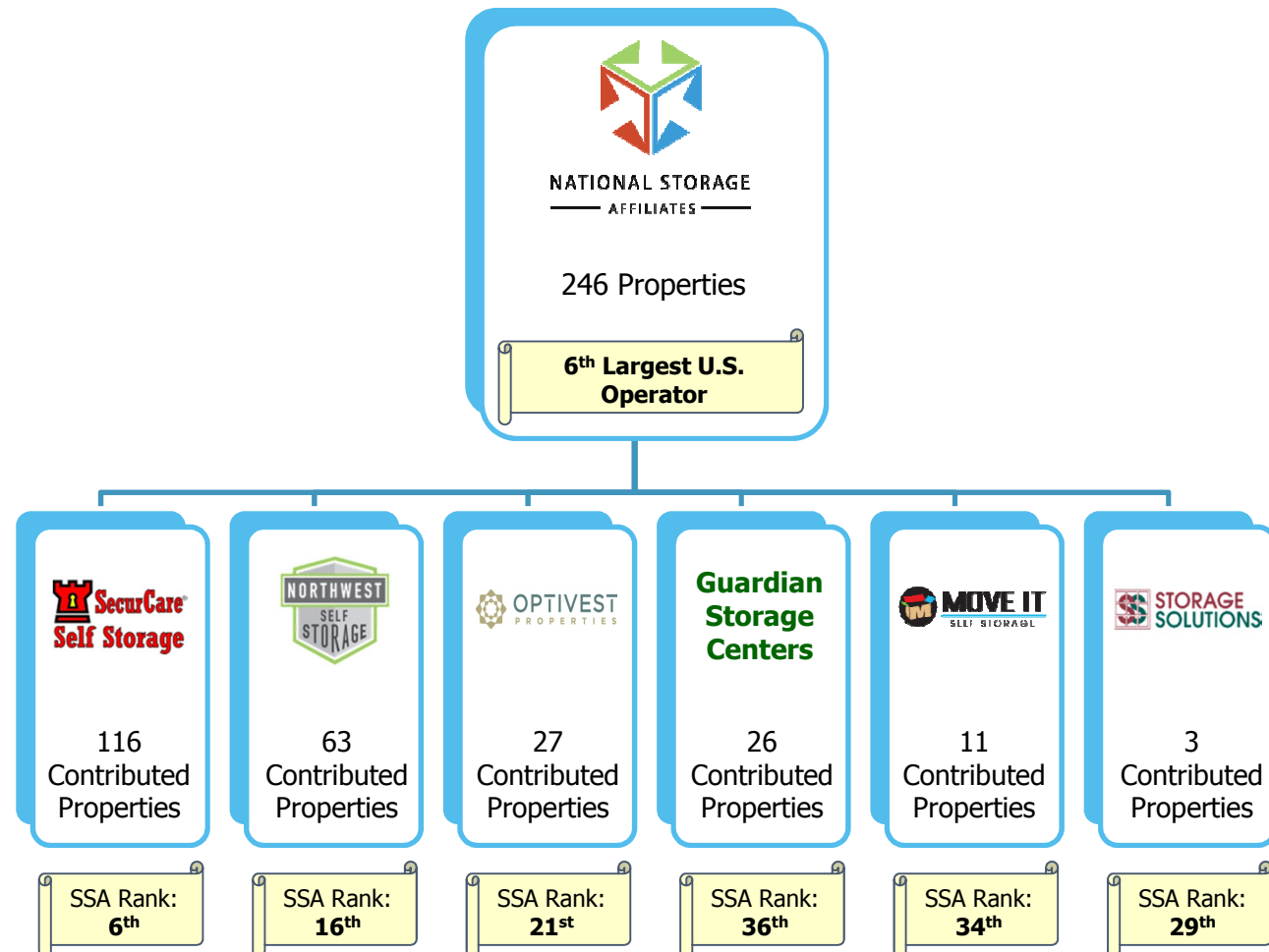
### Growth Opportunities

**Organic**

**Attractive Acquisition Pipeline**

**Recruitment of New PROs**

**Off-Market Opportunities Through Network**



Source: 2014 Self-Storage Almanac.



Note: SSA Rankings are based on property count prior to contribution of property to NSA. SecurCare and Guardian did not report their property counts to the survey conducted for the 2014. Self-Storage Almanac; SecurCare property count is per the 2013 Self-Storage Almanac and the Guardian count is based on Company guidance, as if it had reported. Does not reflect properties currently managed by PROs which have not been contributed to us as of March 31, 2015.

# Development Path of NSA

## Deeply Rooted Operating History

### PRO Formation and Institutionalization

#### 1970 - 2011





-  **1973** – Move It predecessor founded
-  **1977** – Northwest founded
-  **1988** – SecurCare founded
-  **1989** – Storage Solutions founded
-  **1999** – Guardian founded
-  **2007** – Optivest founded
-  **2007** – Raised initial institutional capital through SecurCare predecessor

### NSA Formation and Growth

#### 2012 - 2013

-  **2012** – Agreement in principal reached by three founding PROs
-  **2013** – NSA formed
-  **2013** – Secured financing from U.S. Bank, Wells Fargo, and PREI

#### 2014 - 2015

-  **2014** – Entered into \$425MM credit facility
-  **2014** – Guardian becomes 4<sup>th</sup> PRO
-  **2014** – Move It becomes 5<sup>th</sup> PRO
-  **2015** – Storage Solutions becomes 6<sup>th</sup> PRO

# Structure Creates Alignment With PROs

## PROs Are Heavily Invested

- Contribute a large portion of career's work via property equity
- Own ~40% of NSA<sup>(1)</sup>

## PROs Are Incentivized to Outperform

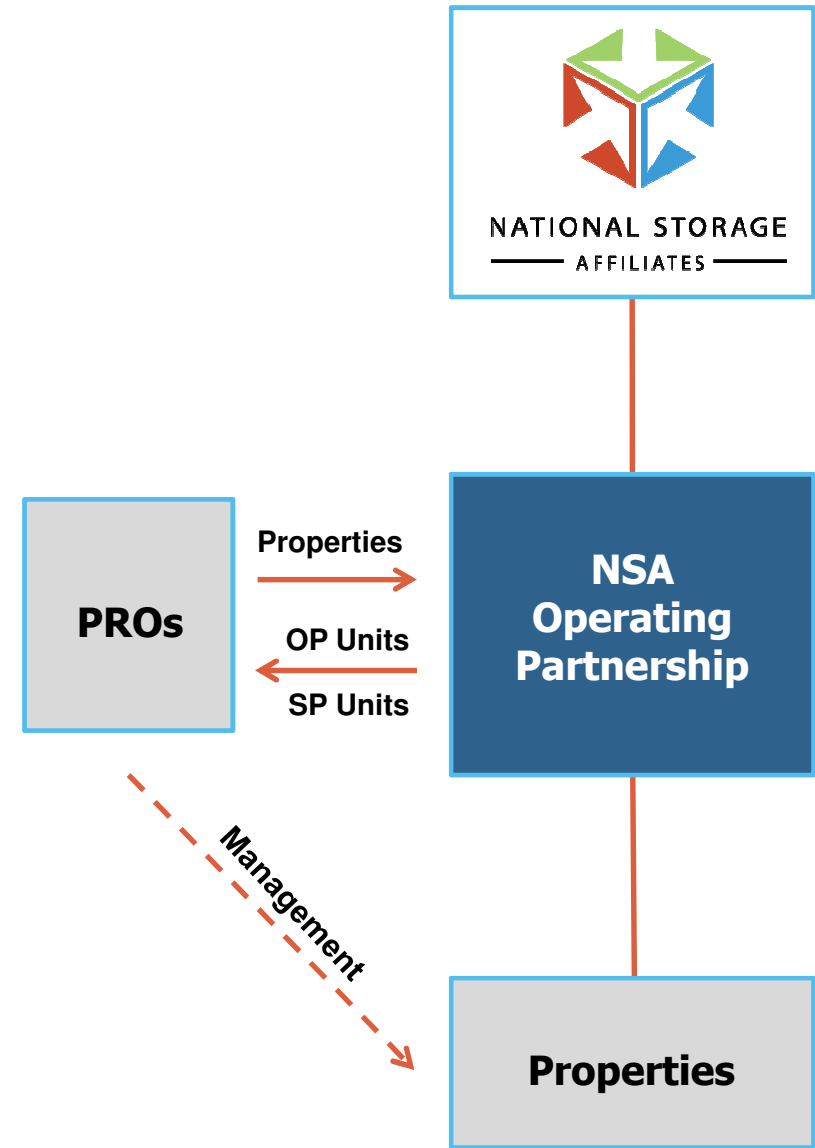
- PROs equity value tied to performance of contributed properties
- SP unit holders receive a 6% allocation of operating cash flow on unreturned capital contributions after a 6% allocation on unreturned capital attributable to OP unit holders and then share equally in the allocation of any excess with OP unit holders<sup>(2)</sup>

