UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

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 333-110025

MONITRONICS INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

State of Texas	**74-2719343**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1990 Wittington Place	
Farmers Branch, Texas	**75234**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(972) 243-7443**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	Emerging growth 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 Exchange Act). Yes☐ No ☒

As of May 14, 2019, Monitronics International, Inc. is a wholly owned subsidiary of Ascent Capital Group, Inc.

TABLE OF CONTENTS

Item 1. ***Financial Statements (unaudited)***

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
Amounts in thousands, except share amounts
(unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 23,931	2,188
Restricted cash	118	189
Trade receivables, net of allowance for doubtful accounts of $3,239 in 2019 and $3,759 in 2018	12,438	13,121
Prepaid and other current assets	34,388	28,178
Total current assets	70,875	43,676
Property and equipment, net of accumulated depreciation of $43,685 in 2019 and $40,531 in 2018	37,154	36,539
Subscriber accounts and deferred contract acquisition costs, net of accumulated amortization of $1,670,228 in 2019 and $1,621,242 in 2018	1,176,776	1,195,463
Deferred income tax asset, net	783	783
Operating lease right-of-use asset	19,720	—
Other assets	25,606	29,307
Total assets	$ 1,330,914	1,305,768
Liabilities and Stockholder's Deficit		
Current liabilities:		
Accounts payable	$ 12,942	12,099
Other accrued liabilities	47,393	31,085
Deferred revenue	12,698	13,060
Holdback liability	12,041	11,513
Current portion of long-term debt	1,838,900	1,816,450
Total current liabilities	1,923,974	1,884,207
Non-current liabilities:		
Long-term holdback liability	1,979	1,770
Derivative financial instruments	9,287	6,039
Operating lease liabilities	16,550	—
Other liabilities	2,899	2,727
Total liabilities	1,954,689	1,894,743
Commitments and contingencies		
Stockholder's deficit:		
Common stock, $.01 par value. 1,000 shares authorized, issued and outstanding both at March 31, 2019 and December 31, 2018	—	—
Additional paid-in capital	437,149	439,711
Accumulated deficit	(1,068,064)	(1,036,294)
Accumulated other comprehensive income, net	7,140	7,608
Total stockholder's deficit	(623,775)	(588,975)
Total liabilities and stockholder's deficit	$ 1,330,914	1,305,768

See accompanying notes to condensed consolidated financial statements.

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
Amounts in thousands
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Net revenue	$ 129,606	133,753
Operating expenses:		
Cost of services	26,764	32,701
Selling, general and administrative, including stock-based and long-term incentive compensation	31,222	32,014
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	49,145	54,411
Depreciation	3,154	2,615
	110,285	121,741
Operating income	19,321	12,012
Other expense:		
Interest expense	37,433	36,873
Unrealized loss on derivative financial instruments	7,773	—
Refinancing expense	5,214	—
	50,420	36,873
Loss before income taxes	(31,099)	(24,861)
Income tax expense	671	1,346
Net loss	(31,770)	(26,207)
Other comprehensive income (loss):		
Unrealized gain (loss) on derivative contracts, net	(468)	14,406
Total other comprehensive income (loss), net of tax	(468)	14,406
Comprehensive loss	$ (32,238)	(11,801)

See accompanying notes to condensed consolidated financial statements.

Table of Contents

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Amounts in thousands
(unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash flows from operating activities:		
Net loss	$ (31,770)	(26,207)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	49,145	54,411
Depreciation	3,154	2,615
Stock-based and long-term incentive compensation	535	(12)
Deferred income tax expense	—	662
Amortization of debt discount and deferred debt costs	—	1,789
Unrealized loss on derivative financial instruments	7,773	—
Refinancing expense	5,214	—
Bad debt expense	3,335	3,017
Other non-cash activity, net	(267)	(852)
Changes in assets and liabilities:		
Trade receivables	(2,652)	(2,672)
Prepaid expenses and other assets	48	580
Subscriber accounts - deferred contract acquisition costs	(863)	(898)
Payables and other liabilities	14,890	17,921
Net cash provided by operating activities	48,542	50,354
Cash flows from investing activities:		
Capital expenditures	(2,999)	(3,310)
Cost of subscriber accounts acquired	(28,850)	(24,560)
Net cash used in investing activities	(31,849)	(27,870)
Cash flows from financing activities:		
Proceeds from long-term debt	43,100	50,000
Payments on long-term debt	(18,400)	(47,750)
Payments of financing costs	(14,720)	—
Value of shares withheld for share-based compensation	(1)	(42)
Dividend to Ascent Capital	(5,000)	—
Net cash provided by financing activities	4,979	2,208
Net increase in cash, cash equivalents and restricted cash	21,672	24,692
Cash, cash equivalents and restricted cash at beginning of period	2,377	3,302
Cash, cash equivalents and restricted cash at end of period	$ 24,049	27,994
Supplemental cash flow information:		
State taxes paid, net	$ —	—
Interest paid	24,672	21,735
Accrued capital expenditures	1,322	830

See accompanying notes to condensed consolidated financial statements.

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Stockholder's Deficit
Amounts in thousands, except share amounts
(unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Deficit
Balance at December 31, 2018	1,000	$ —	439,711	(1,036,294)	7,608	$ (588,975)
Net loss	—	—	—	(31,770)	—	(31,770)
Other comprehensive loss	—	—	—	—	(468)	(468)
Dividend paid to Ascent Capital	—	—	(5,000)	—	—	(5,000)
Contribution from Ascent Capital	—	—	2,250	—	—	2,250
Stock-based compensation	—	—	189	—	—	189
Value of shares withheld for minimum tax liability	—	—	(1)	—	—	(1)
Balance at March 31, 2019	1,000	$ —	437,149	(1,068,064)	7,140	$ (623,775)

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance at December 31, 2017	1,000	$ —	444,330	(334,219)	(7,375)	$ 102,736
Impact of adoption of Topic 606	—	—	—	(22,720)	—	(22,720)
Impact of adoption of ASU 2017-12	—	—	—	(605)	605	—
Adjusted balance at January 1, 2018	1,000	—	444,330	(357,544)	(6,770)	80,016
Net loss	—	—	—	(26,207)	—	(26,207)
Other comprehensive income	—	—	—	—	14,406	14,406
Stock-based compensation	—	—	47	—	—	47
Value of shares withheld for minimum tax liability	—	—	(42)	—	—	(42)
Balance at March 31, 2018	1,000	$ —	444,335	(383,751)	7,636	$ 68,220

See accompanying notes to condensed consolidated financial statements.

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

(1) Basis of Presentation

Monitronics International, Inc. and its subsidiaries (collectively, "Monitronics" or the "Company", doing business as Brinks Home Security™) are wholly owned subsidiaries of Ascent Capital Group, Inc. ("Ascent Capital"). Monitronics provides residential customers and commercial client accounts with monitored home and business security systems, as well as interactive and home automation services, in the United States, Canada and Puerto Rico. Monitronics customers are obtained through our direct-to-consumer sales channel (the "Direct to Consumer Channel") or our exclusive authorized dealer network (the "Dealer Channel"), which provides product and installation services, as well as support to customers. Our Direct to Consumer Channel offers both Do-It-Yourself and professional installation security solutions.

The unaudited interim financial information of the Company has been prepared in accordance with Article 10 of the Securities and Exchange Commission's (the "SEC") Regulation S-X. Accordingly, it does not include all of the information required by generally accepted accounting principles in the United States ("GAAP") for complete financial statements. The Company's unaudited condensed consolidated financial statements as of March 31, 2019, and for the three months ended March 31, 2019 and 2018, include Monitronics and all of its direct and indirect subsidiaries. The accompanying interim condensed consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the Monitronics Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on April 1, 2019.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses for each reporting period. The significant estimates made in preparation of the Company's condensed consolidated financial statements primarily relate to valuation of subscriber accounts and valuation of deferred tax assets. These estimates are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts them when facts and circumstances change. As the effects of future events cannot be determined with any certainty, actual results could differ from the estimates upon which the carrying values were based.

(2) Going Concern

The Company has substantial indebtedness at March 31, 2019, including $585,000,000 principal of senior notes, maturing on April 1, 2020 (the "Senior Notes"), and an existing credit facility with a term loan in principal of $1,072,500,000 as of March 31, 2019, maturing September 30, 2022, and a revolving credit facility with an outstanding balance of $181,400,000 as of March 31, 2019, maturing September 30, 2021 (the term loan and the revolver, together, the "Credit Facility").

The maturity date for each of the term loan and the revolving credit facility under the Credit Facility is subject to a springing maturity 181 days prior to the scheduled maturity date of the Senior Notes, or October 3, 2019, if Monitronics is unable to refinance the Senior Notes by that date. Furthermore, Monitronics received a going concern qualification in connection with its standalone external audit report of its Annual Report on Form 10-K, for the year ended December 31, 2018, which constitutes a default under Monitronics' Credit Facility (the "Going Concern Default"), and will report that its Consolidated Senior Secured Eligible RMR Leverage Ratio (as defined in the Credit Facility) exceeds the limits provided in the Credit Agreement for the quarter ended March 31, 2019 (the "Financial Covenant Default"), which constitutes an event of default under Monitronics' Credit Facility. Any default under the Credit Facility may, upon the passage of time, mature into an event of default. At any time after the occurrence of an event of default under the Credit Facility, the lenders thereunder may, among other options, declare any amounts outstanding under the Credit Facility immediately due and payable and the revolving loan lenders thereunder may terminate any commitment to make further loans under the revolving credit facility under the Credit Facility. Any such acceleration may constitute an event of default under the indenture governing the Senior Notes.

Additionally, in connection with management's negotiations with its creditors, we did not make our Senior Notes interest payment of $26,691,000 due on April 1, 2019. The indenture governing the Senior Notes provides for a 30-day cure period on past due interest payments (the non-payment of the interest following the expiration of the 30-day cure period, the "Senior Notes Default"). The 30-day cure period under the indenture governing the Senior Notes has expired.

We have obtained a waiver (as amended, the "Credit Facility Waiver"), from the required revolving lenders under the Credit Facility, which expired May 10, 2019, with respect to, among other things, the Going Concern Default and the Senior Notes

Default, subject to the terms and conditions of the Credit Facility Waiver. The Credit Facility Waiver obtained from the Credit Facility revolving loan lenders allowed us to continue to borrow under the revolving credit facility under the Credit Facility, up to $195,000,000 at an alternate base rate plus 3.00%. We are seeking to amend and extend the Credit Facility Waiver including a waiver with respect to the Financial Covenant Default and such discussions are ongoing.

We have obtained a forbearance, as amended, from the required term lenders under the Credit Facility, through May 15, 2019, with respect to, among other things, the Going Concern Default, the Senior Notes Default and the Financial Covenant Default, subject to the terms and conditions of the forbearance. The forbearance obtained from the Credit Facility term lenders provides that the term loan lenders will not exercise remedies with respect to an event of default that may occur from the Going Concern Default, the Senior Notes Default or the Financial Covenant Default. Despite the forbearance obtained from the Credit Facility term lenders, the Going Concern Default, the Senior Notes Default and the Financial Covenant Default, and any resulting event of default under the Credit Facility, are continuing, and will continue, absent a waiver from the required revolving and term loan lenders, as applicable.

