

CASTLIGHT HEALTH, INC.

FORM S-1 (Securities Registration Statement)

Filed 02/10/14

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

C ASTLIGHT H EALTH , I NC .
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7380
(Primary Standard Industrial
Classification Code Number)

26-1989091
(I.R.S. Employer
Identification Number)

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121 Spear Street, Suite 300
San Francisco, CA 94105
(415) 829-1400

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Class B Common Stock, \$0.0001 par value per share	\$100,000,000	\$12,880

- (1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.
(2) Includes the additional shares that the underwriters have the right to purchase from the Registrant.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and

Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated February 10, 2014.

Shares



Class B Common Stock

This is an initial public offering of shares of Class B common stock of Castlight Health, Inc.

We have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of our Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. In certain circumstances pertaining to change in control, the sale of all or substantially all of our assets and liquidation matters, and on all matters if and when any individual, entity or "group" (as such term is used in Regulation 13D of the Securities Exchange Act of 1934, as amended) has, or has publicly disclosed (through a press release or a filing with the Securities and Exchange Commission) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of our Class A common stock and Class B common stock, combined, holders of our Class A common stock are entitled to ten votes per share and holders of our Class B common stock are entitled to one vote per share. Immediately following the completion of this offering, outstanding shares of our Class A common stock will represent approximately % of the voting power of our outstanding capital stock in these circumstances. In all other circumstances, holders of our Class A common stock and Class B common stock are each entitled to one vote per share, and in these other circumstances the outstanding shares of our Class A common stock immediately following the completion of this offering would represent % of the voting power of our outstanding common stock. Each share of Class A common stock is convertible at any time into one share of Class B common stock.

Prior to this offering, there has been no public market for our Class B common stock. It is currently estimated that the initial public offering price per share will be between \$ and \$. We intend to list our Class B common stock on the New York Stock Exchange under the symbol "CSLT."

We are an "emerging growth company" as defined under federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements.

See "*Risk Factors*" beginning on page 13 to read about factors you should consider before buying shares of our Class B common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount ⁽¹⁾	\$	\$
Proceeds, before expenses, to Castlight	\$	\$

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

The underwriters have the option to purchase up to an additional shares from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2014.

Goldman, Sachs & Co.

Stifel

Allen & Company LLC
Canaccord Genuity

Morgan Stanley

Raymond James

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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. Before deciding to invest in shares of our Class B common stock, you should read this summary together with the more detailed information, including our consolidated financial statements and the related notes, provided elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in "Risk Factors," our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included elsewhere in this prospectus.

Castlight Health, Inc.

Mission

Our mission is to dramatically improve the efficiency of the U.S. health care industry by unleashing the power of market forces through greater transparency and better alignment of economic incentives among employers, health care consumers and their providers.

Overview

Castlight is a pioneer in a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud allows our customers to conquer the complexity of the existing health care system by providing personalized, actionable information to their employees, implementing technology-enabled benefit designs and integrating disparate systems and applications. Our comprehensive technology offering aggregates complex, large-scale data and applies sophisticated analytics to make health care cost and quality data transparent and useful. We deploy consumer-oriented applications that deliver strong engagement and integration capabilities. In the last two years, we have signed more than 95 customers, which consist primarily of large self-insured employers, across a broad range of industries, including 24 Fortune 500 companies.

U.S. health care spending is forecasted to total approximately \$3.1 trillion in 2014, with \$620 billion of this amount to be paid by U.S. employers, according to the Centers for Medicare and Medicaid Services, or CMS. Despite this substantial investment, the U.S. health care system is burdened by significant waste and extreme variations in the cost and quality of care, with limited correlation between the two. Two fundamental causes of these inefficiencies have been the absence of transparent information and the misalignment of economic incentives, which make it difficult for employees and their health care providers to make judicious health care choices.

Employers bear a substantial share of this waste and inefficiency, as they pay on average more than three quarters of their employees' health care costs according to a 2013 joint survey by the National Business Group on Health, or NBGH, and Towers Watson & Co., or Towers Watson. Over the last two decades, employers have taken various steps to attempt to mitigate this growing burden, including self-insuring and increasingly shifting costs to employees. These measures have failed to solve the fundamental problems that have undermined employers' efforts to control costs while maintaining competitive health care benefits for their employees.

This failure is due in part to an inability to collect and analyze complex and unstructured health care data, limitations on the feasibility of highly tailored advanced benefit designs and poor integration

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of disparate health care systems, applications and programs. In addition, even as employers have shifted more costs to their employees, they have been unable to engage and empower employees with useful, high-quality information about their health care choices.

We believe that controlling costs and improving quality of care for employees and thereby driving efficiency in the overall health care market can be achieved by introducing a new category of cloud-based technology solutions that are capable of addressing the scale and complexity of the U.S. health care industry.

Our Enterprise Healthcare Cloud offering transforms a massive quantity of complex data into transparent and useful information. These data include external data we obtain from a diverse array of sources, such as health care providers, insurance companies, governmental agencies and quality-monitoring organizations, as well as internal data generated through the usage of our applications. Our team of leading engineers, economists and clinicians applies sophisticated data science techniques, including predictive modeling and epidemiologic analytics, that leverage our database to drive insights such as identification of high-risk patients and estimated future costs of care, thereby empowering employers with the information they need to design and implement advanced benefit plans that address their specific challenges. We deliver this powerful offering through a suite of innovative, consumer-oriented applications that enables employers to engage their employees with actionable information and integrate their other health care applications and programs.

We believe that Castlight is well positioned to leverage its use of large amounts of health care related data, sophisticated data analytics, strong customer portfolio and early-mover advantage to play a role in dramatically improving the efficiency of the U.S. health care system.

Our total revenue was \$1.9 million, \$4.2 million and \$13.0 million for the years ended December 31, 2011, 2012 and 2013, respectively. Our net loss was \$19.9 million, \$35.0 million and \$62.2 million for the years ended December 31, 2011, 2012 and 2013, respectively. Our accumulated deficit at December 31, 2013 was \$131.2 million.

Industry Background

Significant Waste . The health care industry in the United States is the largest in the world, according to the World Bank, and yet health care outcomes are inferior to those of many other countries. Additionally, a 2013 Institute of Medicine report estimates that approximately 30% of U.S. health care spending in 2009 was wasted due to factors such as inflated prices, the provision of unnecessary services and inefficient delivery of care.

Dysfunctional Market . In addition to these inefficiencies, industry dynamics have led to high variations in the cost and quality of health care services, with limited correlation between the two. Two fundamental causes driving this lack of correlation between cost and quality and the resulting market dysfunction are the absence of transparent data and the misalignment of economic incentives.

Lack of Transparency . Historically, employers and employees have not had access to clear information about the cost and quality of care as they consider benefit designs and health care treatment options. In some cases, health care providers and other market participants have actively resisted efforts by employers and others to obtain information about the costs and quality of health care services. Despite this resistance, the health care industry generates extensive data that is relevant to determining the cost and quality of health care services. These data reside in myriad formats and disparate databases, without a common infrastructure, and have therefore been of limited value to employers and employees in controlling costs and improving outcomes.

Misalignment of Economic Incentives . Historically, employees in the United States have been insulated from direct financial responsibility for much of the cost of the care they choose to receive. On average, employees paid approximately 23% of the total cost of their health care and employers paid approximately 77% in 2012, according to a joint survey by NBGH and Towers Watson. As a result, employees historically have been less sensitive to the costs of health care services than they might have been had their economic incentives been more closely linked to the total costs of care they received.