## Capital for Growth

- NSA has access to lower cost public capital
- Alignment encourages disciplined acquisitions

## Penalties for Underperformance

- PROs equity and cash flow are subordinated
- Poor performance disproportionately affects PROs
- Ability to replace manager

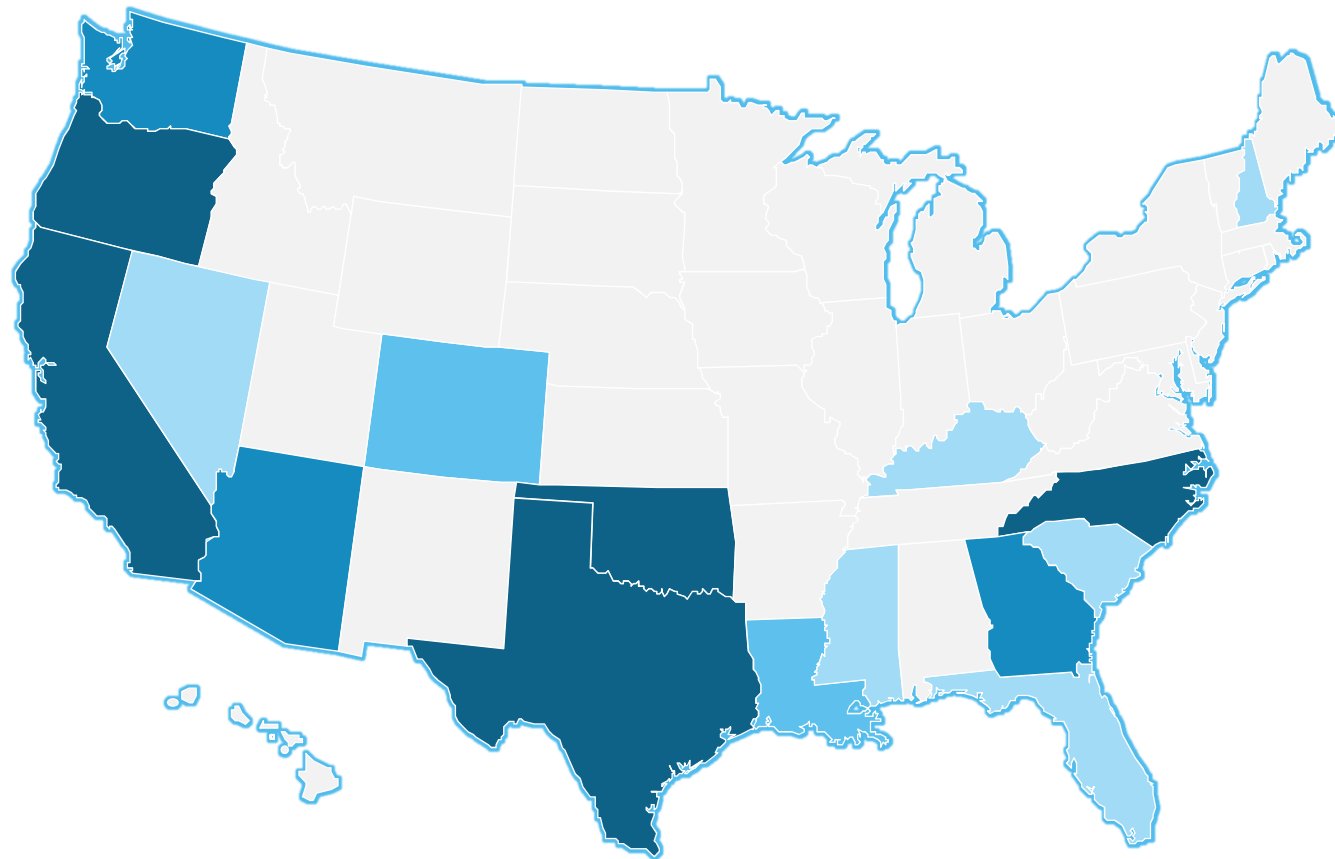


(1) The ownership percentage held by PROs post IPO, assuming SP units converting at 1:1 to OP units and includes interests held by the NSA management team.

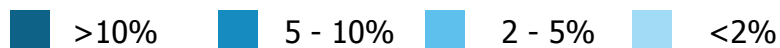
(2) This allocation of operating CF between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating CF that will be distributed on OP units (or paid as dividends on our common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on our common shares at the discretion of our board of trustees).

# Established Platform Located in Attractive Markets

NSA has a well-diversified portfolio of 246 properties located in 16 states, 70% of which are located in the top 100 MSAs<sup>(1)</sup>



## % of Properties



246 Properties

>100K Storage Units

~14MM Net Rentable SF

86% Average Occupancy

71K Population (3 mi.)