Additionally, we have obtained a forbearance from the required holders of Senior Notes, through May 15, 2019, with respect to, among other things, the Senior Notes Default, subject to the terms and conditions of the forbearance. The forbearance obtained from the holders of Senior Notes provides, subject to the terms of the forbearance, that the holders of Senior Notes will not exercise remedies with respect to the Senior Notes Default.

Given these factors, management continues to conclude there is substantial doubt regarding our ability to continue as a going concern within one year from the issuance date of these condensed consolidated financial statements.

We have engaged financial and legal advisors to assist us in considering potential alternatives to address the issues described above. As of the issuance date of these condensed consolidated financial statements, we have not refinanced the Senior Notes and there can be no assurance that any refinancing, or an alternative restructuring of our outstanding indebtedness will be possible on acceptable terms, if at all.

Our failure to refinance the Senior Notes or to reach an agreement with our stakeholders on the terms of a restructuring would have a material adverse effect on our liquidity, financial condition and results of operations and may result in us filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in order to implement a restructuring plan.

Our condensed consolidated financial statements as of March 31, 2019 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

(3) Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 requires the lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. The Company adopted ASU 2016-02 using a modified retrospective approach at January 1, 2019, as outlined in ASU 2018-11, *Leases (Topic 842): Targeted Improvements.* Under this method of adoption, there is no impact to the comparative condensed consolidated statements of operations and condensed consolidated balance sheets. The Company determined that there was no cumulative effect adjustment to beginning Accumulated deficit on the condensed consolidated balance sheets. The Company will continue to report periods prior to January 1, 2019 in its financial statements under prior guidance as outlined in Accounting Standards Codification Topic 840, "Leases". In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed carry forward of historical lease classifications.

Adoption of this standard did not materially impact the Company's Loss before income taxes and had no impact on the condensed consolidated statements of cash flows. Upon adoption as of January 1, 2019, the Company recognized an Operating lease right-of-use asset of $20,240,000 and a total Operating lease liability of $20,761,000. The difference between the two amounts were due to decreases in prepaid rent and deferred rent recorded under prior lease accounting in Prepaid and other current assets and Other accrued liabilities, respectively, on the condensed consolidated balance sheets. See note 11, Leases, for further information.

(4) Other Accrued Liabilities

Other accrued liabilities consisted of the following (amounts in thousands):

	March 31, 2019	December 31, 2018
Accrued payroll and related liabilities	$ 6,044	$ 4,459
Interest payable	27,648	14,446
Income taxes payable	3,396	2,742
Operating lease liabilities	3,728	—
Other	6,577	9,438
Total Other accrued liabilities	$ 47,393	$ 31,085

(5) Debt

Long-term debt consisted of the following (amounts in thousands):

	March 31, 2019	December 31, 2018
9.125% Senior Notes due April 1, 2020 with an effective interest rate of 9.1%	$ 585,000	$ 585,000
Ascent Intercompany Loan due October 1, 2020 with an effective rate of 12.5%	—	12,000
Term loan, matures September 30, 2022, LIBOR plus 5.50%, subject to a LIBOR floor of 1.00%, with an effective rate of 8.3%	1,072,500	1,075,250
$295 million revolving credit facility, matures September 30, 2021, LIBOR plus 4.00%, subject to a LIBOR floor of 1.00%, with an effective rate of 5.7%	181,400	144,200
	1,838,900	1,816,450
Less current portion of long-term debt	(1,838,900)	(1,816,450)
Long-term debt	$ —	$ —

Senior Notes

The Senior Notes total $585,000,000 in principal, mature on April 1, 2020 and bear interest at 9.125% per annum. Interest payments are due semi-annually on April 1 and October 1 of each year. Ascent Capital has not guaranteed any of the Company's obligations under the Senior Notes.

In connection with management's negotiations with its creditors, the Company did not make its Senior Notes interest payment of $26,691,000 due on April 1, 2019. The indenture governing the Senior Notes provides for a 30-day cure period on past due interest payments, which has expired, resulting in the Senior Notes Default. As such, the outstanding debt of the Senior Notes as of March 31, 2019 has been classified as Current portion of long-term debt in the condensed consolidated balance sheets. See note 2, Going Concern for further information.

The Senior Notes are guaranteed by all of the Company's existing domestic subsidiaries. See note 12, Consolidating Guarantor Financial Information for further information.

Ascent Intercompany Loan

On February 29, 2016, the Company retired the existing intercompany loan with an outstanding principal amount of $100,000,000 and executed and delivered a Promissory Note to Ascent Capital in a principal amount of $12,000,000 (the "Ascent Intercompany Loan"), with the $88,000,000 remaining principal being treated as a capital contribution. The entire principal amount under the Ascent Intercompany Loan is due on October 1, 2020. The Company may prepay any portion of the balance of the Ascent Intercompany Loan at any time from time to time without fee, premium or penalty (subject to certain financial covenants associated with the Company's other indebtedness). Any unpaid balance of the Ascent Intercompany Loan bears interest at a rate equal to 12.5% per annum, payable semi-annually in cash in arrears on January 12 and July 12 of each year. Borrowings under the Ascent Intercompany Loan constitute unsecured obligations of the Company and are not guaranteed by any of the Company's subsidiaries.

In January 2019, the Company repaid $9,750,000 of the Ascent Intercompany Loan and $2,250,000 was contributed to our stated capital.

Credit Facility

On September 30, 2016, the Company entered into an amendment ("Amendment No. 6") with the lenders of its existing senior secured credit agreement dated March 23, 2012, and as amended and restated on April 9, 2015, February 17, 2015, August 16, 2013, March 25, 2013, and November 7, 2012 (the "Existing Credit Agreement"). Amendment No. 6 provided for, among other things, the issuance of a $1,100,000,000 senior secured term loan at a 1.5% discount and a new $295,000,000 super priority revolver (the Existing Credit Agreement together with Amendment No. 6, the "Credit Facility").

As of March 31, 2019, the Credit Facility term loan has a principal amount of $1,072,500,000, maturing on September 30, 2022. The term loan requires quarterly interest payments and quarterly principal payments of $2,750,000. The term loan bears interest at LIBOR plus 5.5%, subject to a LIBOR floor of 1.0%. The Credit Facility revolver has a principal amount outstanding of $181,400,000 and an aggregate of $1,000,000 under two standby letters of credit issued as of March 31, 2019, maturing on September 30, 2021. The Credit Facility revolver typically bears interest at LIBOR plus 4.0%, subject to a LIBOR floor of 1.0%. There is a commitment fee of 0.5% on unused portions of the Credit Facility revolver. As discussed in note 2, Going Concern, we obtained the Credit Facility Waiver, which expired May 10, 2019, with respect to, among other things the Going Concern Default and the Senior Notes Default, subject to certain terms and conditions. The Credit Facility Waiver, among other things, allowed us to continue to borrow under the revolving credit facility under the Credit Facility for up to $195,000,000 at an alternate base rate plus 3.0%. We are seeking to amend and extend the Credit Facility Waiver including a waiver with respect to the Financial Covenant Default. However, there can be no assurance that we will receive such a waiver and therefore, there can be no assurance that we will have availability of additional borrowings under the Credit Facility revolver. See note 2, Going Concern for further information.

The maturity date for each of the term loan and the revolving credit facility under the Credit Facility is subject to a springing maturity 181 days prior to the scheduled maturity date of the Senior Notes, or October 3, 2019, if we are unable to refinance the Senior Notes by that date. Furthermore, we were not in compliance with certain financial covenants under the Credit Facility as of March 31, 2019. See note 2, Going Concern for further information.

Given the factors discussed above, the outstanding debt of the Credit Facility term loan and the Credit Facility revolver as of March 31, 2019 continues to be classified as Current portion of long-term debt in the condensed consolidated balance sheets.

The Credit Facility is secured by a pledge of all of the outstanding stock of the Company and all of its existing subsidiaries and is guaranteed by all of the Company’s existing domestic subsidiaries. Ascent Capital has not guaranteed any of the Company’s obligations under the Credit Facility.

In order to reduce the financial risk related to changes in interest rates associated with the floating rate term loan under the Credit Facility term loan, the Company has entered into interest rate swap agreements with terms similar to the Credit Facility term loan (all outstanding interest rate swap agreements are collectively referred to as the “Swaps”). Prior to December of 2018, all of the Swaps were designated as effective hedges of the Company's variable rate debt and qualified for hedge accounting. However, in December of 2018, given the potential for changes in the Company's future expected interest payments that the Swap hedged, all of the Swaps no longer qualified as a cash flow hedge and were de-designated as such. As a result of these interest rate swaps, the Company's effective weighted average interest rate (excluding the impacts of non-cash amortization of deferred debt costs and discounts) on the borrowings under the Credit Facility term loan was 8.04% as of March 31, 2019. In April of 2019, subsequent to March 31, 2019, all of the outstanding Swaps were settled and terminated with their respective counterparties. See note 6, Derivatives, for further disclosures related to the settlement of these derivative instruments.

As of March 31, 2019, principal payments scheduled to be made on the Company’s debt obligations, assuming certain accelerated maturities due to potential events of default and subsequent transactions, are as follows (amounts in thousands):

Remainder of 2019	$	1,838,900
2020		—
2021		—
2022		—
2023		—
2024		—
Thereafter		—
Total principal payments		1,838,900
Less:		
Unamortized deferred debt costs and discounts		—
Total debt on condensed consolidated balance sheet	$	1,838,900

(6) Derivatives

The Company utilizes Swaps to reduce the interest rate risk inherent in the Company's variable rate Credit Facility term loan. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatility. The Company incorporates credit valuation adjustments to appropriately reflect the respective counterparty's nonperformance risk in the fair value measurements. See note 7, Fair Value Measurements, for additional information about the credit valuation adjustments.

Prior to December of 2018, all of the Swaps were designated and qualified as cash flow hedging instruments, with the effective portion of the Swaps' change in fair value recorded in Accumulated other comprehensive income (loss). However, in December of 2018, given the potential for changes in the Company's future expected interest payments that these Swaps hedged, all of the Swaps no longer qualified as a cash flow hedge and were de-designated as such. Before the de-designation, changes in the fair value of the Swaps were recognized in Accumulated other comprehensive income (loss) and were reclassified to Interest expense when the hedged interest payments on the underlying debt were recognized. After the de-designation, changes in the fair value of the Swaps are recognized in Unrealized loss on derivative financial instruments on the condensed consolidated statements of operations and comprehensive income (loss). For the three months ended March 31, 2019, the Company recorded an Unrealized loss on derivative financial instruments of $7,773,000. Amounts recognized in Accumulated other comprehensive income (loss) as of the de-designation date will be amortized to Interest expense on the condensed consolidated statements of operations and comprehensive income (loss) over the remaining term of the hedged forecasted transactions of the Swaps which were 3 month LIBOR interest payments. Amounts in Accumulated other comprehensive income (loss) expected to be recognized in Interest expense in the coming 12 months total approximately $2,005,000.

As of March 31, 2019, the Swaps’ outstanding notional balances, effective dates, maturity dates and interest rates paid and received are noted below:

Notional	Effective Date	Maturity Date	Fixed Rate Paid	Variable Rate Received
$ 189,013,883	March 23, 2018	April 9, 2022 (a)	3.110%	3 mo. USD-LIBOR-BBA, subject to a 1.00% floor
246,875,000	March 23, 2018	April 9, 2022 (a)	3.110%	3 mo. USD-LIBOR-BBA, subject to a 1.00% floor
49,375,000	March 23, 2018	April 9, 2022 (a)	2.504%	3 mo. USD-LIBOR-BBA, subject to a 1.00% floor
372,287,500	March 23, 2018	September 30, 2022 (a)	1.833%	3 mo. USD-LIBOR-BBA, subject to a 1.00% floor

(a) On April 30, 2019, the various counterparties and the Company agreed to settle and terminate all of the outstanding swap agreements, which required us to pay $8,767,000 in termination amount to certain counterparties and required a certain counterparty to pay $6,540,000 in termination amount to us.