Growing Problem for Employers . According to the Bureau of Labor Statistics, health care benefit costs account for approximately 8% of total employee costs in the United States and are increasing rapidly. According to an August 2013 Kaiser Family Foundation survey, in 2013, approximately 61% of U.S. employees who rely on health care funded by an employer are covered by health plans by employers that have elected to self-insure (including 94% of the covered employees of U.S. employers with more than 5,000 employees), which more directly exposes employers to the volatility of health care expenses and the burdens of designing health care benefits. As a result, better managing health care expenses will have a direct impact on financial performance, making employers eager for solutions that can help them manage this growing problem.

Employers Lack a Solution . Despite intensive efforts to reduce health care expenses and improve value over many years, employers continue to face escalating costs and highly variable quality. Historical efforts to manage costs through benefit design (such as the use of health maintenance organizations, or HMOs) have been largely unsuccessful in preventing the overall growth in health care costs. More recently, employers have attempted to reduce health care costs through use of employee cost-sharing plans, such as consumer-directed health care plans. These plans shift health care expenses to employees and thereby incentivize them to make more judicious health care spending decisions. Progressive employers have also implemented benefit design strategies intended to improve quality of care and thereby lower costs by reducing medical complications and eliminating wasteful treatments. While higher cost-sharing plans and other advanced benefit design strategies have the potential to reduce costs, they are difficult to implement effectively without transparent and actionable information that enables employers and employees to identify options that provide more value for their health care dollar.

Our Opportunity

We believe there is a significant opportunity to offer a comprehensive, technology-based solution to reduce the massive waste and inefficiencies associated with the approximately \$620 billion that employers are projected to spend on health care in the United States in 2014. By combining innovations in big data analytics, cloud-based software delivery models and consumer-oriented online and mobile applications, with our deep health care domain knowledge and platform for integrating third-party applications, we believe we are well positioned to play a central role in dramatically improving the efficiency of the U.S. health care system. We estimate, based on the number of people who rely on health care funded by self-insured employers and our estimate of the potential fee opportunity for our current products, that our total available market is greater than \$5 billion.

Our Solution

We have developed a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud offering transforms a massive quantity of complex data, which we obtain from a diverse array of internal and external sources, into transparent and useful information for employers, and their employees and families.

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We deliver this powerful offering through a suite of innovative applications that enables employers to engage their employees with personalized, actionable information, implement highly tailored benefit designs and integrate their other health care systems, applications and programs. These applications are delivered to our customers, and their employees and families, via our cloud-based offering and leverage consumer-oriented design principles that drive engagement and ease of use. In addition, as more customers use our applications and our database grows, the depth and breadth of our offering improves, increasing the value we can deliver to employers, and their employees and families.

The key dimensions of our Enterprise Healthcare Cloud offering include:

- **Extensive Data Foundation.** Our offering integrates, organizes and normalizes data from across the fragmented and complex health care landscape. Our offering has successfully scaled to aggregate more than a billion health care claim transactions from public and private data sources and combine these data with health care benefit information, clinical practice guidelines, user-generated data and the consumer behavior data of our users. We then structure these data, allowing us to map personalized cost information by region and individual service providers for a broad range of health care and physician services and medical products. We combine these pricing data with clinical quality and patient experience information from national, regional and user-generated sources to deliver service-specific quality metrics across a broad range of providers in the United States.
- **Sophisticated Analytics .** Our team of leading engineers, economists and clinicians has developed proprietary data science techniques and robust capabilities to process and analyze our extensive data foundation and compute cost and quality data for thousands of health care services and products. In addition, we employ predictive modeling to identify patients at risk for needing particular services and estimate their future cost of care. We also use epidemiologic analytics to personalize recommendations for employers for specific benefits programs in which they should invest based on the health characteristics of their populations. Our offering uses this analytics engine to calculate costs and identify patterns of inefficient behavior for large populations of employees and their families, thereby enabling employers to take actions to optimize benefit plans, reduce inefficient outcomes and foster behavioral change.
- **Personalized Cost, Quality and Benefit Information.** We simplify the health care decision-making process for employees and their families by providing highly relevant, personalized information that encourages informed choices before, during and after receiving health care. We utilize a real-time interface to securely aggregate the employee's latest medical spending information to deliver a highly personalized health care shopping experience that illuminates both the employee's specific out-of-pocket costs and the portion of the medical expense paid by the employer. In addition, we deliver personalized benefit and clinical information, as well as specific alerts about lower cost medical and pharmaceutical options, avoidance of unnecessary services and preventative care recommendations. By empowering employees and their families with the ability to simultaneously search price, quality and relevant content on health care services and providers, we enable them to make informed "market-based" decisions that avoid excessive prices and low quality or unnecessary care, creating significant value for employers.
- **Technology-Enabled Benefit Design.** We deliver significant value to employers by enabling the successful implementation of employee cost-sharing plans and other advanced benefit designs that incentivize employees and their families to consume resources more judiciously. Our offering gives employers who offer these types of plans the tools and information their employees and families need, at scale, to better understand their care options, become more empowered health care consumers and spend their health care dollars wisely. In addition, we also enable and increase the effectiveness of advanced benefit programs including reference-

based pricing, centers of excellence and incentive programs, which can drive significant savings for employers. Our data, analytics and reporting capabilities allow employers to rigorously design, specify and enforce the parameters of these programs, evaluate their effectiveness and optimize their performance over time.

- **Independent and Integrated Platform.** As an independent player in the health care industry, we act as trusted source of unbiased health care cost and quality information. We believe our independence is an important attribute for our relationships with our customers, and their employees and families and allows us to partner with health plans, health care providers and broader health care stakeholders. Furthermore, we designed our offering to seamlessly integrate with other key third-party data sources, programs and applications. These integrations streamline the user experience across a fragmented vendor set. For example, we provide employees with a consistent and personalized experience regardless of geography, plan design or health plan, while at the same time interfacing with all of the employers' legacy systems that support their health care offerings. This integration capability is a key competitive advantage of our offering for large enterprises with national employee bases and multiple health plans. Additionally, our integration capabilities enable employers to increase use of other complementary vendor applications by capitalizing on our ability to drive high levels of engagement. Over time, we believe our platform will become a key consolidation point for a broad array of third-party health care applications.
- **Engaging Interface .** In order for employers and employees to maximize the benefits of transparent cost and quality information and technology-enabled benefit designs, we have designed our offering to be ubiquitously and conveniently accessible, easy-to-use and valuable for consumers. Our applications enable user experiences similar to those of leading consumer internet sites. Our user experience design fosters user engagement and drives utilization. Our focus on an intuitive and simple user experience allows employees to conveniently shop and access information throughout the process of understanding, planning and carrying out their health care decisions. This focus enables our customers to realize higher productivity and generate better business results through broad access to more timely and reliable information. We complement these capabilities with professional services designed to drive initial user registrations and ongoing engagement.

Our Strategy

- **Capitalize on Our Leadership.** As a pioneer in the emerging enterprise health care cloud market, we have experienced significant demand from customers in the early commercialization of our offering. We initially targeted, and have already secured, large enterprise customers, which have provided us with data access, enhanced product development and increased scale. We intend to leverage our experiences with these large customers as we continue to build on our momentum. Our current base of 106 customers represents only a small fraction of customers that we believe could benefit from our cloud offering. In order to capitalize on this emerging market opportunity, we intend to continue to leverage our current customer base, expand our direct sales capabilities and invest further in indirect sales channels and partnerships.
- **Continue to Invest in Customer Success.** We are intensely focused on driving lasting customer success. We invest early and heavily in customer relationships and work closely with employers throughout the implementation process to configure their benefit plans to meet their specific needs and objectives and continue to help them adapt these plans over time. We also provide integrated communications and implementation programs that help employers execute their benefit plan strategies quickly and effectively. We aim to be the catalyst that drives long-

term employee engagement and lasting efficiency in health care purchases, and in turn, drive high customer satisfaction, retention and referenceability.