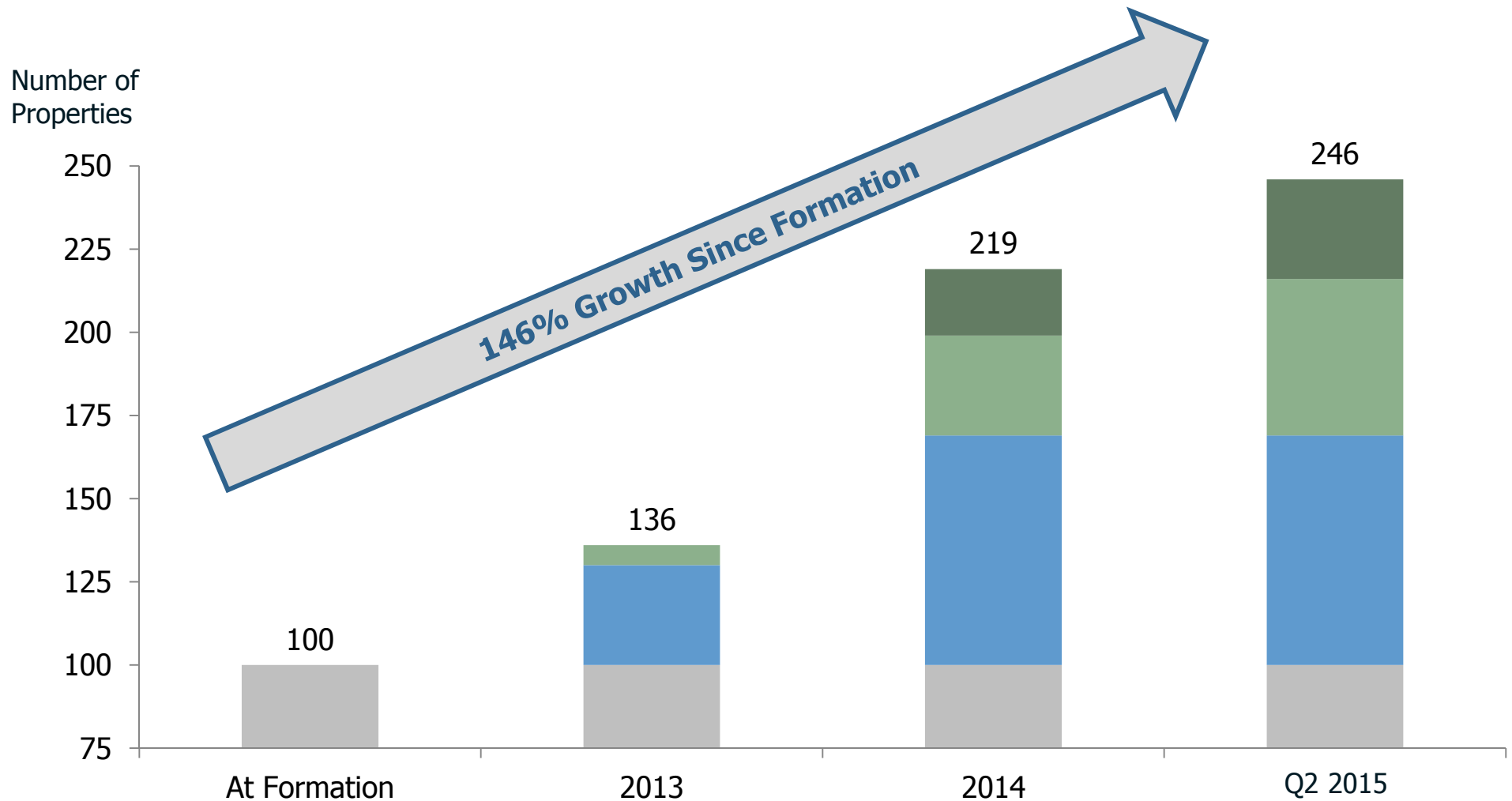
\$64K HH Income (3 mi.)

Source: Demographic data is as of December 31, 2014 per Nielsen. Occupancy data as of 3/31/15.

(1) Based on property count.



# Proven Track Record of External Growth



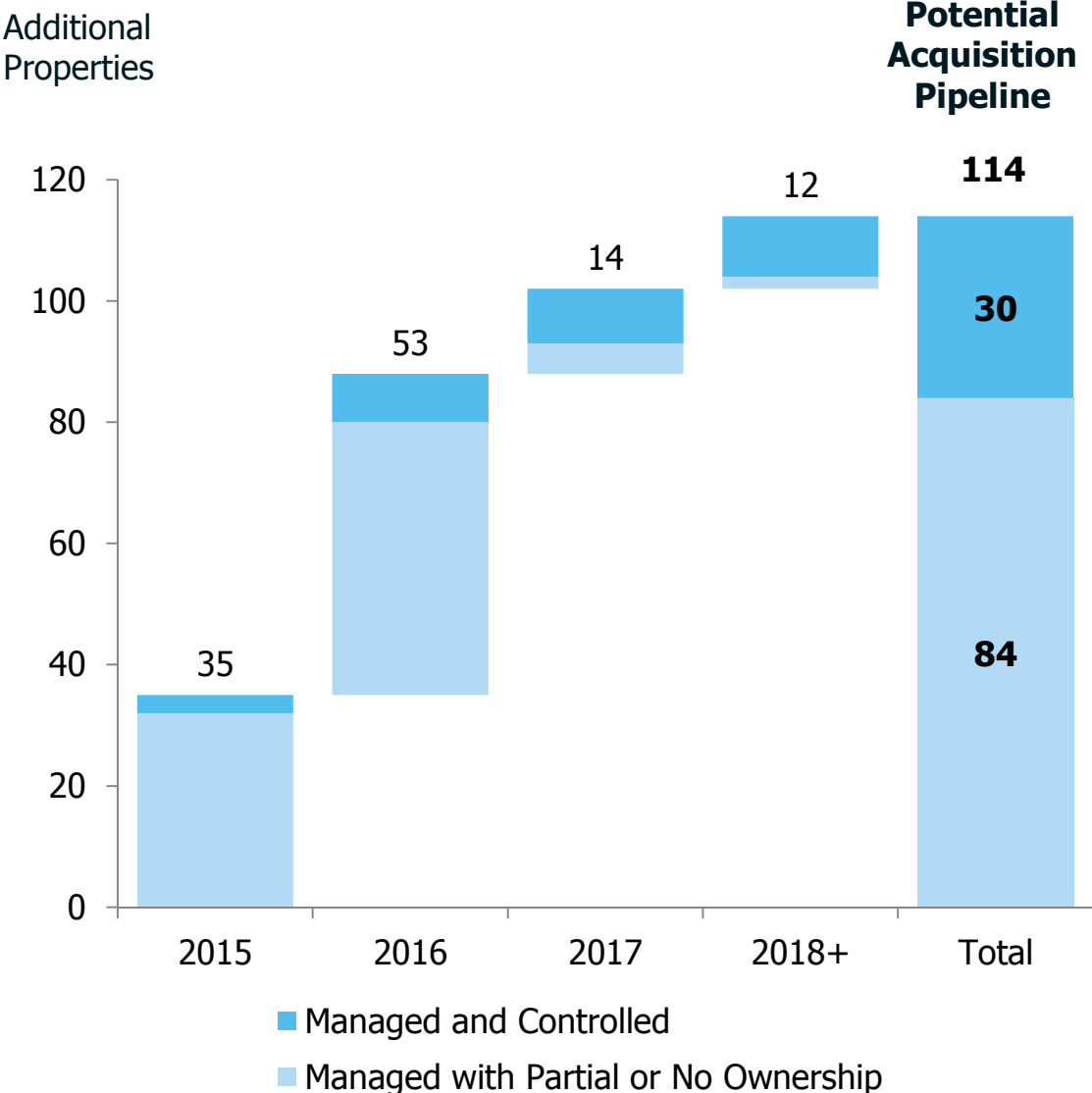
**Acquisition of Pipeline Properties**

**Locally Sourced Acquisitions**

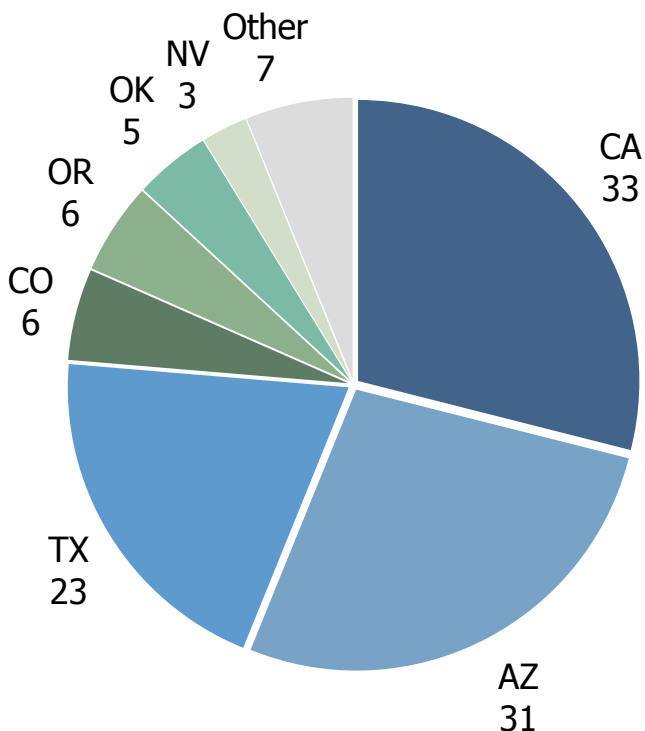
**New PRO Recruitment**

# Attractive Acquisition Pipeline (PRO Managed Assets)

## Positioned to Expand Further in Existing Markets



## Pipeline Concentrated in Existing Markets



Note: Company has varying degrees of control and influence on these acquisitions. This estimated acquisition pipeline may not be completely realized given that PROs do not own controlling interests in 84 of the properties and contributions are driven by debt, stabilization or other outside factors. Please note that one property included in the 84 properties managed with partial or no ownership is currently in development and under contract.