The impact of the derivatives designated as cash flow hedges on the condensed consolidated financial statements is depicted below (amounts in thousands):

	Three Months Ended March 31, 2019	2018
Effective portion of gain recognized in Accumulated other comprehensive income (loss)	$ —	13,668
Effective portion of loss reclassified from Accumulated other comprehensive income (loss) into Net loss (a)	$ (468)	(738)

(a) Amounts are included in Interest expense in the unaudited condensed consolidated statements of operations and comprehensive income (loss).

(7) Fair Value Measurements

According to the FASB ASC Topic 820, *Fair Value Measurement*, fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants and requires that assets and liabilities carried at fair value are classified and disclosed in the following three categories:

- Level 1 - Quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active or inactive markets and valuations derived from models where all significant inputs are observable in active markets.
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable in any market.

The following summarizes the fair value level of assets and liabilities that are measured on a recurring basis at March 31, 2019 and December 31, 2018 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
March 31, 2019				
Interest rate swap agreements - assets (a)	$ —	6,027	—	6,027
Interest rate swap agreements - liabilities (a)	—	(9,287)	—	(9,287)
Total	$ —	(3,260)	—	(3,260)
December 31, 2018				
Interest rate swap agreements - assets (a)	$ —	10,552	—	10,552
Interest rate swap agreements - liabilities (a)	—	(6,039)	—	(6,039)
Total	$ —	4,513	—	4,513

(a) Swap asset values are included in non-current Other assets and Swap liability values are included in non-current Derivative financial instruments on the condensed consolidated balance sheets.

The Company has determined that the significant inputs used to value the Swaps fall within Level 2 of the fair value hierarchy. As a result, the Company has determined that its derivative valuations are classified in Level 2 of the fair value hierarchy.

Carrying values and fair values of financial instruments that are not carried at fair value are as follows (amounts in thousands):

	March 31, 2019	December 31, 2018
Long term debt, including current portion:		
Carrying value	$ 1,838,900	1,816,450
Fair value (a)	1,196,619	1,218,606

(a) The fair value is based on market quotations from third party financial institutions and is classified as Level 2 in the hierarchy.

The Company's other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are carried at cost, which approximates their fair value because of their short-term maturity.

(8) Accumulated Other Comprehensive Income (Loss)

The following table provides a summary of the changes in Accumulated other comprehensive income (loss) for the three months ended March 31, 2019 (amounts in thousands):

	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2018	$ 7,608
Reclassifications of unrealized loss on derivatives into Net loss, net of income tax of $0 (a)	(468)
Balance at March 31, 2019	$ 7,140

(a) Amounts reclassified into Net loss are included in Interest expense on the condensed consolidated statements of operations. See note 6, Derivatives, for further information.

The following table provides a summary of the changes in Accumulated other comprehensive income (loss) for the three months ended March 31, 2018 (amounts in thousands):

	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2017	$ (7,375)
Impact of adoption of ASU 2017-12	605
Adjusted balance at January 1, 2018	(6,770)
Unrealized gain on derivatives recognized through Accumulated other comprehensive income (loss), net of income tax of $0	13,668
Reclassifications of unrealized loss on derivatives into Net loss, net of income tax of $0 (a)	738
Net current period Other comprehensive income	14,406
Balance at March 31, 2018	$ 7,636

(a) Amounts reclassified into Net loss are included in Interest expense on the condensed consolidated statements of operations.

(9) Commitments, Contingencies and Other Liabilities

The Company was named as a defendant in multiple putative class actions consolidated in U.S. District Court (Northern District of West Virginia) on behalf of purported class(es) for persons who claim to have received telemarketing calls in violation of various state and federal laws. The actions were brought by plaintiffs seeking monetary damages on behalf of all plaintiffs who received telemarketing calls made by a Monitronics Authorized Dealer, or any Authorized Dealer's lead generator or sub-dealer. In the second quarter of 2017, the Company and the plaintiffs agreed to settle this litigation for $28,000,000 ("the Settlement Amount"). In the third quarter of 2017, the Company paid $5,000,000 of the Settlement Amount pursuant to the settlement agreement with the plaintiffs. In the third quarter of 2018, the Company paid the remaining $23,000,000 of the Settlement Amount. The Company recovered a portion of the Settlement Amount under its insurance policies held with multiple carriers. In the fourth quarter of 2018, we settled our claims against two such carriers in which those carriers agreed to pay us an aggregate of $12,500,000. In April of 2019, Monitronics settled a claim against one such carrier in which that carrier agreed to pay the Company $4,800,000.

In addition to the above, the Company is also involved in litigation and similar claims incidental to the conduct of its business, including from time to time, contractual disputes, claims related to alleged security system failures and claims related to alleged violations of the U.S. Telephone Consumer Protection Act. Matters that are probable of unfavorable outcome to the Company and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, management's estimate of the outcomes of such matters and experience in contesting, litigating and settling similar matters. In management's opinion, none of the pending actions are likely to have a material adverse impact on the Company's financial position or results of operations. The Company accrues and expenses legal fees related to loss contingency matters as incurred.

(10) Revenue Recognition

Disaggregation of Revenue

Revenue is disaggregated by source of revenue as follows (in thousands):

	Three Months Ended March 31,	
	2019	2018
Alarm monitoring revenue	$ 121,479	124,840
Product and installation revenue	6,534	8,147
Other revenue	1,593	766
Total Net revenue	$ 129,606	133,753

Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers (in thousands):

	March 31, 2019	December 31, 2018
Trade receivables, net	$ 12,438	13,121
Contract assets, net - current portion (a)	13,072	13,452
Contract assets, net - long-term portion (b)	14,634	16,154
Deferred revenue	12,698	13,060

(a) Amount is included in Prepaid and other current assets in the unaudited condensed consolidated balance sheets.

(b) Amount is included in Other assets in the unaudited condensed consolidated balance sheets.

(11) Leases

The Company primarily leases buildings and equipment. The Company determines if a contract is a lease at the inception of the arrangement. The Company reviews all options to extend, terminate, or purchase its right of use assets at the inception of the lease and accounts for these options when they are reasonably certain of being exercised. Certain real estate leases contain lease and non-lease components, which are accounted for separately.

Leases with an initial term of 12 months or less are not recorded on the condensed consolidated balance sheet. Lease expense for these leases is recognized on a straight-line basis over the lease term.

All of the Company's leases are currently determined to be operating leases.

Components of Lease Expense

The components of lease expense were as follows (in thousands):

	Three Months Ended March 31, 2019
Operating lease cost (a)	$ 131
Operating lease cost (b)	996
Total operating lease cost	$ 1,127

(a) Amount is included in Cost of services in the unaudited condensed consolidated statements of operations.

(b) Amount is included in Selling, general and administrative, including stock-based and long-term incentive compensation in the unaudited condensed consolidated statements of operations.

Remaining Lease Term and Discount Rate

The following table presents the weighted-average remaining lease term and the weighted-average discount rate:

	As of March 31, 2019
Weighted-average remaining lease term for operating leases (in years)	10.4
Weighted-average discount rate for operating leases	11.8 %

All of the Company's lease contracts do not provide a readily determinable implicit rate. For these contracts, the Company's estimated incremental borrowing rate is based on information available either upon adoption of ASU 2016-02 or at the inception of the lease.

Supplemental Cash Flow Information

The following is the supplemental cash flow information associated with the Company's leases (in thousands):

	For the Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	1,069

Maturities of Lease Liabilities

As of March 31, 2019, maturities of lease liabilities were as follows:

Remainder of 2019	$	2,790
2020		3,593
2021		3,195
2022		3,069
2023		3,087
Thereafter		20,329
Total lease payments	$	36,063
Less: Interest		(15,785)
Total lease obligations	$	20,278

Disclosures Related to Periods Prior to Adoption of ASU 2016-02

The Company adopted ASU 2016-02 using a modified retrospective method at January 1, 2019 as described in note 3, Recent Accounting Pronouncements. As required, the following disclosure is provided for periods prior to adoption. Minimum lease commitments as of December 31, 2018 that have initial or remaining noncancelable lease terms in excess of one year are as follows (in thousands):

Year Ended December 31:		
2019	$	4,628
2020		4,207
2021		3,093
2022		3,068
2023		3,087
Thereafter		20,329
Minimum lease commitments	$	38,412

(12) Consolidating Guarantor Financial Information

The Senior Notes were issued by Monitronics (the "Parent Issuer") and are fully and unconditionally guaranteed, on a joint and several basis, by all of the Company's existing domestic subsidiaries ("Subsidiary Guarantors"). Ascent Capital has not guaranteed any of the Company's obligations under the Senior Notes. The unaudited condensed consolidating financial information for the Parent Issuer, the Subsidiary Guarantors and the non-guarantors are as follows:

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
(unaudited)

	As of March 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
	(amounts in thousands)				
Assets					
Current assets:					
Cash and cash equivalents	$ 23,547	384	—	—	23,931
Restricted cash	118	—	—	—	118
Trade receivables, net	12,286	152	—	—	12,438
Prepaid and other current assets	71,289	—	—	(36,901)	34,388
Total current assets	107,240	536	—	(36,901)	70,875
Property and equipment, net	37,154	—	—	—	37,154
Subscriber accounts and deferred contract acquisition costs, net	1,162,903	13,873	—	—	1,176,776
Deferred income tax asset, net	783	—	—	—	783
Operating lease right-of-use asset	19,720	—	—	—	19,720
Other assets, net	25,606	—	—	—	25,606
Total assets	$ 1,353,406	14,409	—	(36,901)	1,330,914
Liabilities and Stockholder's Deficit					
Current liabilities:					
Accounts payable	$ 12,938	4	—	—	12,942
Other accrued liabilities	47,407	36,887	—	(36,901)	47,393
Deferred revenue	12,587	111	—	—	12,698
Holdback liability	11,878	163	—	—	12,041
Current portion of long-term debt	1,838,900	—	—	—	1,838,900
Total current liabilities	1,923,710	37,165	—	(36,901)	1,923,974
Non-current liabilities:					
Long-term holdback liability	1,979	—	—	—	1,979
Derivative financial instruments	9,287	—	—	—	9,287
Operating lease liabilities	16,550	—	—	—	16,550
Other liabilities	25,655	—	—	(22,756)	2,899
Total liabilities	1,977,181	37,165	—	(59,657)	1,954,689
Total stockholder's deficit	(623,775)	(22,756)	—	22,756	(623,775)
Total liabilities and stockholder's deficit	$ 1,353,406	14,409	—	(36,901)	1,330,914

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
(unaudited)