- **Further Develop Our Platform Strategy.** We believe there is a significant opportunity to provide complementary software applications and services to our customers to serve their evolving benefit needs. We have only recently begun to offer additional applications to our customers and have experienced positive results. Additionally, we expect third-party developers will leverage our application program interfaces, or APIs, and our database to develop a broad range of value-added applications and services accessed via our platform, thereby further enhancing the value of our offering.
- **Leverage Our Health Care Database.** We operate a growing independent database that includes more than a billion health care claim transactions and a rapidly expanding collection of consumer behavior data, making us a trusted third-party source of reference for health care spending. Through algorithmic processing of this aggregated information on provider practices, referral patterns, patient outcomes, patient needs and purchasing trends, we will continue to develop novel offerings that inform the benefit design strategies of our customers.
- **Leverage Our Passionate, Mission-Driven Culture.** We believe our team of employees, our corporate culture and our shared passion to change health care that unites us, are key elements of our success. We have assembled a unique multi-disciplinary team of software developers, economists, behavioral scientists, clinicians, health policy experts and enterprise-focused sales and marketing personnel and have created a work environment that stimulates cross-functional innovation to effect fundamental change in health consumption behavior.

Selected Risks Associated with Our Business

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. Some of these risks are:

- We have a history of significant losses, which we expect to continue, and we may never achieve or sustain profitability in the future;
- Our limited operating history makes it difficult to evaluate our current business and future prospects and increases the risk of your investment;
- The enterprise health care cloud market is immature and volatile and may not develop or may develop more slowly than we expect;
- If our security measures are breached and unauthorized access to a customer’s data are obtained, we may incur significant liabilities, our reputation may be harmed and we could lose sales and customers;
- Our quarterly results may fluctuate significantly;
- If we fail to manage our rapid growth effectively, our expenses could increase more than expected, our revenue could decrease and we may be unable to implement our business strategy;
- We incur significant upfront costs in our customer relationships, and if we are unable to maintain and grow these customer relationships over time, we are likely to fail to recover these costs;
- Our ability to deliver our full offering depends in substantial part on our ability to access pricing and claims data managed by a limited number of health plans and other third parties;

- If our existing customers do not continue or renew their agreements with us, renew at lower fee levels or decline to purchase additional applications and services from us, our business and operating results will suffer; and
- Our failure to comply with regulatory requirements, including applicable health information privacy and security laws and other state and federal privacy and security laws, could create liability for us, result in adverse publicity and otherwise negatively affect our business.

Corporate Information

We were incorporated in the State of Delaware in January 2008 as Maria Health, Inc. In July 2009, we changed our name to Ventana Health Services, Inc. In April 2010, we changed our name to Castlight, Inc., and then subsequently changed our name to Castlight Health, Inc. Our principal executive offices are located at Two Rincon Center, 121 Spear Street, Suite 300, San Francisco, California 94105, and our telephone number is (415) 829-1400. Our website address is www.castlighthealth.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. Investors should not rely on any such information in deciding whether to purchase our Class B common stock.

Unless the context indicates otherwise or otherwise noted, as used in this prospectus, the terms “Company,” “Castlight,” “Castlight Health,” “Registrant,” “we,” “us” “our” and “our company” refer to Castlight Health, Inc., a Delaware corporation, and its subsidiaries taken as a whole.

The marks “Castlight Health” and “Castlight” are our registered trademarks and the Castlight Health logo and all product names are our common law trademarks. All other service marks, trademarks and trade names appearing in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than \$1.0 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable, in general, to public companies that are not emerging growth companies. These provisions include:

- reduced disclosure of financial information in this prospectus, including two years of audited financial information and two years of selected financial information;
- an exemption from compliance with the auditor attestation requirement on the effectiveness of our internal control over financial reporting;
- an exemption from compliance with any requirement that the Public Company Accounting Oversight Board may adopt regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements;
- reduced disclosure about our executive compensation arrangements; and
- exemptions from the requirements to obtain a non-binding advisory vote on executive compensation or a shareholder approval of any golden parachute arrangements.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. We

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would cease to be an emerging growth company upon the earliest to occur of: the last day of the fiscal year in which we have more than \$1.0 billion in annual revenue; the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than \$1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of this offering.

The JOBS Act also permits us, as an emerging growth company, to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies and thereby allows us to delay the adoption of those standards until those standards would apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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The Offering	
Class B common stock offered by us	shares
Class B common stock to be outstanding after this offering	shares
Class A common stock to be outstanding after this offering	shares
Total Class A and Class B common stock to be outstanding after this offering	shares
Option to purchase additional shares of Class B common stock from us	shares
Use of proceeds	We intend to use the net proceeds from this offering for working capital and other general corporate purposes. We may also use the proceeds to acquire or invest in other businesses, products, or technologies, although we have no commitments with respect to any such acquisitions or investments at this time. See "Use of Proceeds."
Voting rights	<p>Each share of Class A common stock and each share of Class B common stock has one vote per share, except on the following matters (in which each share of Class A common stock has ten votes per share and each share of Class B common stock has one vote per share):</p> <ul style="list-style-type: none">• adoption of a merger or consolidation agreement involving our company;• a sale of all or substantially all of our assets;• a dissolution or liquidation of our company; or• every matter, if and when any individual, entity or "group" (as such term is used in Regulation 13D of the Exchange Act of 1934, as amended, or the Exchange Act) has, or has publicly disclosed (through a press release or a filing with the Securities and Exchange Commission, or the SEC) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined.
Risk factors	You should read the "Risk Factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our Class B common stock.
Proposed New York Stock Exchange symbol	"CSLT"

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The number of shares of Class A and Class B common stock to be outstanding following this offering includes 75,469,707 shares of our Class A common stock and no shares of our Class B common stock outstanding as of December 31, 2013 and excludes:

- 16,455,404 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2013, with a weighted-average exercise price of \$1.22 per share;
- 905,000 shares of Class A common stock issuable upon the exercise of options granted between January 1, 2014 and February 7, 2014, with an exercise price of \$6.76 per share;
- 115,000 shares of Class A common stock issuable upon the exercise of a warrant outstanding as of December 31, 2013, with an exercise price of \$5.00 per share; and
- _____ shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (a) 2,104,918 shares of our Class A common stock reserved for issuance under our 2008 Stock Incentive Plan as of December 31, 2013; (b) _____ shares of our Class B common stock that will be reserved for issuance under our 2014 Equity Incentive Plan; and (c) _____ shares of our Class B common stock that will be reserved for issuance under our 2014 Employee Stock Purchase Plan. On the date of this prospectus, any remaining shares available for issuance under our 2008 Stock Incentive Plan as Class B common stock will be added to the shares reserved under our 2014 Equity Incentive Plan and we will cease granting awards under the 2008 Stock Incentive Plan. Our 2014 Equity Incentive Plan and 2014 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved thereunder, as more fully described in “Executive Compensation—Employee Benefit Plans.”

Unless otherwise noted, the information in this prospectus reflects and assumes the following:

- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 64,475,633 shares of our Class A common stock effective immediately upon the completion of this offering;
- the filing of our restated certificate of incorporation and the effectiveness of our restated bylaws, which will occur upon the completion of this offering;
- no exercise of outstanding options or warrants; and
- no exercise by the underwriters of their option to purchase up to an additional _____ shares of our Class B common stock from us in this offering.