## Local Relationship Driven Acquisitions

**Since April 2013, successfully sourced \$200MM+ in off-market transactions in 10 states**

## NSA's Advantage

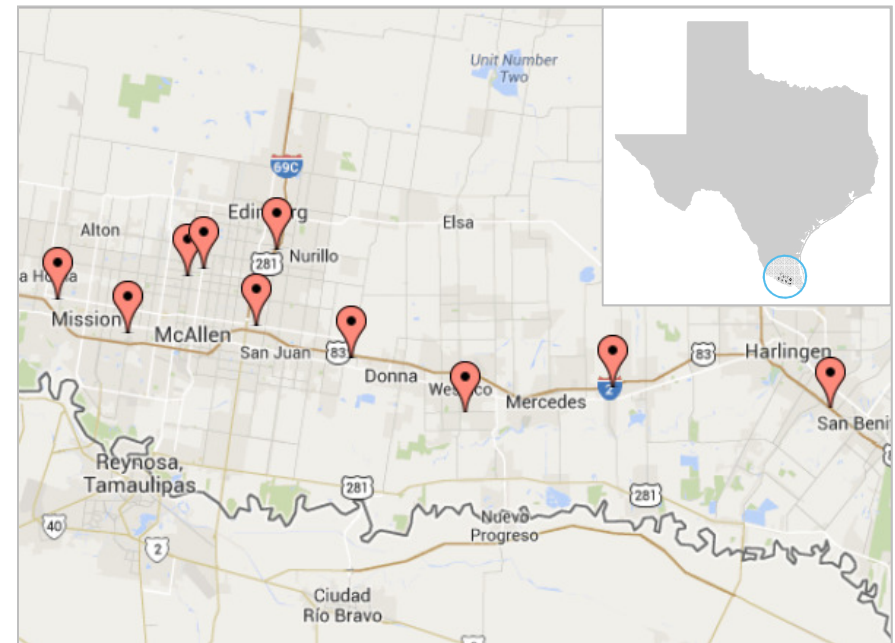
- ✓ Large, local acquisition teams with longstanding relationships and skin in the game
- ✓ Proven ability to convert off-market deals
- ✓ Established integration process into our platform
- ✓ Existing pipeline of single assets and portfolios

## NSA's Target Acquisitions

- ✓ Institutional quality properties
- ✓ Track record of operational performance
- ✓ Synergistic to existing operations and geography
- ✓ 8-12% unlevered yield target

## Off-Market Portfolio Acquisition

- Ten properties in South Texas
- \$55 million portfolio
- Closed in September 2014



# Recruitment of Additional PROs

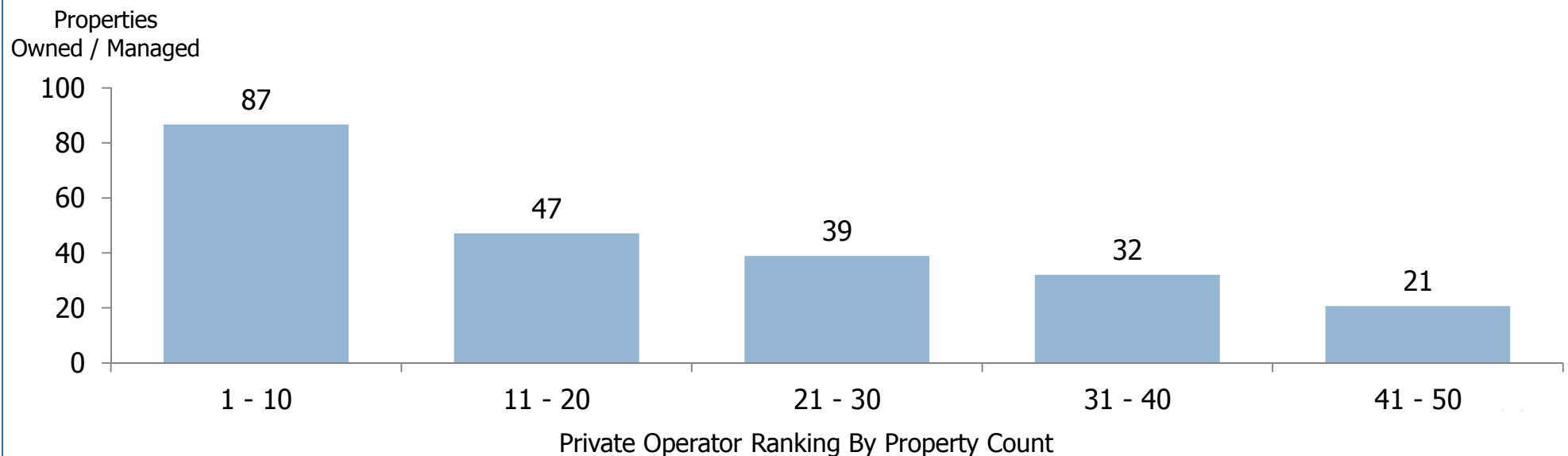
## Pipeline of potential new PROs with sizable portfolios in attractive markets

10 – 15 operators, each with \$100MM+ portfolios

NSA considers the following when evaluating a PRO candidate:

- Established platform in targeted markets (top 100 MSAs) and capabilities to grow the portfolio
- High quality portfolio – minimum of 20 properties, typically over \$100MM
- Reputation within the industry of operating expertise

### Average Portfolio Size Held By Top Private Operators



Source: 2014 Self-Storage Almanac.

Note: Private operator rankings are based on properties owned and / or managed and excludes NSA and PROs.