	As of December 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
	(amounts in thousands)				
Assets					
Current assets:					
Cash and cash equivalents	$ 1,697	491	—	—	2,188
Restricted cash	189	—	—	—	189
Trade receivables, net	12,362	759	—	—	13,121
Prepaid and other current assets	118,119	4,042	—	(93,983)	28,178
Total current assets	132,367	5,292	—	(93,983)	43,676
Property and equipment, net	34,960	1,579	—	—	36,539
Subscriber accounts and deferred contract acquisition costs, net	1,160,698	34,765	—	—	1,195,463
Deferred income tax asset, net	783	—	—	—	783
Other assets, net	29,270	37	—	—	29,307
Total assets	$ 1,358,078	41,673	—	(93,983)	1,305,768
Liabilities and Stockholder's Deficit					
Current liabilities:					
Accounts payable	$ 11,110	989	—	—	12,099
Other accrued liabilities	29,016	96,052	—	(93,983)	31,085
Deferred revenue	11,357	1,703	—	—	13,060
Holdback liability	11,342	171	—	—	11,513
Current portion of long-term debt	1,816,450	—	—	—	1,816,450
Total current liabilities	1,879,275	98,915	—	(93,983)	1,884,207
Non-current liabilities:					
Long-term holdback liability	1,770	—	—	—	1,770
Derivative financial instruments	6,039	—	—	—	6,039
Other liabilities	59,969	—	—	(57,242)	2,727
Total liabilities	1,947,053	98,915	—	(151,225)	1,894,743
Total stockholder's deficit	(588,975)	(57,242)	—	57,242	(588,975)
Total liabilities and stockholder's deficit	$ 1,358,078	41,673	—	(93,983)	1,305,768

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
(unaudited)

	Three Months Ended March 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Net revenue	$ 128,260	1,346	—	—	129,606
Operating expenses:					
Cost of services	26,683	81	—	—	26,764
Selling, general, and administrative, including stock-based compensation	31,164	58	—	—	31,222
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	48,572	573	—	—	49,145
Depreciation	3,154	—	—	—	3,154
	109,573	712	—	—	110,285
Operating income	18,687	634	—	—	19,321
Other expense (income):					
Equity in income of subsidiaries	(634)	—	—	634	—
Interest expense	37,433	—	—	—	37,433
Unrealized loss on derivative financial instruments	7,773	—	—	—	7,773
Refinancing expense	5,214	—	—	—	5,214
	49,786	—	—	634	50,420
Income (loss) before income taxes	(31,099)	634	—	(634)	(31,099)
Income tax expense	671	—	—	—	671
Net income (loss)	(31,770)	634	—	(634)	(31,770)
Other comprehensive income (loss):					
Unrealized loss on derivative contracts	(468)	—	—	—	(468)
Total other comprehensive loss	(468)	—	—	—	(468)
Comprehensive income (loss)	$ (32,238)	634	—	(634)	(32,238)

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
(unaudited)

	Three Months Ended March 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
			(amounts in thousands)		
Net revenue	$ 124,295	9,458	—	—	133,753
Operating expenses:					
Cost of services	28,299	4,402	—	—	32,701
Selling, general, and administrative, including stock-based compensation	22,803	9,211	—	—	32,014
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	52,237	2,174	—	—	54,411
Depreciation	2,385	230	—	—	2,615
	105,724	16,017	—	—	121,741
Operating income (loss)	18,571	(6,559)	—	—	12,012
Other expense:					
Equity in loss of subsidiaries	6,740	—	—	(6,740)	—
Interest expense	36,873	—	—	—	36,873
	43,613	—	—	(6,740)	36,873
Loss before income taxes	(25,042)	(6,559)	—	6,740	(24,861)
Income tax expense	1,165	181	—	—	1,346
Net loss	(26,207)	(6,740)	—	6,740	(26,207)
Other comprehensive income (loss):					
Unrealized gain on derivative contracts	14,406	—	—	—	14,406
Total other comprehensive income	14,406	—	—	—	14,406
Comprehensive loss	$ (11,801)	(6,740)	—	6,740	(11,801)

MONITRONICS INTERNATIONAL, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
(unaudited)

	Three Months Ended March 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
	(amounts in thousands)				
Net cash provided by operating activities	$ 48,344	198	—	—	48,542
Investing activities:					
Capital expenditures	(2,999)	—	—	—	(2,999)
Cost of subscriber accounts acquired	(28,545)	(305)	—	—	(28,850)
Net cash used in investing activities	(31,544)	(305)	—	—	(31,849)
Financing activities:					
Proceeds from long-term debt	43,100	—	—	—	43,100
Payments on long-term debt	(18,400)	—	—	—	(18,400)
Payments of financing costs	(14,720)	—	—	—	(14,720)
Value of shares withheld for share-based compensation	(1)	—	—	—	(1)
Dividend to Ascent Capital	(5,000)	—	—	—	(5,000)
Net cash provided by financing activities	4,979	—	—	—	4,979
Net increase (decrease) in cash, cash equivalents and restricted cash	21,779	(107)	—	—	21,672
Cash, cash equivalents and restricted cash at beginning of period	1,886	491	—	—	2,377
Cash, cash equivalents and restricted cash at end of period	$ 23,665	384	—	—	24,049

	Three Months Ended March 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
	(amounts in thousands)				
Net cash provided by operating activities	$ 50,059	295	—	—	50,354
Investing activities:					
Capital expenditures	(3,004)	(306)	—	—	(3,310)
Cost of subscriber accounts acquired	(24,328)	(232)	—	—	(24,560)
Net cash used in investing activities	(27,332)	(538)	—	—	(27,870)
Financing activities:					
Proceeds from long-term debt	50,000	—	—	—	50,000
Payments on long-term debt	(47,750)	—	—	—	(47,750)
Value of shares withheld for share-based compensation	(42)	—	—	—	(42)
Net cash provided by financing activities	2,208	—	—	—	2,208
Net increase (decrease) in cash, cash equivalents and restricted cash	24,935	(243)	—	—	24,692
Cash, cash equivalents and restricted cash at beginning of period	2,705	597	—	—	3,302
Cash, cash equivalents and restricted cash at end of period	$ 27,640	354	—	—	27,994

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, marketing and operating strategies, new service offerings, the availability of debt refinancing, obtaining or maintaining any requested waiver of forbearance with respect to the Credit Facility and Senior Notes (each as defined below), the ability of Ascent Capital and Monitronics to continue as going concerns, potential restructurings and strategic transactions, financial prospects and anticipated sources and uses of capital. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- general business conditions and industry trends;
- the availability and terms of capital, including our ability to refinance our existing debt or obtain future financing to grow our business;
- our ability to refinance the Senior Notes or to reach an agreement on the terms of a restructuring with our stakeholders.
- our high degree of leverage and the restrictive covenants governing its indebtedness;
- macroeconomic conditions and their effect on the general economy and on the U.S. housing market, in particular single family homes, which represent our largest demographic;
- uncertainties in the development of our business strategies, including the rebranding to Brinks Home Security and market acceptance of new products and services;
- the competitive environment in which we operate, in particular, increasing competition in the alarm monitoring industry from larger existing competitors and new market entrants, including technology, telecommunications and cable companies;
- the development of new services or service innovations by competitors;
- our ability to acquire and integrate additional accounts, including competition for dealers with other alarm monitoring companies which could cause an increase in expected subscriber acquisition costs;
- technological changes which could result in the obsolescence of currently utilized technology with the need for significant upgrade expenditures, including the phase out of 3G and CDMA networks by cellular carriers;
- the trend away from the use of public switched telephone network lines and the resultant increase in servicing costs associated with alternative methods of communication;
- the operating performance of our network, including the potential for service disruptions at both the main monitoring facility and back-up monitoring facility due to acts of nature or technology deficiencies, and the potential of security breaches related to network or customer information;
- the outcome of any pending, threatened, or future litigation, including potential liability for failure to respond adequately to alarm activations;
- the ability to continue to obtain insurance coverage sufficient to hedge our risk exposures, including as a result of acts of third parties and/or alleged regulatory violations;
- changes in the nature of strategic relationships with original equipment manufacturers, dealers and other of our business partners;
- the reliability and creditworthiness of our independent alarm systems dealers and subscribers;
- changes in our expected rate of subscriber attrition;
- availability of, and our ability to retain, qualified personnel;
- integration of acquired assets and businesses; and
- the regulatory environment in which we operate, including the multiplicity of jurisdictions, state and federal consumer protection laws and licensing requirements to which we and/or our dealers are subject and the risk of new regulations, such as the increasing adoption of "false alarm" ordinances;

For additional risk factors, please see Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K"). These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto included elsewhere herein and the 2018 Form 10-K.

Overview

Monitronics International, Inc. and its subsidiaries (collectively, "Monitronics" or the "Company", doing business as Brinks Home Security™) provides residential customers and commercial client accounts with monitored home and business security systems, as well as interactive and home automation services, in the United States, Canada and Puerto Rico. Monitronics customers are obtained through our direct-to-consumer sales channel (the "Direct to Consumer Channel") or our exclusive authorized dealer network (the "Dealer Channel"), which provides product and installation services, as well as support to customers. Our Direct to Consumer Channel offers both Do-It-Yourself and professional installation security solutions.

Attrition

Account cancellation, otherwise referred to as subscriber attrition, has a direct impact on the number of subscribers that the Company services and on its financial results, including revenues, operating income and cash flow. A portion of the subscriber base can be expected to cancel its service every year. Subscribers may choose not to renew or to terminate their contract for a variety of reasons, including relocation, cost, switching to a competitor's service and limited use by the subscriber and thus low perceived value. The largest categories of canceled accounts relate to subscriber relocation or the inability to contact the subscriber. The Company defines its attrition rate as the number of canceled accounts in a given period divided by the weighted average of number of subscribers for that period. The Company considers an account canceled if payment from the subscriber is deemed uncollectible or if the subscriber cancels for various reasons. If a subscriber relocates but continues its service, this is not a cancellation. If the subscriber relocates, discontinues its service and a new subscriber takes over the original subscriber's service continuing the revenue stream, this is also not a cancellation. The Company adjusts the number of canceled accounts by excluding those that are contractually guaranteed by its dealers. The typical dealer contract provides that if a subscriber cancels in the first year of its contract, the dealer must either replace the canceled account with a new one or refund to the Company the cost paid to acquire the contract. To help ensure the dealer's obligation to the Company, the Company typically maintains a dealer funded holdback reserve ranging from 5-8% of subscriber accounts in the guarantee period. In some cases, the amount of the holdback liability is less than actual attrition experience.

The table below presents subscriber data for the twelve months endedMarch 31, 2019 and 2018:

	Twelve Months Ended March 31,	
	2019	2018
Beginning balance of accounts	958,719	1,036,794
Accounts acquired	111,376	87,957
Accounts canceled	(164,221)	(159,845)
Canceled accounts guaranteed by dealer and other adjustments (a)	(4,681)	(6,187)
Ending balance of accounts	901,193	958,719
Monthly weighted average accounts	936,430	998,137
Attrition rate - Unit	17.5 %	16.0 %
Attrition rate - RMR (b)	17.0 %	13.9 %

(a) Includes canceled accounts that are contractually guaranteed to be refunded from holdback.
(b) The recurring monthly revenue ("RMR") of canceled accounts follows the same definition as subscriber unit attrition as noted above. RMR attrition is defined as the RMR of canceled accounts in a given period, adjusted for the impact of price increases or decreases in that period, divided by the weighted average of RMR for that period.

The unit attrition rate for the twelve months endedMarch 31, 2019 and 2018 was 17.5% and 16.0%, respectively. The RMR attrition rate for the twelve months ended March 31, 2019 and 2018 was 17.0% and 13.9%, respectively. Contributing to the increase in unit and RMR attrition were fewer customers under contract or in the dealer guarantee period for the twelve months ended March 31, 2019, as compared to the prior period, increased non-pay attrition as well as some impact from competition from new market entrants. The increase in the RMR attrition rate for the twelve months ended March 31, 2019 was also impacted by a less aggressive price increase strategy in the first quarter of 2019.