Summary Consolidated Financial Data

The following tables present summary historical financial data for our business. You should read this information in conjunction with “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes and other information included elsewhere in this prospectus.

We derived the summary consolidated statements of operations data for 2011, 2012 and 2013 and the consolidated balance sheet data as of December 31, 2013 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31,		
	2011	2012	2013
(in thousands, except per share data)			
Consolidated Statements of Operations Data:			
Revenue:			
Subscription	\$ 1,569	\$ 3,395	\$ 11,655
Professional services	306	759	1,318
Total revenue	<u>1,875</u>	<u>4,154</u>	<u>12,973</u>
Cost of revenue ⁽¹⁾ :			
Cost of subscription	1,210	3,242	6,246
Cost of professional services	1,068	5,286	11,058
Total cost of revenue	<u>2,278</u>	<u>8,528</u>	<u>17,304</u>
Gross loss	<u>(403)</u>	<u>(4,374)</u>	<u>(4,331)</u>
Operating expenses:			
Sales and marketing ⁽¹⁾	5,978	15,829	33,742
Research and development ⁽¹⁾	10,157	9,718	15,219
General and administrative ⁽¹⁾	3,563	5,212	9,047
Total operating expenses	<u>19,698</u>	<u>30,759</u>	<u>58,008</u>
Operating loss	<u>(20,101)</u>	<u>(35,133)</u>	<u>(62,339)</u>
Other income, net	181	129	157
Net loss	<u>\$ (19,920)</u>	<u>\$ (35,004)</u>	<u>\$ (62,182)</u>
Net loss per share, basic and diluted ⁽²⁾	<u>\$ (3.27)</u>	<u>\$ (4.44)</u>	<u>\$ (6.28)</u>
Weighted-average shares used to compute basic and diluted net loss per share ⁽²⁾	<u>6,093</u>	<u>7,885</u>	<u>9,895</u>
Pro forma net loss per share, basic and diluted (unaudited) ⁽³⁾			<u>\$ (0.84)</u>
Weighted-average shares used to compute basic and diluted pro forma net loss per share (unaudited) ⁽³⁾			<u>74,371</u>

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- (1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2011	2012	2013
	(in thousands)		
Cost of revenue	\$ 12	\$ 107	\$ 125
Sales and marketing	335	551	919
Research and development	302	242	603
General and administrative	333	411	780

- (2) Net loss per share is computed by dividing net loss by the weighted-average number of shares of our common stock outstanding during the period, less the weighted-average unvested shares of common stock subject to repurchase.
- (3) Pro forma net loss per share is computed by dividing net loss by the weighted-average shares outstanding during the period assuming the conversion of all our convertible preferred stock into common stock as of its issuance date.

	As of December 31, 2013		
	Actual	Pro Forma ⁽¹⁾ (in thousands) (unaudited)	Pro Forma As Adjusted ⁽²⁾⁽³⁾
Consolidated Balance Sheet Data:			
Cash, cash equivalents and marketable securities	\$ 67,171	\$ 67,171	
Working capital	54,944	54,944	
Property and equipment, net	2,631	2,631	
Total assets	83,517	83,517	
Total deferred revenue	11,473	11,473	
Total liabilities	27,444	27,444	
Convertible preferred stock	180,423	—	
Additional paid-in capital	6,885	187,302	
Accumulated deficit	(131,236)	(131,236)	
Total stockholders' equity (deficit)	(124,350)	56,073	

- (1) The pro forma consolidated balance sheet data as of December 31, 2013 gives effect to the automatic conversion of all our outstanding convertible preferred stock into an aggregate of 64,475,633 shares of our Class A common stock upon the completion of this offering.
- (2) The pro forma as adjusted consolidated balance sheet data above gives effect to (i) the pro forma adjustments described in footnote (1) above and (ii) the sale by us of shares of our Class B common stock in this offering at an assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the front cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.
- (3) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the front cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash, cash equivalents and marketable securities, working capital, total assets, additional paid-in capital and total stockholders' equity (deficit) by \$ _____ million, assuming that the number of shares offered by us, as set forth on the front cover page of this prospectus, remains the same and after deducting our estimate of the underwriting discounts and commissions and offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of our Class B common stock offered by us would increase (decrease) the amount of our pro forma as adjusted cash, cash equivalents and marketable securities, working capital, total assets, additional paid-in capital and total stockholders' equity (deficit) by approximately \$ _____ million, assuming that the assumed initial public offering price remains the same, after deducting the estimated underwriting discounts and commissions.

RISK FACTORS

Investing in our Class B common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the consolidated financial statements and the related notes included elsewhere in this prospectus, before deciding whether to invest in shares of our Class B common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the market price of our stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business

We have a history of significant losses, which we expect to continue, and we may never achieve or sustain profitability in the future.

We have incurred significant net losses in each fiscal year since our incorporation in 2008 and expect to continue to incur net losses for the foreseeable future. We experienced net losses of \$35.0 million during the year ended December 31, 2012 and \$62.2 million during the year ended December 31, 2013. As of December 31, 2013, we had an accumulated deficit of \$131.2 million. The losses and accumulated deficit were primarily due to the substantial investments we made to grow our business, enhance our technology and offering through research and development and acquire and support customers. We anticipate that cost of revenue and operating expenses will increase substantially in the foreseeable future as we seek to continue to grow our business and acquire customers and develop our platform and new applications. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Many of our efforts to generate revenue from our business are new and unproven, and any failure to increase our revenue or generate revenue from new applications and services could prevent us from attaining profitability. Furthermore, to the extent we are successful in increasing our customer base, we could also incur increased losses because costs associated with entering into customer agreements are generally incurred up front, while customers are generally billed over the term of the agreement. Our prior losses, combined with our expected future losses, have had and will continue to have an adverse effect on our stockholders' equity and working capital. We expect to continue to incur operating losses for the foreseeable future and may never become profitable on a quarterly or annual basis, or if we do, we may not be able to sustain profitability in subsequent periods. As a result of these factors, we may need to raise additional capital through debt or equity financings in order to fund our operations, and such capital may not be available on reasonable terms, if at all.

Our limited operating history makes it difficult to evaluate our current business and future prospects and increases the risk of your investment.

We were founded in 2008, began building the first version of Castlight Medical in 2009, did not complete our first customer sale and implementation until 2010 and did not make substantial investments in sales and marketing until 2012. This limited operating history makes our current business and future prospects difficult to evaluate.

We have encountered and will continue to encounter risks and uncertainties frequently experienced by new and growing companies in rapidly changing industries, such as determining appropriate investments of our limited resources, market adoption of our existing and future offerings, competition from other companies, acquiring and retaining customers, managing customer deployments, hiring, integrating, training and retaining skilled personnel, developing new applications and services, determining prices for our applications, unforeseen expenses and challenges in forecasting accuracy. If

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our assumptions regarding these and other similar risks and uncertainties, which we use to plan our business, are incorrect or change as we gain more experience operating our business or due to changes in our industry, or if we do not address these challenges successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

In addition, we may need to change our current operations infrastructure in order for us to achieve profitability and scale our operations efficiently, which makes our future prospects even more difficult to evaluate. For example, in order to grow sales of our Enterprise Healthcare Cloud to smaller customers in a financially sustainable manner, we may need to further automate implementations, tailor our offering and modify our go-to-market approaches to reduce our service delivery and customer acquisition costs. If we fail to implement these changes on a timely basis or are unable to implement them effectively due to our limited experience with the new infrastructure or factors beyond our control, our business may suffer.