# Structure Attracts Disciplined, Growth-Oriented Operators

**Why successful regional operators are motivated to join NSA instead of opting for an institutional joint venture or a portfolio sale**

Criteria	NSA	JV	Sale / Exit
Liquidity / Monetization	✓	✓	✓
Ability to Maintain Property Management	✓	✓	
Participate in Upside	✓	✓	
Enhance NOI Through Best Practices	✓		
Opportunity and Incentives to Grow Portfolio	✓		



# Vertically Designed For Scale & Operating Efficiencies

## NSA Corporate Headquarters

### Executive Leadership

- Recruitment of PROs
- Acquisition review and approval

### Legal & Finance Support

- Asset contributions and structuring
- Equity and debt capital markets

### Corporate Accounting

- Internal controls, policies and procedures
- Budgeting and forecasting

### Corporate Marketing

- Call center
- GoStorageUnits.com
- Mobile marketing

### Technology & Best Practices

- Management information systems
- Streamlined operational processes

## Regional & Local Operations

Acquisition Underwriting  
& Sourcing

Property Management

Property Level  
Accounting

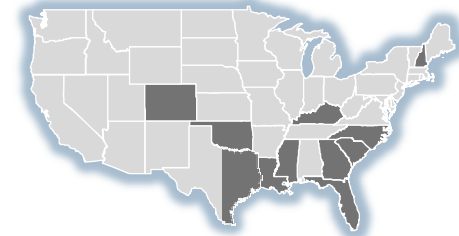
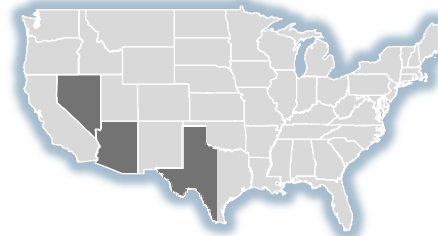
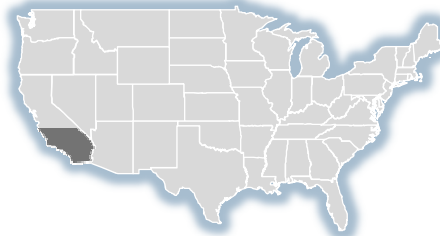
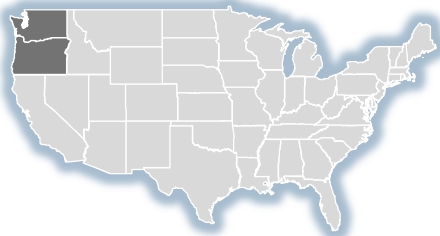
Local Branding &  
Marketing

Northwest

Southern California

Southwest

Mountain / Southeast



# Organic Growth Opportunities

## 1 Occupancy

- ✓ Increase our same store average occupancy from 86% as of end of Q1 2015<sup>(1)</sup>
  - Public self-storage REIT same store average occupancy of 92% as of end of Q1 2015<sup>(2)</sup>
- ✓ Maximize conversion opportunities from call center
- ✓ Additional lead generation from national marketing platform

## 3 Asset Optimization

- ✓ Redevelopment opportunities
- ✓ Expansion of existing facilities
- ✓ Configuration of optimal unit mix
- ✓ Cell towers

## 2 Revenue Management

- ✓ Integrated portfolio dashboard
- ✓ Real-time ability to increase below market rents
- ✓ Tenant insurance

## 4 Cost Savings






- ✓ Driven by Technology and Best Practices Group
- ✓ Consolidate vendor relationships
- ✓ Bulk purchasing
- ✓ Recoverable collection of bad debt by call center

Source: Public company filings.

(1) Average occupancy figures are weighted by same store square footage.

(2) Public self-storage REIT average is weighted by same store square footage and includes the following public self-storage REITs: CUBE, EXR, PSA and SSS.

# Senior Management Team With Deep Industry Experience

-  Widely respected owner / operators of self-storage
-  Averages over 30 years of industry experience
-  Proven track record of growth
-  Network of relationships
-  Heavily invested in NSA

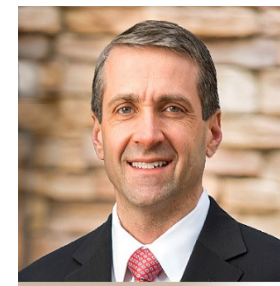
## NSA Executive Team



**Arlen Nordhagen**  
*Chairman &  
CEO*



**Tamara Fischer**  
*CFO*



**Steven Treadwell**  
*SVP, Operations*

## PRO Executive Leadership



**Kevin Howard**  
*Northwest  
Regional  
President*



**David Cramer**  
*Mountain /  
Southeast  
Regional  
President*



**Warren Allan**  
*Southwest  
Regional  
President*



**John Minar**  
*Southern  
California  
Regional  
President*



**Tracy Taylor**  
*Texas Executive  
Vice President*



**Bill Bohannon**  
*Arizona  
Executive Vice  
President*

# Independent Board With Strong Corporate Governance



Board Member	Previous Management Experience	Committee Assignment
<b>Arlen Nordhagen</b>	Co-founder, CEO & President, NSA Co-founder, CEO & President, SecurCare Co-founder, MMM Healthcare Previous CubeSmart Advisory Board member	Chairman & CEO
<b>George Chapman</b>	Chairman & CEO, Health Care REIT Board member, NAREIT	Chair of Compensation, Nominating, and Corporate Governance
<b>Dominic Palazzo</b>	Audit Partner, PwC 34 Years of Public Accounting Experience in Real Estate	Chair of Audit Committee
<b>Steven Osgood</b>	CEO, All Stor CFO, DuPont Fabros Technology CFO, Global Signal CFO, U-Store-It (CubeSmart)	Audit, Compensation, Nominating, and Corporate Governance
<b>Chad Meisinger</b>	Founder & CEO, Over The Top Marketing Chairman & CEO, First MediaWorks (sold to Google)	Compensation, Nominating, and Corporate Governance
<b>Paul Hylbert</b>	Chairman & CEO, Kodiak Building Partners President & CEO, ProBuild Holdings	Audit Committee
<b>Kevin Howard</b>	Founder & CEO, Northwest Self Storage Board member, Self Storage Association	PRO Advisory Committee
<b>Mark Van Mourick</b>	Co-founder & Chairman, Optivest Properties, LLC Founder & CEO, Optivest Wealth Mangement	PRO Advisory Committee

## Key Features of Corporate Governance

- ✓ Opted out of MUTA
- ✓ Opted out of control share provisions
- ✓ Non-staggered Board with annual re-elections
- ✓ No shareholder rights plan
- ✓ 5 of 8 Board members are independent
- ✓ Certain decisions are approved by a majority of independent Board members to avoid any actual and perceived conflicts of interest

Note: Board members in light blue boxes are independent.

# Recent Key Financial Highlights

- Completed our IPO on April 28, 2015
- Achieved Core FFO of \$4.4 million, or \$0.21 per operating partnership ("OP") unit for Q1 2015 and declared a dividend of \$0.15 per share / OP unit for Q2 2015 (partial quarter)
- Increased NOI to \$18.4 million for Q1 2015 compared to \$8.2 million in the same quarter of 2014
- Increased Same Store NOI by 9.4%, driven by an average occupancy gain of 260 basis points and an average rental revenue per occupied square foot increase of 4.5% for Q1 2015 compared to the same 2014 period
- Acquired six self storage properties during Q1 2015 for approximately \$41 million
- Invested approximately \$93 million in the acquisition of 21 properties in connection with the IPO



# Pro Forma Capital Structure Positioned For Growth

## Conservative Balance Sheet

- 35% Debt / Total Capitalization
- 6.1x Net Debt<sup>(1)</sup> / Pro Forma 2014 Adjusted EBITDA<sup>(2)</sup>
- 4.9x Interest Coverage Ratio<sup>(2)(3)</sup>

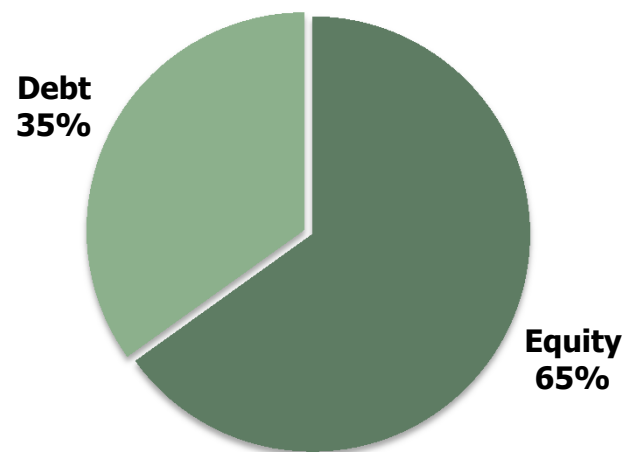
## Capital for Growth

- \$300MM Unsecured Revolving Credit Facility<sup>(4)</sup>
- OP Units & SP Units