We analyze our attrition by classifying accounts into annual pools based on the year of acquisition. We then track the number of accounts that cancel as a percentage of the initial number of accounts acquired for each pool for each year subsequent to its acquisition. Based on the average cancellation rate across the pools, the Company's attrition rate is very low within the initial 12 month period after considering the accounts which were replaced or refunded by the dealers at no additional cost to the

Company. Over the next few years of the subscriber account life, the number of subscribers that cancel as a percentage of the initial number of subscribers in that pool gradually increases and historically has peaked following the end of the initial contract term, which is typically three to five years. Subsequent to the peak following the end of the initial contract term, the number of subscribers that cancel as a percentage of the initial number of subscribers in that pool declines.

Accounts Acquired

During the three months ended March 31, 2019 and 2018, the Company acquired 20,003 and 21,547 subscriber accounts, respectively, through our Dealer and Direct to Consumer Channels. The decrease in accounts acquired for the three months is due to year over year decline in accounts acquired from the Direct to Consumer Channel partially offset by year over year growth in accounts acquired from the Dealer Channel.

RMR acquired during the three months ended March 31, 2019 and 2018 was $964,000 and $987,000, respectively.

Strategic Initiatives

Given the recent decreases in the generation of new subscriber accounts in our Dealer Channel and trends in subscriber attrition, the Company has implemented several initiatives related to account growth, creation costs, attrition and margin improvements.

Account Growth

We believe that generating account growth at a reasonable cost is essential to scaling our business and generating stakeholder value. In recent years, acquisition of new subscriber accounts through our Dealer Channel has declined due to the attrition of large dealers, efforts to acquire new accounts from dealers at lower purchase prices, changes in consumer buying behavior and increased competition from technology, telecommunications and cable companies in the market. The Company currently has several initiatives in place to improve account growth, which include:

- Enhancing our brand recognition with consumers, which was recently bolstered by the rebranding to Brinks Home Security,
- Recruiting high quality dealers into the Monitronics Authorized Dealer Program,
- Assisting new and existing dealers with training and marketing initiatives to increase productivity,
- Acquiring bulk accounts to supplement account generation,
- Offering third party equipment financing to consumers which is expected to assist in driving account growth at lower creation costs, and
- Growing the Direct to Consumer Channel under the Brinks Home Security brand.

Creation Costs

We also consider the management of creation costs to be a key driver in improving the Company's financial results, as lower creation costs would improve the Company's profitability and cash flows. The initiatives related to managing creation costs include:

- Growing the Direct to Consumer Channel, including further leveraging our partnership with Nest Labs, Inc., with expected lower creation cost multiples,
- Expanding the use and availability of third party financing to all of our sales channels, which will drive down net creation costs, and
- Negotiating lower subscriber account purchase price multiples in our Dealer Channel.

Attrition

While we have also experienced higher subscriber attrition rates in the past few years, we have continued to develop our efforts to manage subscriber attrition, which we believe will help drive increases in our subscriber base and stakeholder value. The Company currently has several initiatives in place to reduce subscriber attrition, which include:

- Maintaining high customer service levels,
- Effectively managing the credit quality of new customers,
- Using predictive modeling to identify subscribers with a higher risk of cancellation and engaging with these subscribers to obtain contract extensions on terms favorable to the Company, and

- Implementing effective pricing strategies.

Margin Improvement

We have also adopted initiatives to reduce expenses and improve our financial results, which include:

- Reducing our operating costs by right sizing the cost structure to the business and leveraging our scale,
- Implementing more sophisticated purchasing techniques, and
- Increasing use of automation.

While the uncertainties related to the successful implementation of the foregoing initiatives could impact the Company's ability to achieve net profitability and positive cash flows in the near term, we believe they will position the Company to improve its operating performance, increase cash flows and create stakeholder value over the long-term.

Adjusted EBITDA

We evaluate the performance of our operations based on financial measures such as revenue and "Adjusted EBITDA." Adjusted EBITDA is defined as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization (including the amortization of subscriber accounts, dealer network and other intangible assets), restructuring charges, stock-based compensation, and other non-cash or non-recurring charges. We believe that Adjusted EBITDA is an important indicator of the operational strength and performance of our business, including the business' ability to fund its ongoing acquisition of subscriber accounts, its capital expenditures and to service its debt. In addition, this measure is used by management to evaluate operating results and perform analytical comparisons and identify strategies to improve performance. Adjusted EBITDA is also a measure that is customarily used by financial analysts to evaluate the financial performance of companies in the security alarm monitoring industry and is one of the financial measures, subject to certain adjustments, by which our covenants are calculated under the agreements governing our debt obligations. Adjusted EBITDA does not represent cash flow from operations as defined by generally accepted accounting principles in the United States ("GAAP"), should not be construed as an alternative to net income or loss and is indicative neither of our results of operations nor of cash flows available to fund all of our cash needs. It is, however, a measurement that we believe is useful to investors in analyzing our operating performance. Accordingly, Adjusted EBITDA should be considered in addition to, but not as a substitute for, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Adjusted EBITDA is a non-GAAP financial measure. As companies often define non-GAAP financial measures differently, Adjusted EBITDA as calculated by Monitronics should not be compared to any similarly titled measures reported by other companies.

Results of Operations

The following table sets forth selected data from the accompanying condensed consolidated statements of operations and comprehensive income (loss) for the periods indicated (dollar amounts in thousands).

	Three Months Ended March 31,	
	2019	2018
Net revenue	$ 129,606	133,753
Cost of services	26,764	32,701
Selling, general and administrative, including stock-based and long-term incentive compensation	31,222	32,014
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	49,145	54,411
Interest expense	37,433	36,873
Income tax expense	671	1,346
Net loss	(31,770)	(26,207)
Adjusted EBITDA (a)	$ 73,739	70,039
Adjusted EBITDA as a percentage of Net revenue	56.9%	52.4%
Expensed Subscriber acquisition costs, net		
Gross subscriber acquisition costs	$ 7,315	11,690
Revenue associated with subscriber acquisition costs	(1,703)	(1,512)
Expensed Subscriber acquisition costs, net	$ 5,612	10,178

(a) See reconciliation of Net loss to Adjusted EBITDA below.

Net revenue. Net revenue decreased $4,147,000, or 3.1%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The decrease in net revenue is attributable to the lower average number of subscribers in the first quarter of 2019. This decrease was partially offset by an increase in average RMR per subscriber due to certain price increases enacted during the past twelve months. Average RMR per subscriber increased from $44.76 as of March 31, 2018 to $45.28 as of March 31, 2019. In addition, the Company recognized a $1,693,000 decrease in revenue for the three months ended March 31, 2019, as compared to a $325,000 increase in revenue for the three months ended March 31, 2018 related to changes in Topic 606 contract assets.

Cost of services. Cost of services decreased $5,937,000, or 18.2%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The decrease for the three months ended March 31, 2019 is primarily attributable to decreased field service costs due to a lower volume of retention and move jobs being completed and a decrease in expensed subscriber acquisition costs. Subscriber acquisition costs, which include expensed equipment and labor costs associated with the creation of new subscribers, decreased to $1,794,000 for the three months ended March 31, 2019, as compared to $3,610,000 for the three months ended March 31, 2018. Cost of services as a percent of net revenue decreased from 24.4% for the three months ended March 31, 2018 to 20.7% for the three months ended March 31, 2019.

Selling, general and administrative. Selling, general and administrative costs ("SG&A") decreased $792,000, or 2.5%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The decrease is primarily attributable to reduced subscriber acquisition costs in SG&A associated with the creation of new subscribers. Subscriber acquisition costs decreased to $5,521,000 for the three months ended March 31, 2019, as compared to $8,080,000 for the three months ended March 31, 2018. Additionally, there was $892,000 of rebranding expense that was recognized in the three months ended March 31, 2018 with no corresponding costs incurred in the three months ended March 31, 2019. These decreases are partially offset by increased consulting fees on integration / implementation of company initiatives. Other increases in SG&A contributing to the overall change period over period include deferred and incentive-based compensation costs and Topic 606 contract asset impairment costs. SG&A as a percent of net revenue increased from 23.9% for the three months ended March 31, 2018 to 24.1% for the three months ended March 31, 2019.

Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets. Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets decreased $5,266,000, or 9.7%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The decrease is related to a lower number of subscriber accounts purchased in the last twelve months ended March 31, 2019 compared to the prior corresponding period as well as the timing of amortization of subscriber accounts acquired prior to the first quarter of 2018, which have a lower rate of amortization in 2019 based on the applicable double declining balance amortization method.

Interest expense. Interest expense increased $560,000, or 1.5%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The increase in interest expense is attributable to increased interest costs on the Credit Facility revolver due to a higher outstanding balance at March 31, 2019, and higher interest rates in the current year, as compared to the corresponding prior year period.

Income tax expense. The Company had pre-tax loss of $31,099,000 and income tax expense of $671,000 for the three months ended March 31, 2019. The Company had pre-tax loss of $24,861,000 and income tax expense of $1,346,000 for the three months ended March 31, 2018. Income tax expense for the three months ended March 31, 2019 is attributable to the Company's state tax expense incurred from Texas margin tax. Income tax expense for the three months ended March 31, 2018 is attributable to the Company's state tax expense incurred from Texas margin tax and the deferred tax impact from amortization of deductible goodwill related to the Company's business acquisitions.

Net loss. The Company had net loss of $31,770,000 for the three months ended March 31, 2019, as compared to $26,207,000 for the three months ended March 31, 2018. The increase in net loss is primarily attributable to the unrealized loss on derivative financial instruments and refinancing expense, partially offset by a decrease in operating expenses, of which the major components are discussed above.

Adjusted EBITDA. The following table provides a reconciliation of Net loss to total Adjusted EBITDA for the periods indicated (amounts in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Net loss	$ (31,770)	(26,207)
Amortization of subscriber accounts, deferred contract acquisition costs and other intangible assets	49,145	54,411
Depreciation	3,154	2,615
Stock-based compensation	189	47
Long-term incentive compensation	286	—
LiveWatch acquisition contingent bonus charges	63	62
Rebranding marketing program	—	892
Integration / implementation of company initiatives	1,581	—
Interest expense	37,433	36,873
Unrealized loss on derivative financial instruments	7,773	—
Refinancing expense	5,214	—
Income tax expense	671	1,346
Adjusted EBITDA	$ 73,739	70,039

Adjusted EBITDA increased $3,700,000, or 5.3%, for the three months ended March 31, 2019, as compared to the corresponding prior year period. The increase is primarily the result of a decrease in cost of services partially offset by lower revenues as discussed above.

Expensed Subscriber acquisition costs, net. Subscriber acquisition costs, net decreased to $5,612,000 for the three months ended March 31, 2019, as compared to $10,178,000 for the three months ended March 31, 2018. The decrease in subscriber acquisition costs, net is primarily attributable to decreased production volume in the Company's Direct to Consumer Channel year over year.

Liquidity and Capital Resources

At March 31, 2019, we had $23,931,000 of cash and cash equivalents. Our primary sources of funds is our cash flows from operating activities which are generated from alarm monitoring and related service revenues. During the three months ended March 31, 2019 and 2018, our cash flow from operating activities was $48,542,000 and $50,354,000, respectively. The primary drivers of our cash flow from operating activities are the fluctuations in revenues and operating expenses as discussed in "Results of Operations" above. In addition, our cash flow from operating activities may be significantly impacted by changes in working capital.