The market for our offering is immature and volatile, and if it does not develop, if it develops more slowly than we expect, or if our offering does not drive employee engagement, the growth of our business will be harmed.

The enterprise health care cloud market is new and unproven, and it is uncertain whether it will achieve and sustain high levels of demand and market adoption. Our success will depend to a substantial extent on the willingness of employers to increase their use of our Enterprise Healthcare Cloud offering, the ability of our applications to increase employee engagement, as well as on our ability to demonstrate the value of our offering to customers and their employees and to develop new applications that provide value to customers and users. If employers do not perceive the benefits of our offering or our offering does not drive employee engagement, then our market might not develop at all, or it might develop more slowly than we expect, either of which could significantly adversely affect our operating results. In addition, we have limited insight into trends that might develop and affect our business. We might make errors in predicting and reacting to relevant business, legal and regulatory trends, which could harm our business. If any of these events occur, it could materially adversely affect our business, financial condition or results of operations.

If our security measures are breached and unauthorized access to a customer's data are obtained, our offering may be perceived as insecure, we may incur significant liabilities, our reputation may be harmed and we could lose sales and customers.

Our offering involves the storage and transmission of customers' proprietary information, as well as protected health information, or PHI, of our customers and their employees, which is regulated under the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, collectively HIPAA. Because of the extreme sensitivity of this information, the security features of our offering are very important. If our security measures, some of which are managed by third parties, are breached or fail, unauthorized persons may be able to obtain access to sensitive customer or employee data, including HIPAA-regulated protected health information. A security breach or failure could result from a variety of circumstances and events, including third-party action, employee negligence or error, malfeasance, computer viruses, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, telecommunication failures, user errors, and catastrophic events.

If our security measures were to be breached or fail, our reputation could be severely damaged, adversely affecting customer or investor confidence, customers may curtail their use of or stop using our offering and our business may suffer. In addition, we could face litigation, damages for contract breach, penalties and regulatory actions for violation of HIPAA and other applicable laws or regulations and significant costs for remediation and for measures to prevent future occurrences. In addition, any

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potential security breach could result in increased costs associated with liability for stolen assets or information, repairing system damage that may have been caused by such breaches, incentives offered to customers or other business partners in an effort to maintain the business relationships after a breach and implementing measures to prevent future occurrences, including organizational changes, deploying additional personnel and protection technologies, training employees and engaging third-party experts and consultants. While we maintain insurance covering certain security and privacy damages and claim expenses we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

We outsource important aspects of the storage and transmission of customer information, and thus rely on third parties to manage functions that have material cyber-security risks. These outsourced functions include services such as software design and product development, software engineering, database consulting, call center operations, co-location data centers, data-center security, IT, network security and Web application firewall services. We attempt to address these risks by requiring outsourcing subcontractors who handle customer information to sign business associate agreements contractually requiring those subcontractors to adequately safeguard personal health data and in some cases by requiring such outsourcing subcontractors to undergo third-party security examinations. However, we cannot assure you that these contractual measures and other safeguards will adequately protect us from the risks associated with the storage and transmission of customers proprietary and protected health information.

We may experience cyber-security and other breach incidents that may remain undetected for an extended period. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against us, we may be unable to anticipate these techniques or to implement adequate preventive measures. In addition, in the event that our customers authorize or enable third parties to access their data or the data of their employees on our systems, we cannot ensure the complete integrity or security of such data in our systems as we would not control access. If an actual or perceived breach of our security occurs, or if we are unable to effectively resolve such breaches in a timely manner, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and customers.

Our quarterly results may fluctuate significantly, which could adversely impact the value of our Class B common stock.

Our quarterly results of operations, including our revenue, gross margin, net loss and cash flows, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, including, without limitation, those listed elsewhere in this "Risk Factors" section and those listed below:

- the addition or loss of large customers, including through acquisitions or consolidations of such customers;
- seasonal and other variations in the timing of the sales of our offering, as a significantly higher proportion of our customers enter into new subscription agreements with us or renew previous agreements in the third and fourth quarters of the year compared to the first and second quarters;
- the timing of recognition of revenue, including possible delays in the recognition of revenue due to lengthy and sometimes unpredictable implementation timelines;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;

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- our access to pricing and claims data managed by health plans and other third parties, or changes to the fees we pay for that data;
- the timing and success of introductions of new applications and services by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- network outages or security breaches;
- our ability to attract new customers;
- general economic, industry and market conditions;
- customer renewal rates and the timing and terms of customer renewals;
- changes in our pricing policies or those of our competitors;
- the mix of applications and services sold during a period; and
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

We are particularly subject to fluctuations in our quarterly results of operations since the costs associated with entering into customer agreements are generally incurred up front, while we generally recognize revenue at launch over the term of the agreement. In addition, some of our contracts with customers provide for one-time bonus payments if our offering achieves certain metrics, such as a certain rate of employee engagement, which may lead to additional fluctuations in our quarterly operating results. In certain contracts, employee engagement may refer to the number of first time registrations by employees of our customers and in other cases it may refer to return usage of our applications by employees. Any fluctuations in our quarterly results may not accurately reflect the underlying performance of our business and could cause a decline in the trading price of our Class B common stock.

If we fail to manage our rapid growth effectively, our expenses could increase more than expected, our revenue may not increase and we may be unable to implement our business strategy.

We have experienced rapid growth in recent periods, which puts strain on our business, operations and employees. For example, we grew from 156 full-time employees at December 31, 2012 to 287 full-time employees at December 31, 2013. We have also signed more than 95 customers in the last two years, increasing the size of our customer base to 106 customers at December 31, 2013; our revenue has increased from \$4.2 million for the year ended December 31, 2012 to \$13.0 million for the year ended December 31, 2013; and our total backlog, which we define as including both cancellable and non-cancellable portions of our customer agreements that we have not yet billed, has increased from \$44.0 million as of December 31, 2012 to \$108.7 million as of December 31, 2013. We anticipate that we will continue to rapidly expand our operations. To manage our current and anticipated future growth effectively, we must continue to maintain and enhance our IT infrastructure, financial and accounting systems and controls. We must also attract, train and retain a significant number of qualified sales and marketing personnel, customer support personnel, professional services personnel, software engineers, technical personnel and management personnel, and the availability of such personnel, in particular software engineers, may be constrained. These and similar challenges, and the related costs, may be exacerbated by the fact that our headquarters are located in the San Francisco Bay Area.

A key aspect to managing our growth is our ability to scale our capabilities to implement our offering satisfactorily with respect to both large and demanding enterprise customers, who currently

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comprise the substantial majority of our customer base, as well as smaller customers who are becoming an increasingly larger portion of our customer base. Large customers often require specific features or functions unique to their particular business processes, which at a time of rapid growth or during periods of high demand, may strain our implementation capacity and hinder our ability to successfully implement our offering to our customers in a timely manner. We may also need to make further investments in our technology and automate portions of our offering or services to decrease our costs, particularly as we grow sales of our Enterprise Healthcare Cloud to smaller customers. If we are unable to address the needs of our customers or their employees, or our customers or their employees are unsatisfied with the quality of our offering or services, they may not renew their agreements, seek to cancel or terminate their relationship with us or renew on less favorable terms.

Failure to effectively manage our rapid growth could also lead us to over-invest or under-invest in development and operations, result in weaknesses in our infrastructure, systems or controls, give rise to operational mistakes, financial losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees. Our growth is expected to require significant capital expenditures and might divert financial resources from other projects such as the development of new applications and services. In addition, data and content fees, which are one of our primary operational costs, are not fixed as they vary based on the source and condition of the data we receive from third parties, and if they remain variable or increase over time, we would not be able to realize the economies of scale that we expect as we grow renewals and implementation of new customers, which would negatively impact our gross margin. If our management is unable to effectively manage our growth, our expenses might increase more than expected, our revenue may not increase or might grow more slowly than expected and we might be unable to implement our business strategy. The quality of our offering might also suffer, which could negatively affect our reputation and harm our ability to retain and attract customers.