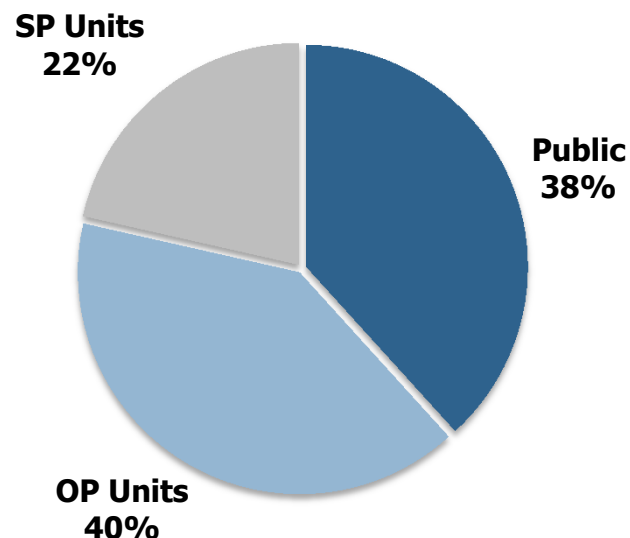
## Attractive Dividend

- 5.85% Yield<sup>(5)</sup>

**Total Capitalization: \$1.2 BN**



**Significant Investment by Management & PROs**



Note: Subsequent to March 31, 2015, NSA completed an initial public offering of 23,000,000 common shares of beneficial interest, at a price of \$13.00 per share, including shares issued pursuant to the underwriters' option to purchase additional shares and received net proceeds of approximately \$273 million. Pro Forma metrics and graphs represent NSA's historical debt and capitalization as of March 31, 2015, and the illustrative effect following the issuance of the common shares, indebtedness repayments, reduced borrowing rates as a result of reduced overall leverage, and acquisitions as if the IPO transaction had occurred as of March 31, 2015.

(1) Net Debt represents total debt, post IPO (\$419MM) less cash and cash equivalents (\$8MM).

(2) See Appendix for a reconciliation of Net Loss to Pro Forma 2014 Adjusted EBITDA.

(3) Represents Pro Forma 2014 Adjusted EBITDA, divided by Interest Expense as of Q1 2015 adjusted for the IPO.

(4) Post-IPO Revolver increase to \$300MM in process.

(5) Reflects Q1 2015 distribution of \$0.19 per share annualized and the IPO price of \$13.00 per share. Yield will depend upon share price and dividend policy and the declaration of dividends at the discretion of our board of trustees.

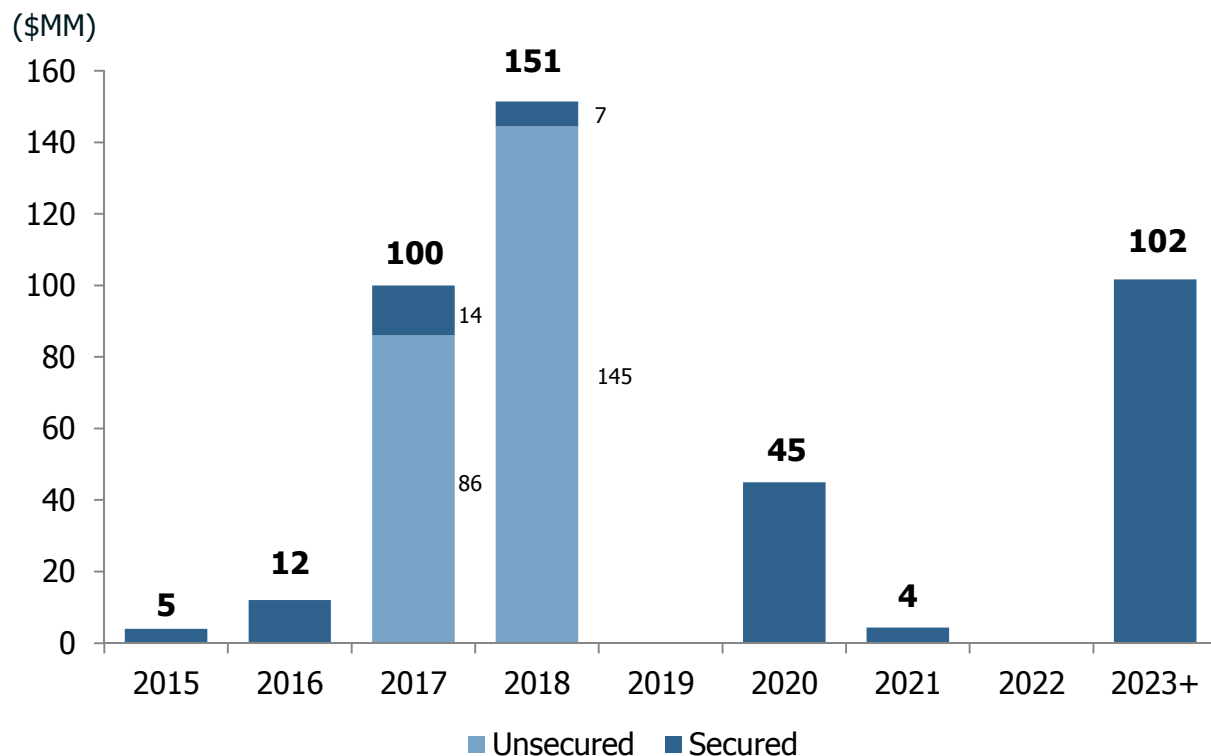
# Manageable Debt Maturity Schedule

Post-IPO, NSA has the financial flexibility to continue to grow externally with limited maturity risk

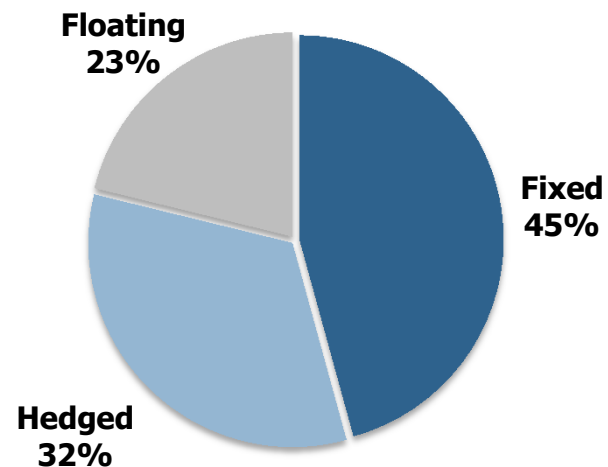
Weighted Average Interest Rate: 3.3%<sup>(1)</sup>

Weighted Average Term: 4.3 years

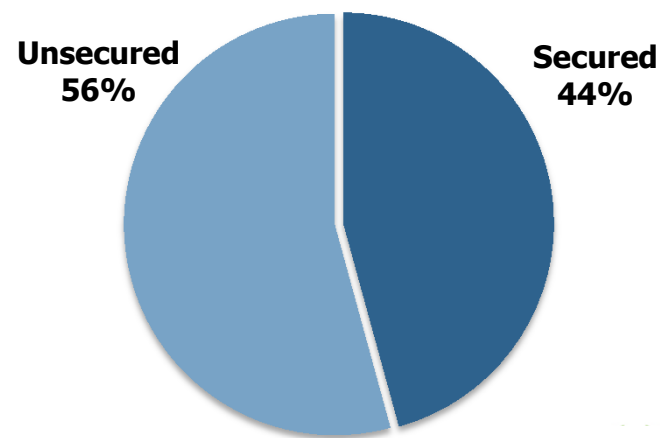
## Pro Forma Debt Maturity Schedule



## Minimal Interest Rate Risk



## Balanced Debt Security Profile



Note: Pro Forma metrics and graphs represent NSA's historical debt as of March 31, 2015, and the illustrative effect as if the IPO transaction had occurred as of March 31, 2015.