During the three months ended March 31, 2019 and 2018, we used cash of $28,850,000 and $24,560,000, respectively, to fund subscriber account acquisitions, net of holdback and guarantee obligations. In addition, during the three months ended March 31, 2019 and 2018, we used cash of $2,999,000 and $3,310,000, respectively, to fund our capital expenditures.

Our existing long-term debt at March 31, 2019 includes the aggregate principal balance of $1,838,900,000 under (i) the senior notes totaling $585,000,000 in principal, maturing on April 1, 2020 and bearing interest at 9.125% per annum (the "Senior Notes") and (ii) the $1,100,000,000 senior secured term loan and $295,000,000 super priority revolver under the sixth amendment to the Monitronics secured credit agreement dated March 23, 2012, as amended (the "Credit Facility"). The Senior Notes have an outstanding principal balance of $585,000,000 as of March 31, 2019. The Credit Facility term loan has an outstanding principal balance of $1,072,500,000 as of March 31, 2019 and requires principal payments of $2,750,000 per quarter with the remaining amount becoming due on September 30, 2022. The Credit Facility revolver has an outstanding balance of $181,400,000 and an aggregate of $1,000,000 under two standby letters of credit issued as of March 31, 2019, which becomes due on September 30, 2021.

The maturity date for each of the term loan and the revolving credit facility under the Credit Facility is subject to a springing maturity 181 days prior to the scheduled maturity date of the Senior Notes, or October 3, 2019, if Monitronics is unable to refinance the Senior Notes by that date. Furthermore, Monitronics received a going concern qualification in connection with its standalone external audit report of its Annual Report on Form 10-K, for the year ended December 31, 2018, which constitutes a default under Monitronics' Credit Facility (the "Going Concern Default"), and will report that its Consolidated Senior Secured Eligible RMR Leverage Ratio (as defined in the Credit Facility) exceeds the limits provided in the Credit Agreement for the quarter ended March 31, 2019 (the "Financial Covenant Default"), which constitutes an event of default under Monitronics' Credit Facility. Any default under the Credit Facility may, upon the passage of time, mature into an event of default. At any time after the occurrence of an event of default under the Credit Facility, the lenders thereunder may, among other options, declare any amounts outstanding under the Credit Facility immediately due and payable and the revolving loan lenders thereunder may terminate any commitment to make further loans under the revolving credit facility under the Credit Facility. Any such acceleration may constitute an event of default under the indenture governing the Senior Notes.

Additionally, in connection with management's negotiations with its creditors, we did not make our Senior Notes interest payment of $26,691,000 due on April 1, 2019. The indenture governing the Senior Notes provides for a 30-day cure period on past due interest payments (the non-payment of the interest following the expiration of the 30-day cure period, the "Senior Notes Default"). The 30-day cure period under the indenture governing the Senior Notes has expired.

We have obtained a waiver (as amended, the "Credit Facility Waiver"), from the required revolving lenders under the Credit Facility, which expired May 10, 2019, with respect to, among other things, the Going Concern Default and the Senior Notes Default, subject to the terms and conditions of the Credit Facility Waiver. The Credit Facility Waiver obtained from the Credit Facility revolving loan lenders allowed us to continue to borrow under the revolving credit facility under the Credit Facility, up to $195,000,000 at an alternate base rate plus 3.00%. We are seeking to amend and extend the Credit Facility Waiver including a waiver with respect to the Financial Covenant Default and such discussions are ongoing.

We have obtained a forbearance, as amended, from the required term lenders under the Credit Facility, through May 15, 2019, with respect to, among other things, the Going Concern Default, the Senior Notes Default and the Financial Covenant Default, subject to the terms and conditions of the forbearance. The forbearance obtained from the Credit Facility term lenders provides that the term loan lenders will not exercise remedies with respect to an event of default that may occur from the Going Concern Default, the Senior Notes Default or the Financial Covenant Default. Despite the forbearance obtained from the Credit Facility term lenders, the Going Concern Default, the Senior Notes Default and the Financial Covenant Default, and any resulting event of default under the Credit Facility, are continuing, and will continue, absent a waiver from the required revolving and term loan lenders, as applicable.

Additionally, we have obtained a forbearance from the required holders of Senior Notes, through May 15, 2019, with respect to, among other things, the Senior Notes Default, subject to the terms and conditions of the forbearance. The forbearance obtained from the holders of Senior Notes provides, subject to the terms of the forbearance, that the holders of Senior Notes will not exercise remedies with respect to the Senior Notes Default.

Radio Conversion Costs

Recently, we have become aware that certain cellular carriers of 3G and CDMA cellular networks will be retiring their 3G and CDMA networks by the end of 2022 and we currently estimate that the retirement of these networks will impact approximately 510,000 of our subscribers. We are working on plans to identify and offer equipment upgrades to this population of subscribers. While such plans are not finalized, we do expect to incur incremental expenses over the next three years related to retirement of 3G and CDMA networks. Total costs for the conversion of such customers are subject to numerous variables, including our ability to work with our partners and subscribers on cost sharing initiatives.

Liquidity Outlook

In considering our liquidity requirements for the next twelve months, we evaluated our known future commitments and obligations including factors discussed above. We have engaged financial and legal advisors to assist us in considering potential alternatives to address the issues described above. As of the issuance date of these condensed consolidated financial statements, we have not refinanced the Senior Notes and there can be no assurance that any refinancing, or an alternative restructuring of our outstanding indebtedness will be possible on acceptable terms, if at all.

Our failure to refinance the Senior Notes or to reach an agreement with our stakeholders on the terms of a restructuring would have a material adverse effect on our liquidity, financial condition and results of operations, and may result in us filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in order to implement a restructuring plan.

We will require the availability of funds to finance our strategy to grow through the acquisition of subscriber accounts. We considered our expected operating cash flows as well as the $23,931,000 of cash as of March 31, 2019 available to fund operations. The Credit Facility Waiver expired May 10, 2019. We are seeking to amend and extend the Credit Facility Waiver including a waiver with respect to the Financial Covenant Default. However, there can be no assurance that we will receive such a waiver and therefore, there can be no assurance that we will have availability of additional borrowings under the Credit Facility revolver. Without additional waivers or forbearances from our Credit Facility term and revolving lenders, there will be insufficient liquidity to finance our operating strategy.

We may seek capital contributions from Ascent Capital or debt financing in the event of any new investment opportunities, additional capital expenditures or our operations require additional funds, but there can be no assurance that we will be able to obtain capital contributions from Ascent Capital or debt financing on terms that would be acceptable to us or at all. Our ability to seek additional sources of funding depends on our future financial position and results of operations, which are subject to general conditions in or affecting our industry and our subscribers and to general economic, political, financial, competitive, legislative and regulatory factors beyond our control.

Item 3. *Quantitative and Qualitative Disclosure about Market Risk*

Interest Rate Risk

We have exposure to changes in interest rates related to the terms of our debt obligations. The Company uses derivative financial instruments to manage the exposure related to the movement in interest rates. The derivatives are designated as hedges and were entered into with the intention of reducing the risk associated with variable interest rates on the debt obligations. We do not use derivative financial instruments for trading purposes.

Tabular Presentation of Interest Rate Risk

The table below provides information about our outstanding debt obligations and derivative financial instruments that are sensitive to changes in interest rates. Interest rate swaps are presented at their fair value amount and by maturity date as of March 31, 2019. Debt amounts represent principal payments by maturity date, assuming certain accelerated maturities due to potential events of default, as of March 31, 2019.

Year of Maturity	Fixed Rate Derivative Instruments, net (a)	Variable Rate Debt	Fixed Rate Debt	Total
	(Amounts in thousands)			
Remainder of 2019	$ —	$ 1,253,900	$ 585,000	$ 1,838,900
2020	—	—	—	—
2021	—	—	—	—
2022	3,260	—	—	3,260
2023	—	—	—	—
2024	—	—	—	—
Thereafter	—	—	—	—
Total	$ 3,260	$ 1,253,900	$ 585,000	$ 1,842,160

(a) The derivative financial instruments reflected in this column include four interest rate swaps with a maturity date in 2022. As a result of these interest rate swaps, the Company's effective weighted average interest rate (excluding the impacts of non-cash amortization of deferred debt costs and discounts) on the borrowings under the Credit Facility term loans was 8.04% as of March 31, 2019. See notes 5, 6 and 7 to our accompanying condensed consolidated financial statements included in this Quarterly Report for further information.

Item 4. *Controls and Procedures*

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and chief financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2019 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

There has been no change in the Company’s internal controls over financial reporting that occurred during the three months ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 3. *Defaults Upon Senior Securities.*

In connection with management's negotiations with our creditors, we did not make our Senior Notes interest payment in the amount of $26,691,000 due on April 1, 2019, which is also the aggregate amount of interest payments that have not been paid as of the date of filing of this Quarterly Report on Form 10-Q. The indenture governing the Senior Notes provides for a 30-day cure period on past due interest payments, which has expired. For more information regarding the Senior Notes Default, see "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources" and Note 2, Going Concern.

Item 6. *Exhibits*

Listed below are the exhibits which are included as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

10.1	Forbearance Agreement, dated as of April 1, 2019, by and among Monitronics International, Inc. ("Monitronics"), each loan party to Monitronics' Credit Agreement, dated as of March 23, 2012 (as amended, the "Credit Agreement"), Bank of America, N.A., as administrative agent and certain lenders thereto.*
10.2	Amendment No. 2 to Forbearance Agreement, dated as of April 24, 2019, by and among Monitronics, each loan party to the Credit Agreement, Bank of America, N.A., as administrative agent and certain lenders thereto.*
10.3	Amendment No. 3 to Forbearance Agreement, dated as of April 30, 2019, by and among Monitronics, each loan party to the Credit Agreement, Bank of America, N.A., as administrative agent and certain lenders party thereto (incorporated by reference to Exhibit 10.1 to Monitronics' Current Report on Form 8-K (File No. 333-110025), filed with the Securities and Exchange Commission on May 6, 2019 (the "May 6, 2019 8-K")).
10.4	Forbearance Agreement, dated as of May 1, 2019, by and among Monitronics, the guarantors party thereto and each of the beneficial owners party thereto (incorporated by reference to Exhibit 10.2 to the May 6, 2019 8-K).
10.5	Amendment No. 4 to Forbearance Agreement, dated as of May 3, 2019, by and among Monitronics, each loan party to the Credit Agreement, Bank of America, N.A., as administrative agent and certain lenders party thereto (incorporated by reference to Exhibit 10.3 to the May 6, 2019 8-K).
10.6	Amendment No. 5 to Forbearance Agreement, dated as of May 8, 2019, by and among Monitronics, each loan party to the Credit Agreement, Bank of America, N.A., as administrative agent and certain lenders thereto (incorporated by reference to Exhibit 10.1 to Monitronics' Current Report on Form 8-K (File No. 333-110025), filed with the Securities and Exchange Commission on May 13, 2019 (the "May 13, 2019 8-K")).
10.7	Amendment No. 6 to Forbearance Agreement, dated as of May 10, 2019, by and among Monitronics, each loan party to the Credit Agreement, Bank of America, N.A., as administrative agent and certain lenders thereto (incorporated by reference to Exhibit 10.2 to the May 13, 2019 8-K).
31.1	Rule 13a-14(a)/15d-14(a) Certification. *
31.2	Rule 13a-14(a)/15d-14(a) Certification. *
32	Section 1350 Certification. **
101.INS	XBRL Instance Document. *
101.SCH	XBRL Taxonomy Extension Schema Document. *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document. *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. *

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements 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.