We incur significant upfront costs in our customer relationships, and if we are unable to maintain and grow these customer relationships over time, we are likely to fail to recover these costs and our operating results will suffer.

We devote significant resources and incur significant upfront costs to establish relationships with our customers and implement our offering and related services. This is particularly so in the case of large enterprises that, to date, have comprised a substantial majority of our customer base and revenue and often request or require specific features or functions unique to their particular business processes. Accordingly, our operating results will depend in substantial part on our ability to deliver a successful customer experience and persuade our customers to maintain and grow their relationship with us over time. For example, if we are not successful in implementing our offering or delivering a successful customer experience, a customer could terminate or fail to renew their agreement with us, we would lose or be unable to recoup the significant upfront costs that we had expended on such customer and our operating results would suffer. As we are growing rapidly, our customer acquisition costs could outpace our build-up of recurring revenue, and we may be unable to reduce our total operating costs through economies of scale such that we are unable to achieve profitability.

Our ability to deliver our full offering to customers depends in substantial part on our ability to access pricing and claims data managed by a limited number of health plans and other third parties.

In order to deliver the full functionality offered by our Enterprise Healthcare Cloud, we need access, on behalf of our customers, to sources of pricing and claims data, much of which is managed by a limited number of health plans and other third parties. We have developed various long-term and short-term data-sharing relationships with certain health plans and other third parties, including most of the largest health plans in the United States. However, we do not currently have a data-sharing

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arrangement with UnitedHealth Group, Inc., one of the largest health plans, as well as other smaller health plans, which limits our ability to offer the full functionality of our offering to customers of such health plans.

The terms of the agreements under which we have access to data managed by health plans and other third parties vary, which can impact the offering we are able to deliver. Many of our agreements with health plans and third parties have terms that limit our access to and permitted uses of claims or pricing data to the data associated with our mutual customers. Also, some agreements may be terminated if the underlying customer contracts do not continue, or may otherwise be subject to termination or non-renewal. In addition, in one agreement with a large national health plan, we agreed, in exchange for more favorable terms to access health care claims data and other strategic benefits, to an exclusivity provision that restricts our ability to provide our full offering to customers of UnitedHealth Group, Inc. until January 2015.

The health plans and other third parties that we currently work with may, in the future, change their position and limit or eliminate our access to pricing and claims data, increase the costs charged to us for access to data, provide data to us in more limited or less useful formats, or restrict our permitted uses of data. Furthermore, some health plans have developed or are developing their own proprietary price and quality estimation tools and may perceive continued cooperation with us as a competitive disadvantage and choose to limit or discontinue our access to pricing and claims data. Failure to continue to maintain and expand our access to pricing and claims data will adversely impact our ability to continue to serve existing customers and expand our offering to new customers.

If our access to pricing and claims data is reduced or becomes more costly to us, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results would suffer.

If our existing customers do not continue or renew their agreements with us, renew at lower fee levels or decline to purchase additional applications and services from us, our business and operating results will suffer.

We expect to derive a significant portion of our revenue from renewal of existing customer agreements and sales of additional applications and services to existing customers. As a result, achieving a high renewal rate of our customer agreements and selling additional applications and services is critical to our future operating results.

However, we have a limited operating history, and to date have not yet reached the end of the original term for the vast majority of our existing customer agreements. Accordingly, we do not yet have enough experience with customer renewals to predict our customer renewal rate and may experience significantly more difficulty than we anticipate in renewing existing customer agreements. Factors that may affect the renewal rate for our offering and our ability to sell additional applications and services include:

- the price, performance and functionality of our offering;
- the availability, price, performance and functionality of competing solutions;
- our ability to develop complementary applications and services;
- our continued ability to access the pricing and claims data necessary to enable us to deliver reliable data in our cost estimation and price transparency offering to customers;
- the stability, performance and security of our hosting infrastructure and hosting services;
- changes in health care laws, regulations or trends; and
- the business environment of our customers, in particular, headcount reductions by our customers.

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We enter into master services agreements with our customers. These agreements generally have stated terms of three years. Our customers have no obligation to renew their subscriptions for our offering after the term expires. In addition, our customers may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these customers. Factors that are not within our control may contribute to a reduction in our contract revenue. For instance, our customers may reduce their number of employees, which would result in a corresponding reduction in the number of employee users eligible for our offering and thus a lower aggregate monthly services fee. Our future operating results also depend, in part, on our ability to sell new applications and services to our existing customers. If our customers fail to renew their agreements, renew their agreements upon less favorable terms or at lower fee levels, or fail to purchase new applications and services from us, our revenue may decline or our future revenue may be constrained.

In addition, a significant number of our customer agreements allow customers to terminate such agreements for convenience at certain times, typically with one to three months advance notice. We typically incur the expenses associated with integrating a customer's data into our health care database and related training and support prior to recognizing meaningful revenue from such customer. Customer subscription revenue is not recognized until our applications are implemented for launch, which is generally from three to 12 months from contract signing. If a customer terminates its agreement early and revenue and cash flows expected from a customer are not realized in the time period expected or not realized at all, our business, operating results and financial condition could be adversely affected.

A significant portion of our revenue comes from a limited number of customers, the loss of which would adversely affect our financial results.

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. For the year ended December 31, 2013, the Administrative Committee of the Wal-Mart Stores, Inc., Associates' Health and Welfare Plan represented approximately 16% of our total revenue. In addition, in our years ended December 31, 2012 and 2013, our top 10 customers accounted for 93% and 61% of our total revenue, respectively. We rely on our reputation and recommendations from key customers in order to promote our offering to potential customers. The loss of any of our key customers, or a failure of some of them to renew or expand user subscriptions, could have a significant impact on the growth rate of our revenue, reputation and our ability to obtain new customers. In addition, mergers and acquisitions involving our customers could lead to cancellation or non-renewal of our agreements with those customers or by the acquiring or combining companies, thereby reducing the number of our existing and potential customers.

Because we generally bill our customers and recognize revenue over the term of the contract, near term declines in new or renewed agreements may not be reflected immediately in our operating results and may be difficult to discern.

Most of our revenue in each quarter is derived from agreements entered into with our customers during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not be fully reflected in our revenue for that quarter. Such declines, however, would negatively affect our revenue in future periods and the effect of significant downturns in sales of and market demand for our offering, and potential changes in our rate of renewals or renewal terms, may not be fully reflected in our results of operations until future periods. In addition, we may be unable to adjust our cost structure rapidly, or at all, to take account of reduced revenue. Our subscription model also makes it difficult for us to rapidly increase our total revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable term of the agreement. Accordingly, the effect of changes in the industry impacting our business or changes we experience in our new sales may not be reflected in our short-term results of operations.

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Our sales and implementation cycle can be long and unpredictable and require considerable time and expense, which may cause our operating results to fluctuate.