(1) Effective interest rate incorporates the stated rate plus the impact of interest rate swaps and discount and premium amortization, if applicable. Otherwise, Pro Forma metrics and graphs exclude amortization and include mark-to-market adjustments of debt.



NATIONAL STORAGE  
— AFFILIATES —



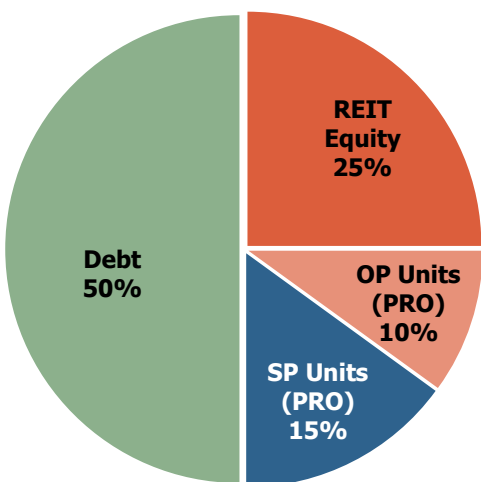
Appendix

# Illustrative Example of How Structure Incentivizes PROs to Perform

## Key Assumptions

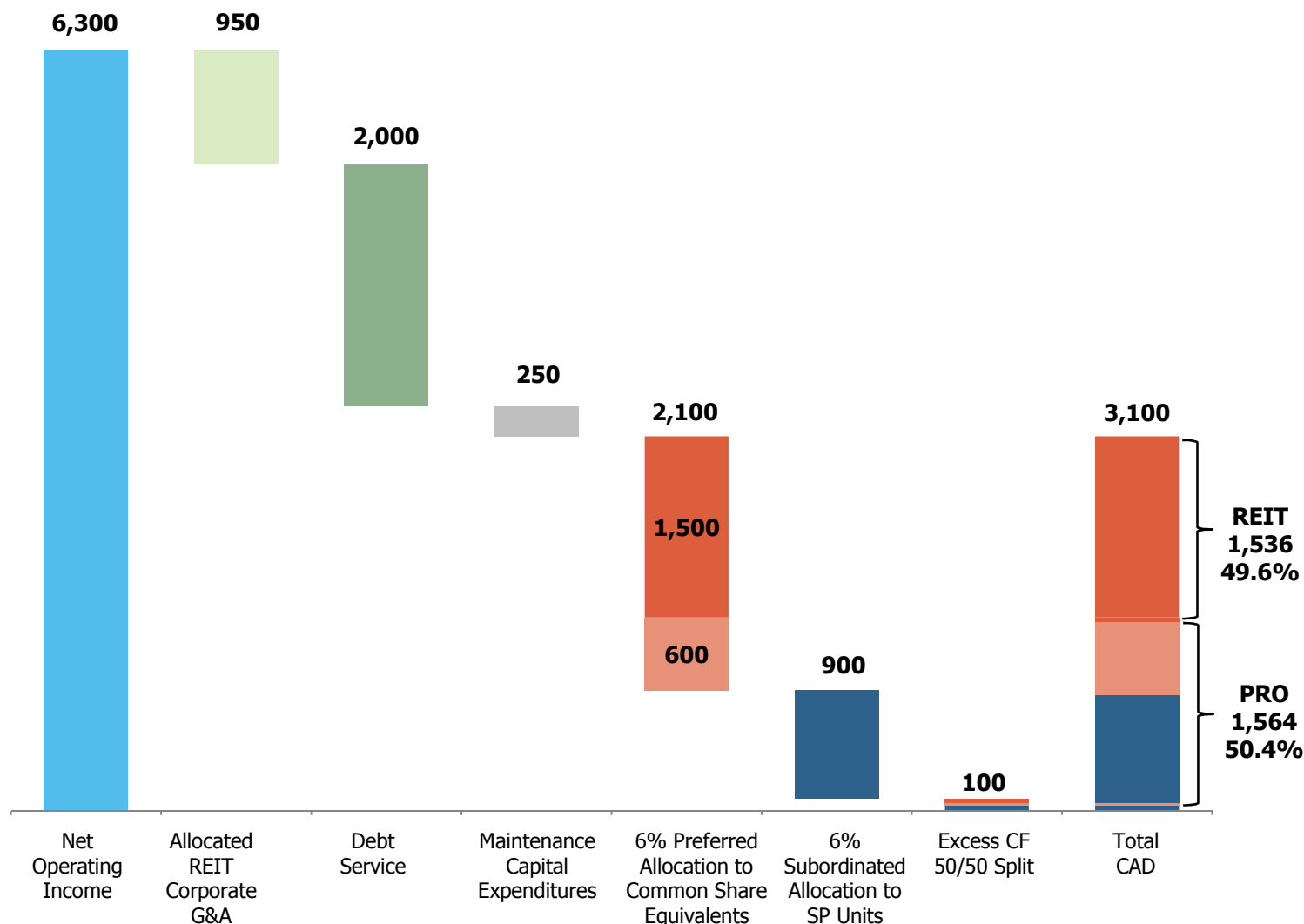
- \$100MM Purchase Price
- 6.3% Cap Rate
- 50% Funded with Debt
- 50% of Equity from PRO

## Illustrative Capitalization



## Illustrative Operating Cash Flow Allocation for Single Acquisition

(\$000s)