MONITRONICS INTERNATIONAL, INC.

Date:	May 14, 2019	By:	/s/ Jeffery R. Gardner
			Jeffery R. Gardner
			President and Chief Executive Officer
Date:	May 14, 2019	By:	/s/ Fred A. Graffam
			Fred A. Graffam
			Senior Vice President and Chief Financial Officer
			(Principal Financial and Accounting Officer)

Exhibit 10.1

FORBEARANCE AGREEMENT

This Forbearance Agreement (this " Forbearance") is entered into as of April 1, 2019 by and between Monitronics International, Inc., a Texas corporation (the "Borrower"), each other Loan Party to the Credit Agreement (as defined herein), Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent") and certain Lenders party hereto.

RECITALS

A. The Borrower is a party to that certain Credit Agreement dated as of March 23, 2012, by and among the Borrower, the Administrative Agent, and the Lenders from time to time party thereto, as amended by Amendment No. 1 to Credit Agreement and Consent dated as of November 7, 2012, Amendment No. 2 to Credit Agreement dated as of March 25, 2013, Amendment No. 3 to the Credit Agreement and Amendment No. 1 to Guaranty Agreement dated as of August 16, 2013, Amendment No. 4 to Credit Agreement dated as of February 17, 2015, Amendment No. 5 to Credit Agreement dated as of April 9, 2015, Amendment No. 6 to Credit Agreement dated as of September 30, 2016, and Amendment No. 7 to Credit Agreement dated as of December 29, 2016 (as so amended, the "Credit Agreement").

B. The Borrower has informed the Administrative Agent and the Lenders that it anticipates that as of April 1, 2019, certain Defaults or Events of Default will occur under the Credit Agreement (as detailed in Section 4 of this Forbearance, the "Specified Defaults"). The Borrower has requested a temporary forbearance on enforcement of the Specified Defaults.

C. The Required Lenders are willing to temporarily forbear on enforcement of the Specified Defaults, subject to the terms and conditions contained herein.

Now, therefore, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the Administrative Agent, the Borrower, and the undersigned Lenders hereby acknowledge, agree and consent to the following:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to such terms in the Credit Agreement.

2. Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Forbearance and are incorporated herein by this reference.

3. Acknowledgment by the Borrower.

(a) The Borrower hereby acknowledges and agrees that (i) as of April 1, 2019, the Specified Defaults will have occurred and be continuing; and (ii) should any Specified Defaults constitute or mature into, after the expiration of any applicable grace period under the Credit Agreement, an Event of Default, all Obligations under the Loan Documents could be declared immediately due and payable, and each of the Administrative Agent and the Lenders would have full legal right to exercise any and all of their respective rights and remedies under the Loan Documents or otherwise available at law and in equity with respect thereto.

(b) Each Loan Party acknowledges and agrees that this Forbearance shall not in any manner limit or restrict any rights or remedies available to the Administrative Agent or the Lenders under the Credit Agreement or the other Loan Documents, as amended hereby, or under applicable law as a result of any Default or Event of Default now or hereafter existing other than with respect to the Specified Defaults during the Forbearance Period (as defined herein). The Borrower agrees that its Obligations to the Administrative Agent and the Lenders as evidenced by or otherwise arising under the Credit Agreement and the other Loan

Documents, except as expressly modified in this Forbearance upon the terms set forth herein, are, by the Borrower's execution of this Forbearance, ratified and confirmed in all respects and the Borrower confirms that its Obligations under the Loan Documents are not subject to any claims or defenses whatsoever.

(c) Each Loan Party acknowledges and agrees that this Forbearance is limited in time and scope and is subject to the terms and conditions set forth herein. Each Loan Party further acknowledges and agrees that on the Forbearance Termination Date the Specified Defaults shall be reinstated automatically, *ab initio*, without further action by the Administrative Agent or any of the Lenders, and the Administrative Agent and the Lenders shall be entitled to exercise all rights and remedies in respect thereof under the Credit Agreement, the other Loan Documents and applicable law.

4. Forbearance. During the period (the "Forbearance Period") commencing on the Forbearance Effective Date (as defined herein) and ending on the date (the "Forbearance Termination Date") which is the earliest to occur of (a) April 30, 2019, (b) the failure to meet any Milestone (as defined in Section 8 hereof); (c) the occurrence of any Default or Event of Default under the Credit Agreement (other than the Specified Defaults), (d) the failure of the Borrower to comply with any of the requirements of Section 6 or Section 7 hereof, (e) the acceleration of the 9.125% Senior Notes due 2020 (the "Notes") issued pursuant to that certain Indenture dated as of March 23, 2012 (the "Notes Indenture") by and among the Borrower, the guarantors party thereto, and U.S. Bank National Association, as trustee (in such capacity, the "Notes Trustee"), or (f) any action by the Notes Trustee and/or any holder of the Notes to exercise rights or remedies pursuant to the Notes Indenture after an Event of Default (as defined in the Notes Indenture), the Required Lenders hereby forbear upon enforcement of:

(a) the requirement of Section 6.01(a) of the Credit Agreement that the report and opinion of Ernst & Young, KPMG or another independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders delivered with respect to the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of the fiscal year ended December 31, 2018, and the related consolidated statement of income or operations, and consolidated statement of changes in shareholders' equity, and cash flows for such fiscal year, not include an explanatory paragraph expressing substantial doubt about the ability of the Borrower or any Loan Party to continue as a going concern or any qualification or exception as to the scope of such audit; and

(b) any Default or Event of Default under Section 8.01(e) of the Credit Agreement, resulting from the Borrower's failure to make the interest payment due on April 1, 2019 under the Senior Unsecured Notes.

Upon the Forbearance Termination Date, (i) the forbearance set forth in this Section 4 of this Forbearance shall terminate automatically and be of no further force or effect, and (ii) subject to the terms of the Loan Documents and applicable law, the Administrative Agent and each Lender shall be free in its sole and absolute discretion, without limitation, to proceed to enforce any or all of its rights and remedies set forth in the Credit Agreement, the other Loan Documents and applicable law. In furtherance of the foregoing, and notwithstanding the occurrence of the Forbearance Effective Date, each Loan Party acknowledges and confirms that, subject to the Forbearance, all rights and remedies of the Administrative Agent and the Lenders under the Loan Documents and applicable law with respect to the Borrower or any other Loan Party shall continue to be available to the Administrative Agent and the Lenders. For the avoidance of doubt, each Loan Party acknowledges and confirms that the agreement of the Administrative Agent and the Lenders signatory hereto temporarily to forbear shall not apply to nor preclude any remedy available to the Administrative Agent or the Lenders in connection with any proceeding commenced under any bankruptcy or insolvency law, including, without limitation, to any relief in respect of adequate protection or relief from any stay imposed under such law. The parties hereto agree that the running of all statutes of limitation and the doctrine of laches applicable to all claims or causes of action that the Administrative Agent or any Lender may be entitled to take or bring in order to enforce its rights and remedies against the Borrower or any other Loan Party are, to the fullest extent permitted by law, tolled and suspended during the Forbearance Period. For the avoidance of doubt, no grace period or period required for a Default to mature or become an Event of Default shall be tolled or suspended by this Forbearance.

5. Conditions Precedent to Effectiveness. This Forbearance shall become effective on the date (the "Forbearance Effective Date") upon which each of the conditions precedent set forth below have been satisfied:

(a) the Administrative Agent (or its counsel) shall have received a counterpart of this Forbearance signed by each of the Borrower, the Administrative Agent and the Required Lenders.

(b) immediately after giving effect to the forbearance included in Section 4 hereof, the representations and warranties of the Borrower contained in Article V of the Credit Agreement or any other Loan Document are true and correct in all material respects (or with respect to representations and warranties qualified by materiality, in all respects) on and as of the Forbearance Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date in all material respects (or with respect to representations and warranties qualified by materiality, in all respects), except that the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively.

(c) Payment in full of all outstanding reasonable and documented fees and expenses of advisors to the Term B-2 Lenders (including Jones Day, Evercore, and Michael Snyder and Steve Gribbon) upon receipt of invoices.

6. Agreements of the Loan Parties. The Loan Parties acknowledge and agree that the forbearance upon enforcement of the Specified Defaults is of immediate and material benefit, financial and otherwise, to the Loan Parties, and that neither the Administrative Agent nor the Required Lenders were or are under any obligation to enter into this Forbearance. In consideration of the Administrative Agent's and the Required Lenders' willingness to temporarily waive the Specified Defaults on the terms and conditions herein, the Loan Parties agree that, from and after the date hereof, notwithstanding anything to the contrary in the Credit Agreement and notwithstanding any termination or expiration of the Forbearance Period, the Administrative Agent shall be entitled, either directly or indirectly through its counsel, to retain a financial advisor for the benefit of the Administrative Agent and the Revolving Lenders who are not also Term B-2 Lenders, with the Loan Parties agreeing to cooperate with and provide financial information to such financial advisor and to reimburse the Administrative Agent, upon demand therefor, for the reasonable and documented fees and expenses of such financial advisor (it being acknowledged and agreed that all such reasonable and documented fees and expenses of the Administrative Agent's counsel and any such financial advisor shall constitute Obligations under the Credit Agreement and the other Loan Documents).

7. Additional Covenants. The Borrower covenants and agrees that:

(a) it shall fully cooperate with the Administrative Agent and the Lenders and shall promptly provide all information, reports and statements reasonably requested by the Administrative Agent or any Lender, including by providing all information and/or documents that the Administrative Agent and/or the Lenders, as applicable, deems in its or their reasonable discretion sufficient to satisfy the information requests submitted to the Company by the Administrative Agent and/or the Lenders signatory hereto prior to the date hereof.

(b) The maximum principal amount of outstanding Revolving Credit Borrowings and L/C Borrowings shall not, at any time during the Forbearance Period, exceed $195,000,000.

(c) If the Milestone in Section 8(b) hereof is not met, the Borrower shall, commencing on April 13, 2019, pay interest on the principal amount of all outstanding Obligations under the Credit Agreement at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

8. Milestones. The Borrower agrees to the following milestones (each, a "Milestone")

(a) The Borrower agrees to deliver to Jones Day, Evercore and Morgan Lewis drafts of applicable first day motions, including, without limitation, a proposed order governing the use of cash collateral and/or any motion for approval of DIP financing, as such drafts are completed and at least five (5) business days in advance of any bankruptcy filing.

(b) No later than 5:00 p.m. (New York Time) on April 12, 2019, the Borrower shall have entered into a restructuring support agreement acceptable to holders of at least 50% of the outstanding Term B-2 Loans, in their sole discretion.

9. Reference to and Effect Upon the Credit Agreement. The Credit Agreement and the other Loan Documents shall remain in full force and effect, and are hereby ratified and confirmed, except, in each case, as expressly modified by this Forbearance. Nothing in this Forbearance shall be interpreted as, or deemed to entitle any Loan Party to, any other forbearance, or waiver, consent, amendment or other modification of any of the terms, conditions, representations, warranties or covenants contained in the Credit Agreement or any other Loan Document in similar or different circumstances. This Forbearance shall constitute a Loan Document for all purposes as of the Forbearance Effective Date and all references to the Credit Agreement in any Loan Document and all references in the Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement, shall, unless expressly provided otherwise, shall mean and be a reference to the Credit Agreement, after giving effect to this Forbearance.