The sales cycle for our Enterprise Healthcare Cloud offering from initial contact with a potential lead to contract execution and implementation, varies widely by customer, but is typically nine to 24 months. Some of our customers undertake a significant and prolonged evaluation process, including whether our offering meets a customer's unique health care needs, that frequently involves not only our offering but also those of our competitors, which has in the past resulted in extended sales cycles. Our sales efforts involve educating our customers about the use, technical capabilities and benefits of our offering. Moreover, our large enterprise customers often begin to deploy our service on a limited basis, but nevertheless demand extensive configuration, integration services and pricing concessions, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our offering widely enough across their organization to justify our substantial upfront investment. It is possible that in the future we may experience even longer sales cycles, more complex customer needs, higher upfront sales costs and less predictability in completing some of our sales as we continue to expand our direct sales force and thereby increase the percentage of our sales personnel with less experience in selling our service, expand into new territories and add additional applications and services. If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, our operating results may be harmed.

The health care industry is heavily regulated. Our failure to comply with regulatory requirements could create liability for us, result in adverse publicity and otherwise negatively affect our business.

The health care industry is heavily regulated and is constantly evolving due to the changing political, legislative and regulatory landscape and other factors. Many health care laws are complex, and their application to specific services and relationships may not be clear. Further, some health care laws differ from state to state and it is difficult to ensure our business complies with evolving laws in all states. Our operations may be adversely affected by enforcement initiatives. Our failure to accurately anticipate the application of these laws and regulations to our business, or any other failure to comply with regulatory requirements, could create liability for us, result in adverse publicity and negatively affect our business. For example, failure to comply with these requirements could result in the willingness of current and potential customers to work with us. Federal and state legislatures and agencies periodically consider proposals to revise aspects of the legal rules applicable to the health care industry, or to revise or create additional statutory and regulatory requirements. Such proposals, if implemented, could impact our operations, the use of our offering and our ability to market new applications and services, or could create unexpected liabilities for us. We cannot predict what changes to laws or regulations might be made in the future or how those changes could affect our business or our operating costs.

If we fail to comply with applicable health information privacy and security laws and other state and federal privacy and security laws, we may be subject to significant liabilities, reputational harm and other negative consequences, including decreasing the willingness of current and potential customers to work with us.

We are subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA established uniform federal standards for certain "covered entities," which include health care providers and health plans, governing the conduct of specified electronic health care transactions and protecting the security and privacy of protected health information, or PHI. The Health Information Technology for Economic and Clinical Health Act, or HITECH, which became effective on February 17, 2010, makes HIPAA's privacy and security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit PHI in connection with providing a service for or on

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behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA's requirements and seek attorney's fees and costs associated with pursuing federal civil actions.

A portion of the data that we obtain and handle for or on behalf of our customers is considered PHI, subject to HIPAA. Under HIPAA and our contractual agreements with our HIPAA covered entity health plan customers, we are considered a "business associate" to those customers, and are required to maintain the privacy and security of PHI in accordance with HIPAA and the terms of our business associate agreements with customers, including by implementing HIPAA-required administrative, technical and physical safeguards. We have incurred, and will continue to incur, significant costs to establish and maintain these safeguards and, if additional safeguards are required to comply with HIPAA regulations or our customers' requirements, our costs could increase further, which would negatively affect our operating results. Furthermore, if we fail to maintain adequate safeguards, or we or our agents and subcontractors use or disclose PHI in a manner prohibited or not permitted by HIPAA or our business associate agreements with our customers, or if the privacy or security of PHI that we obtain and handle is otherwise compromised, we could be subject to significant liabilities and consequences, including, without limitation:

- breach of our contractual obligations to customers, which may cause our customers to terminate their relationship with us and may result in potentially significant financial obligations to our customers;
- investigation by the federal and state regulatory authorities empowered to enforce HIPAA, which include the U.S. Department of Health and Human Services and state attorneys general, and the possible imposition of civil penalties;
- private litigation by individuals adversely affected by any violation of HIPAA, HITECH or comparable state laws for which we are responsible; and
- negative publicity, which may decrease the willingness of current and potential future customers to work with us and negatively affect our sales and operating results.

Further, we publish statements to end users of our services that describe how we handle and protect personal information. If federal or state regulatory authorities or private litigants consider any portion of these statements to be untrue, we may be subject to claims of deceptive practices, which could lead to significant liabilities and consequences, including, without limitation, costs of responding to investigations, defending against litigation, settling claims and complying with regulatory or court orders.

We also send SMS text messages to potential end users who are eligible to use our service through certain customer and partners. While we get consent from or on behalf of these individuals to send text messages, federal or state regulatory authorities or private litigants may claim that the notices and disclosures we provide, form of consents we obtain or our SMS texting practices are not adequate. These SMS texting campaigns are potential sources of risk for class action lawsuits and liability for our company. Numerous class-action suits under federal and state laws have been filed in the past year against companies who conduct SMS texting programs. Many of those suits have resulted in multi-million dollar settlements to the plaintiffs.

If our new applications and services are not adopted by our customers, or if we fail to continue to innovate and develop new applications and services that are adopted by customers, then our revenue and operating results will be adversely affected.

To date we have derived a substantial majority of our revenue from sales of our Castlight Medical application, and our longer-term operating results and continued growth will depend on our ability to

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successfully develop and sell new applications and services that our customers want and are willing to purchase. In addition to our Castlight Medical application, we have recently introduced a number of new applications, such as our Castlight Pharmacy, Castlight Rewards and Castlight Reference Based Pricing applications, but it is uncertain whether these applications and services will result in significant revenue or comprise a significant portion of our total revenue. In addition, we have invested, and will continue to invest, significant resources in research and development to enhance our existing offering and introduce new high quality applications and services. If existing customers are not willing to make additional payments for such new applications, or if new customers do not value such new applications, our business and operating results will be harmed. If we are unable to predict user preferences or our industry changes, or if we are unable to modify our offering and services on a timely basis, we might lose customers. Our operating results would also suffer if our innovations are not responsive to the needs of our customers, appropriately timed with market opportunity or effectively brought to market.

We operate in a competitive industry, and if we are not able to compete effectively, our business and operating results will be harmed.

While the enterprise health care cloud market is in an early stage of development, the market is competitive and we expect it to attract increased competition, which could make it hard for us to succeed. We currently face competition for sub-components of our offering from a range of companies, including specialized software and solution providers that offer similar solutions, often at substantially lower prices, and that are continuing to develop additional products and becoming more sophisticated and effective. These competitors include Truven Health Analytics Inc., ClearCost Health, Change Healthcare Corporation, Healthcare Blue Book and HealthSparq, Inc. In addition, large, well-financed health plans, with whom we cooperate and on whom we depend in order to obtain the pricing and claims data we need to deliver our offering to customers, have in some cases developed their own cost and quality estimation tools and provide these solutions to their customers at discounted prices or often for free. These health plans include Aetna Inc., Cigna Corporation, UnitedHealth Group, Inc. and WellPoint, Inc. Competition from specialized software and solution providers, health plans and other parties will result in continued pricing pressures, which is likely to lead to price decline in certain product segments, which could negatively impact our sales, profitability and market share. In addition, if health plans perceive continued cooperation with us as a threat to their business interests, they may take steps that impair our access to pricing and claims data, or that otherwise make it more difficult or costly for us to deliver our offering to customers.

Some of our competitors, in particular health plans, have greater name recognition, longer operating histories and significantly greater resources than we do. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources. As a result, our competitors might be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In addition, current and potential competitors have established, and might in the future establish, cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their solutions in the marketplace. Accordingly, new competitors or alliances might emerge that have greater market share, a larger customer base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources and larger sales forces than we have, which could put us at a competitive disadvantage. Our competitors could also be better positioned to serve certain segments of the enterprise health care cloud market, such as customers that desire a more narrow solution, which could create additional price pressure. In light of these factors, even if our offering is more effective than those of our competitors, current or potential customers might accept competitive offerings in lieu of purchasing our offerings.