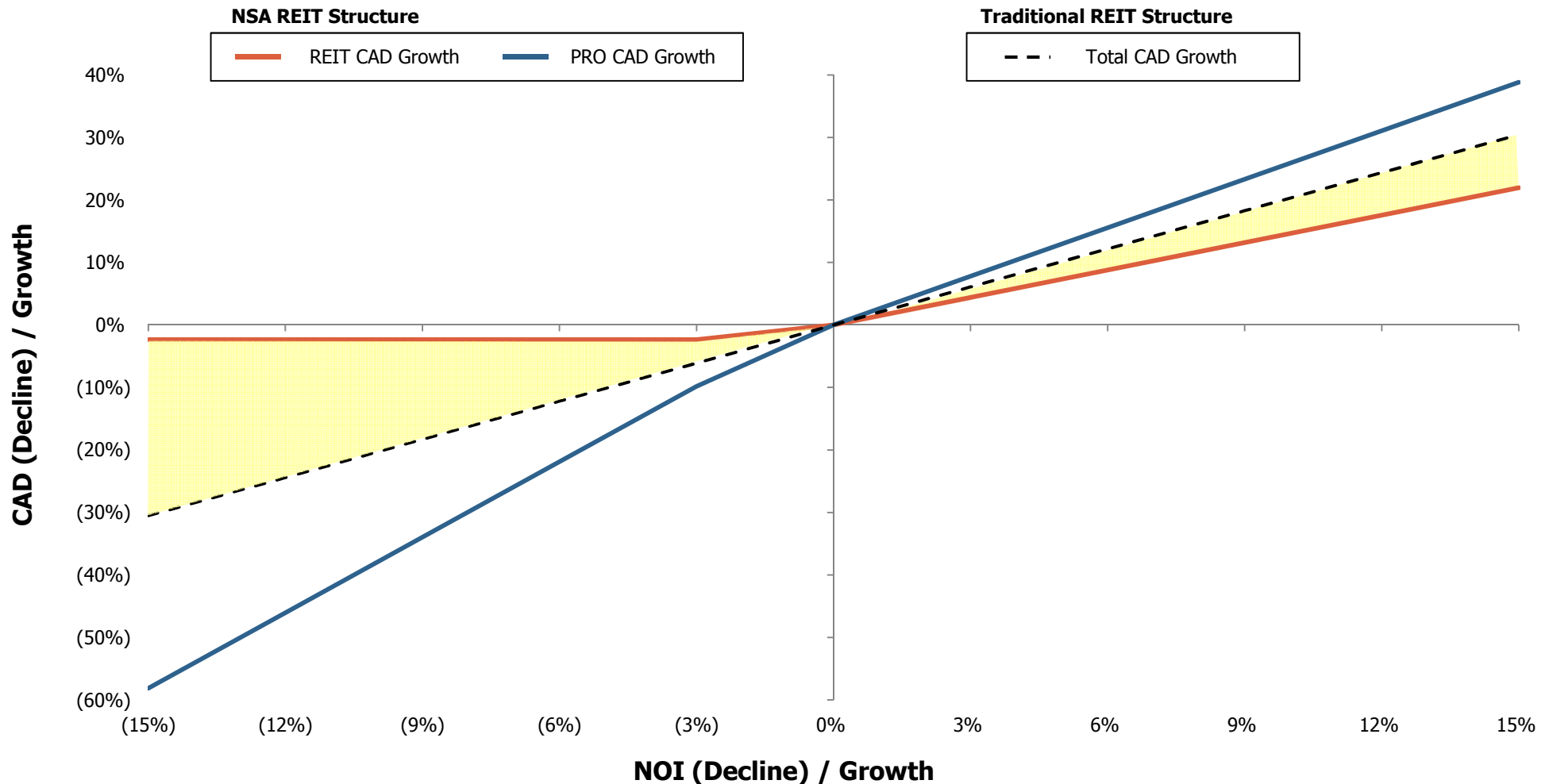


Note: Proportion of SP units and OP units in each acquisition will vary. In general, the number of OP units issued will be capped at a level intended to provide a minimal level of operating CF allocation on unreturned capital attributable to the OP units. Debt Service is reflective of interest expense and scheduled principal amortization. Post-contribution capital structure is reflective of cost and does not reflect market value. This hypothetical capital structure and cash flow allocation is for illustrative purposes only and reflects the terms of the partnership agreement: SP unit holders receive a 6% allocation of operating CF on their unreturned capital contributions after a 6% allocation on unreturned capital attributable to OP unit holders, and then share in the allocation of any excess cash flow 50/50 with OP unit holders. The REIT is allocated \$36K of the operating CF allocated to OP units related to the 50/50 split of excess operating CF. The allocation of operating CF between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating CF that will be distributed on OP units (or paid as dividends on our common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on our common shares at the discretion of our board of trustees).

# Illustrative Example of How Structure Offers Cash Flow Stability

Shareholders benefit from less volatile cash flow and downside protection

## Illustrative Impact on Operating Cash Flow Allocation for Single Acquisition<sup>(1)</sup>



Note: PRO CAD Growth is comprised of cash available to PROs through their ownership interests in both OP and SP units. REIT CAD Growth is comprised of cash available to all other equity stakeholders.

(1) This illustrative sensitivity graph reflects the capital structure of a single acquisition and operating CF allocation assumptions reflected on page 22. This hypothetical capital structure and cash flow allocation is for illustrative purposes only and reflects the terms of the partnership agreement: SP unit holders receive a 6% allocation of operating CF on their unreturned capital contributions after a 6% allocation on unreturned capital attributable to OP unit holders, and then share in the allocation of any excess cash flow 50/50 with OP unit holders. This allocation of operating CF between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating CF that will be distributed on OP units (or paid as dividends on our common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on our common shares at the discretion of our board of trustees).



# Net Operating Income Reconciliation

	Historical		Pro Forma
	Three Months Ended March 31,		
	2015	2014	
Net income (loss)	(\$2,771)	(\$2,803)	\$3,127
General and administrative expense	3,613	1,338	12,454
Depreciation and amortization	9,877	3,837	47,132
Interest expense	6,982	5,446	15,325
Acquisition costs	599	182	-
Organizational and offering costs	58	235	-
Non-operating expense (income), net	91	4	(64)
Net Operating Income	\$18,449	\$8,239	\$77,974

# EBITDA & Adjusted EBITDA Reconciliation

	<u>Historical</u>		<u>Pro Forma</u>
	<u>Three Months Ended March 31,</u> <u>2015</u>	<u>2014</u>	
<b>Net income (loss)</b>	<b>(\$2,771)</b>	<b>(\$2,803)</b>	<b>\$3,127</b>
Depreciation and amortization	9,877	3,837	47,132
Interest expense	6,982	5,446	15,325
<b>EBITDA</b>	<b>\$14,088</b>	<b>\$6,480</b>	<b>\$65,584</b>
Acquisition costs	599	182	-
Organizational and offering costs	58	235	-
Equity-based compensation expense <sup>(1)</sup>	638	342	1,468
<b>Adjusted EBITDA</b>	<b>\$15,383</b>	<b>\$7,239</b>	<b>\$67,052</b>

Source: Company financials.

(1) Equity-based compensation expense is a non-cash compensation item that is included in our general and administrative expenses in our historical and pro forma statements of operations.

# Definitions of Non-GAAP Financial Metrics



## Net Operating Income

We define net operating income, or NOI, as net income (loss), as determined under GAAP, plus general and administrative expense, depreciation and amortization, interest expense, acquisition costs, organizational and offering costs, impairment of long-lived assets, losses on the sale of properties and non-operating expense and by subtracting gains on sale of properties, debt forgiveness, and non-operating income. NOI is not a measure of performance calculated in accordance with GAAP. We believe NOI is useful to investors in evaluating our operating performance because: (1) NOI is one of the primary measures used by our management and our PROs to evaluate the economic productivity of our properties, including our ability to lease our properties, increase pricing and occupancy and control our property operating expenses; (2) NOI is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods, the book value of assets, and the impact of our capital structure; and (3) we believe NOI helps our investors to meaningfully compare the results of our operating performance from period to period by removing the impact of our capital structure (primarily interest expense on our outstanding indebtedness) and depreciation of the cost basis of our assets from our operating results.

There are material limitations to using a non-GAAP measure such as NOI, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net loss. We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income (loss). NOI should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, income from operations and net loss.

## EBITDA and Adjusted EBITDA

We define EBITDA as net income (loss), as determined under GAAP, plus interest expense, income taxes, depreciation and amortization expense. We define Adjusted EBITDA as EBITDA plus acquisition costs, organizational and offering costs, equity-based compensation expense, losses on sale of properties, and impairment of long-lived assets; and by subtracting gains on sale of properties and debt forgiveness. These further adjustments eliminate the impact of items that we do not consider indicative of our core operating performance. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We present EBITDA and Adjusted EBITDA because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. EBITDA and Adjusted EBITDA have limitations as an analytical tool. Some of these limitations are: (1) EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures, contractual commitments or working capital needs; (2) EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (3) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; (4) Adjusted EBITDA excludes equity-based compensation expense, which is and will remain a key element of our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period; (5) EBITDA and Adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and (5) other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income (loss). EBITDA and Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, income from operations, and net income (loss).