10. Effect and Construction of Forbearance. Except as otherwise expressly provided herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and neither this Forbearance nor the making of any Loans or other Credit Extensions simultaneously herewith or subsequent hereto shall be construed to: (i) impair the validity, perfection or priority of any lien or security interest securing the Obligations; (ii) waive or impair any rights, powers or remedies of the Administrative Agent or the Lenders under the Credit Agreement and the other Loan Documents upon the Forbearance Termination Date, with respect to the Specified Defaults or otherwise; (iii) constitute an agreement by the Administrative Agent or the Lenders or require the Administrative Agent or the Lenders to extend the Forbearance Period or further forbear from exercising its rights and remedies under the Credit Agreement, the Loan Documents or applicable law, extend the term of the Credit Agreement or the time for payment of any of the Obligations; (iv) require the Administrative Agent or the Lenders to make any Loans or other Credit Extensions to the Borrower after the occurrence of the Forbearance Termination Date, other than in the Administrative Agent's and the Lenders' sole and absolute discretion; or (v) constitute a forbearance or waiver of any right of the Administrative Agent's or the Lenders to insist on strict compliance by the Borrower with each and every term, condition and covenant of this Forbearance and the Loan Documents, except as expressly otherwise provided herein.

11. Representations, Warranties, Covenants and Acknowledgments; Release. To induce the Administrative Agent and Lenders to enter into this Agreement:

(a) Each Loan Party represents and warrants that, upon and after giving effect to this Forbearance, (i) except for the Specified Defaults, each of the representations and warranties made by it under the Loan Documents, other than representations and warranties that speak as of an earlier specified date, are true and correct in all material respects (other than to the extent that any representation and warranty is already qualified as to "materiality" or "Material Adverse Effect", in which case, such representation and warranty shall be true and correct in all respects), (ii) it has the power and authority and is duly authorized to enter into, deliver and perform this Forbearance, (iii) this Forbearance, the Credit Agreement and each of the other Loan Documents to which it is a party is the legal, valid and binding obligation thereof, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or in law), (iv) the execution, delivery and performance of this Forbearance in accordance with its terms do not and will not, with the passage of time, the giving of notice or otherwise: (A) require approval of any Governmental Authority or violate any applicable law relating thereto; (B) conflict with, result in a breach of or constitute a default under (1) the articles or certificate of incorporation or organization or by-laws or operating agreement thereof; (2) any indenture, material agreement or other material instrument to which it is a party or by which any of its properties may be bound, or (3) any approval of a Governmental Authority relating thereto; or (C) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by it other than Permitted Liens and (v) there exists no Default or Event of Default (other than the Specified Defaults);

(b) Each Loan Party (i) agrees that this Forbearance is not intended to be, and is not, a novation of any of the Loan Documents or any of the Obligations thereunder and does hereby ratify, confirm and reaffirm each of the agreements, covenants, and undertakings made by it under the Credit Agreement and each and every other Loan Document executed by it in connection therewith or pursuant thereto, in each case, as modified by this Forbearance, as if such Loan Party were making said agreements, covenants and undertakings on the effective date hereof, except with respect to such agreements, covenants and undertakings which, by their express terms, are applicable only to a prior specified date, (ii) ratifies and confirms all of its Obligations to the Administrative Agent and the Lenders and (iii) confirms that the Obligations are and remain secured pursuant to the Collateral Documents and pursuant to all other instruments and documents executed and/or delivered by the Loan Parties, as security for the Obligations; and

(c) On and as of the date of this Forbearance, and as a material inducement to the Administrative Agent and Lenders entering into this Forbearance, each Loan Party, on behalf of itself and its respective successors and assigns and legal representatives, hereby forever releases and discharges the Administrative Agent and each of the Lenders and any and all of the Administrative Agent's and such Lender's attorneys, agents, servants, predecessors, successors, assigns and assignors, officers, directors and shareholders, jointly and severally, from any and all claims, rights of offset, defenses, counterclaims, objections, demands, controversies, actions, causes of actions, obligations, liabilities, costs, expenses, attorneys' fees and damages of whatsoever nature and kind, in law or in equity, past or present, known or unknown, suspected or unsuspected, from the beginning of time to the date hereof, pertaining to this Forbearance, the Credit Agreement, the Collateral Documents, and the Obligations.

12. Costs and Expenses. The Borrower hereby affirms its obligation under Section 10.04 of the Credit Agreement to reimburse the Administrative Agent for all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates in connection with the preparation, negotiation, execution and delivery of this Forbearance, including but not limited to the reasonable fees, charges and disbursements of counsel for the Administrative Agent with respect thereto.

13. Governing Law; etc. This Forbearance shall be governed by, and construed in accordance with, the law of the State of New York. This Forbearance is subject to the provisions of Sections 10.14 and 10.15 of the Credit Agreement relating to submission to jurisdiction, venue, service of process and waiver of right to trial by jury, the provisions which are by this reference incorporated herein in full.

14. Headings. Section headings herein are included for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

15. Counterparts. This Forbearance may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Forbearance by telecopy or other electronic imaging means (including ".pdf") shall be effective as delivery of a manually executed counterpart of this Forbearance.

16. Severability. If any provision of this Forbearance or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Forbearance and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. Entire Agreement. This Forbearance sets forth the entire agreement and understanding of the parties with respect to the forbearance upon enforcement of the Specified Defaults as set forth herein and supersedes all prior understandings and agreements, whether written or oral, between the parties hereto relating to such forbearance. No representation, promise, inducement or statement of intention has been made by any party that is not embodied in this Forbearance, and no party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not set forth herein.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date and year first above written.

MONITRONICS INTERNATIONAL, INC.

By: /s/ William E. Niles
Name: William E. Niles
Title: Executive Vice President and Secretary

[Signature page Forbearance Agreement]

[BANK OF AMERICA, N.A.]

[Signature page Forbearance Agreement]

[CONSENTING LENDER]

[Signature page Forbearance Agreement]

Exhibit 10.2

AMENDMENT NO. 2 TO FORBEARANCE AGREEMENT

This Amendment No. 2 to the Forbearance Agreement (this " Second Amendment") is entered into as of April 24, 2019 by and between Monitronics International, Inc., a Texas corporation (the "Borrower"), each other Loan Party to the Credit Agreement, Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent") and certain Lenders party hereto (collectively, the " Parties").

RECITALS

A. On April 1, 2019, the Parties entered into that certain Forbearance Agreement (as amended by Amendment No. 1, dated April 12, 2019, between the Parties, the "Forbearance Agreement"), under which the Required Lenders agreed to temporarily forbear on enforcement of the Specified Defaults, subject to the terms and conditions contained in the Forbearance Agreement.

B. The Forbearance Agreement contains a milestone that provides that no later than 5:00 p.m. (New York Time) on April 24, 2019 (the " RSA Deadline"), the Borrower shall have entered into a restructuring support agreement acceptable to holders of at least 50% of the outstanding Term B-2 Loans, in their sole discretion (the "RSA Milestone"). In the event that the RSA Milestone is not satisfied by the RSA Deadline, the Forbearance Period terminates pursuant to the terms of the Forbearance Agreement. The Forbearance Agreement further provided that, if the RSA Milestone is not satisfied by the RSA Deadline, the Borrower shall, commencing on April 24, 2019, pay interest on the principal amount of all outstanding Obligations under the Credit Agreement at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Law (the "Default Interest Provision").

C. The Parties hereby desire to further extend the RSA Deadline to no later than 5:00 p.m. (New York Time) on April 30, 2019, while making clear that the Default Interest Provision is triggered as of April 24, 2019 in accordance with the Forbearance Agreement.

Now, therefore, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the Administrative Agent, the Borrower, and the undersigned Lenders hereby acknowledge, agree and consent to the following:

1. Defined Terms. Except as defined herein, capitalized terms used herein shall have the meanings, if any, assigned to such terms in the Forbearance Agreement.

2. Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Second Amendment and are incorporated herein by this reference.

3. Amendments.

(a) Section 7(c) of the Forbearance Agreement is replaced in its entirety and further amended as follows:

"(c) Commencing on April 24, 2019, the Borrower shall pay interest on the principal amount of all outstanding Obligations under the Credit Agreement at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Law. For the avoidance of doubt, in the event that the milestone in Section 8(b) is not satisfied, the obligation to pay interest on the terms set forth in the prior sentence shall survive the Forbearance Termination Date and shall continue to apply until such date as the Borrower shall have entered into a restructuring support agreement acceptable to holders of at least 50% of the outstanding Term B-2 Loans, in their sole discretion."

(b) Section 8(b) of the Forbearance Agreement is replaced in its entirety and further amended as follows:

"(b) No later than 5:00 p.m. (New York Time) on April 30, 2019, the Borrower shall have entered into a restructuring support agreement acceptable to holders of at least 50% of the outstanding Term B-2 Loans, in their sole discretion."

4. Other Terms. Except as expressly set forth herein, all other terms of the Forbearance Agreement shall remain in full force and effect, and nothing in this Second Amendment shall be construed as modifying or amending any such terms unless otherwise expressly provided herein.

5. Conditions Precedent to Effectiveness. This Second Amendment shall become effective on the date (the "Second Amendment Effective Date") upon which each of the conditions precedent set forth below have been satisfied:

(a) the Administrative Agent (or its counsel) shall have received a counterpart of this Second Amendment signed by each of the Borrower, the Administrative Agent and the Required Lenders.

(b) after giving effect to the forbearance under the Forbearance Agreement, the representations and warranties of the Borrower contained in Article V of the Credit Agreement or any other Loan Document are true and correct in all material respects (or with respect to representations and warranties qualified by materiality, in all respects) on and as of the Second Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date in all material respects (or with respect to representations and warranties qualified by materiality, in all respects), except that the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively.

6. Counterparts. This Second Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Second Amendment by telecopy or other electronic imaging means (including ".pdf") shall be effective as delivery of a manually executed counterpart of this Second Amendment.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date and year first above written.

MONITRONICS INTERNATIONAL, INC.

By: /s/ William E. Niles
Name: William E. Niles
Title: Executive Vice President and Secretary

[Signature page to Amendment No. 2 to Forbearance Agreement]

[BANK OF AMERICA, N.A.]

[Signature page to Amendment No. 2 to Forbearance Agreement]

[CONSENTING LENDER]

[Signature page to Amendment No. 2 to Forbearance Agreement]

Exhibit 31.1

CERTIFICATION

I, Jeffery R. Gardner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monitronics International, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 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: May 14, 2019

/s/ Jeffery R. Gardner

Jeffery R. Gardner

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Fred A. Graffam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Monitronics International, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly 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 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: May 14, 2019

/s/ Fred A. Graffam

Fred A. Graffam

Senior Vice President and Chief Financial Officer

Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Monitronics International, Inc., a Texas corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period endedMarch 31, 2019 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of March 31, 2019 and December 31, 2018 and for the three months ended March 31, 2019 and 2018.

Dated:	May 14, 2019	/s/ Jeffery R. Gardner
		Jeffery R. Gardner
		President and Chief Executive Officer
Dated:	May 14, 2019	/s/ Fred A. Graffam
		Fred A. Graffam
		Senior Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.