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Shifts in health care benefits trends, including any potential decline in the number of self-insured employers, or the emergence of new technologies may render our offering obsolete or require us to expend significant resources in order to remain competitive.

The U.S. health care industry is massive, with a number of large market participants with conflicting agendas, is subject to significant government regulation and is currently undergoing significant change. Changes in our industry, for example, towards private health care exchanges or away from high deductible health plans, or the emergence of new technologies as more competitors enter our market, could result in our offering being less desirable or relevant.

For example, we currently derive substantially all of our revenue from sales to customers that are self-insured employers. The demand for our offering depends on the need of self-insured employers to manage the costs of health care services that they pay on behalf of their employees. While the percentage of employers who are self-insured has been increasing over the past decade, there is no assurance that this trend will continue. Various factors, including changes in the health care insurance market or in government regulation of the health care industry, could cause the percentage of self-insured employers to decline, which would adversely affect the market for our offering and would negatively affect our business and operating results. Furthermore, such trends and our business could be affected by changes in health care spending resulting from the Patient Protection and Affordable Care Act, or the ACA, which was enacted in March 2010 and is currently being implemented. For example, the ACA contemplated the adoption of public exchanges in which consumers can purchase health insurance. In the event that the implementation of the ACA causes our customers to change their health care benefits plans or move to use of exchanges such that it reduces the need for our offering, or if the number of self-insured employers otherwise declines, we would be forced to compete on additional application and service attributes or to expend significant resources in order to alter our offering to remain competitive.

If health care benefits trends shift or entirely new technologies are developed that replace existing offerings, our existing or future offerings could be rendered obsolete and our business could be adversely affected. In addition, we may experience difficulties with software development, industry standards, design or marketing that could delay or prevent our development, introduction or implementation of new applications and enhancements.

We may require additional capital to support business growth, and this capital might not be available to us on acceptable terms or at all.

Our operations have consumed substantial amounts of cash since inception and we intend to continue to make significant investments to support our business growth, respond to business challenges or opportunities, develop new applications and services, enhance our existing offering and services, enhance our operating infrastructure and potentially acquire complementary businesses and technologies. For the years ended December 31, 2012 and 2013, our net cash used in operating activities was \$29.3 million and \$50.1 million, respectively. As of December 31, 2013, we had \$67.2 million of cash, cash equivalents and marketable securities, which are held for working capital purposes. Our future capital requirements may be significantly different from our current estimates and will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced services offerings and the continuing market acceptance of our cloud-based subscription services. Accordingly, we might need to engage in equity or debt financings or collaborative arrangements to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve

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restrictive covenants relating to our capital-raising activities and other financial and operational matters, which might make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We might have to obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to our technologies or offering that we otherwise would not relinquish. In addition, during the recent economic instability, it has been difficult for many companies to obtain financing in the public markets or to obtain debt financing, and we might not be able to obtain additional financing on commercially reasonable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

Our proprietary software may not operate properly, which could damage our reputation, give rise to claims against us or divert application of our resources from other purposes, any of which could harm our business and operating results.

Proprietary software development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we discover additional problems that prevent our proprietary applications from operating properly. We are currently implementing software with respect to a number of new applications and services, including our Castlight Pharmacy, Castlight Rewards and Castlight Reference Based Pricing applications. If our offering does not function reliably or fails to achieve client expectations in terms of performance, clients could assert liability claims against us or attempt to cancel their contracts with us. This could damage our reputation and impair our ability to attract or maintain clients.

Moreover, data services are complex as those we offer have in the past contained, and may in the future develop or contain, undetected defects or errors. Material performance problems, defects or errors in our existing or new software and applications and services may arise in the future and may result from interface of our offering with systems and data that we did not develop and the function of which is outside of our control or undetected in our testing. These defects and errors and any failure by us to identify and address them could result in loss of revenue or market share, diversion of development resources, injury to our reputation and increased service and maintenance costs. Defects or errors in our Enterprise Healthcare Cloud might discourage existing or potential clients from purchasing our offering from us. Correction of defects or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects or errors may be substantial and could adversely affect our operating results.

If we cannot implement our offering for customers in a timely manner, we may lose customers and our reputation may be harmed.

Our customers have a variety of different data formats, enterprise applications and infrastructure and our offering must support our customers' data formats and integrate with complex enterprise applications and infrastructures. If our platform does not currently support a customer's required data format or appropriately integrate with a customer's applications and infrastructure, then we must configure our platform to do so, which increases our expenses. Additionally, we do not control our customers' implementation schedules. As a result, if our customers do not allocate internal resources necessary to meet their implementation responsibilities or if we face unanticipated implementation difficulties, the implementation may be delayed. Further, our implementation capacity has at times constrained our ability to successfully implement our offering for our customers in a timely manner, particularly during periods of high demand. If the customer implementation process is not executed successfully or if execution is delayed, we could incur significant costs, customers could become dissatisfied and decide not to increase usage of our offering, or not to use our offering beyond an initial period prior to their term commitment or, in some cases, revenue recognition could be delayed. In

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addition, competitors with more efficient operating models with lower implementation costs could penetrate our customer relationships.

Additionally, large and demanding enterprise customers, who currently comprise the substantial majority of our customer base, may request or require specific features or functions unique to their particular business processes, which increase our upfront investment in sales and deployment efforts and the revenue resulting from the customers under our typical contract length may not cover the upfront investments. If prospective large customers require specific features or functions that we do not offer, then the market for our offering will be more limited and our business could suffer.

In addition, supporting large customers could require us to devote significant development services and support personnel and strain our personnel resources and infrastructure. Furthermore, if we are unable to address the needs of these customers in a timely fashion or further develop and enhance our offering, or if a customer or its employees is not satisfied with the quality of work performed by us or with the offering delivered or professional services rendered, then we could incur additional costs to address the situation, we may be required to issue credits or refunds for pre-paid amounts related to unused services, the profitability of that work might be impaired and the customer's dissatisfaction with our offering could damage our ability to expand the number of applications and services purchased by that customer. These customers may not renew their agreements, seek to terminate their relationship with us or renew on less favorable terms. Moreover, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers. If any of these were to occur, our revenue may decline and our operating results could be adversely affected.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and harm our financial results.

Our customers depend on our support organization to resolve any technical issues relating to our offering. In addition, our sales process is highly dependent on the quality of our offering, our business reputation and on strong recommendations from our existing customers. Any failure to maintain high-quality and highly-responsive technical support, or a market perception that we do not maintain high-quality and highly-responsive support, could harm our reputation, adversely affect our ability to sell our offering to existing and prospective customers, and harm our business, operating results and financial condition.

We offer technical support services with our offering and may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services, particularly as we increase the size of our customer base. We also may be unable to modify the format of our support services to compete with changes in support services provided by competitors. It is difficult to predict customer demand for technical support services and if customer demand increases significantly, we may be unable to provide satisfactory support services to our customers and their employees. Additionally, increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results.

We depend on data centers operated by third parties for our offering, and any disruption in the operation of these facilities could adversely affect our business.

We provide our Enterprise Healthcare Cloud through computer hardware that is currently located in a third-party data center in Texas, which is operated by one IT hosting company, and two third-party data centers in Colorado and Arizona, which are operated by a second IT hosting company. We expect to transition all of our hardware to the data centers in Colorado and Arizona by the end of 2014. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation of these facilities. The owners of our data centers have no obligation to renew their agreements with us on commercially reasonable terms, or at

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all. If we are unable to renew these agreements on commercially reasonable terms, or if our data center operator is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

Problems faced by our third-party data center locations could adversely affect the experience of our customers. The operators of the data centers could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by the operators of the data centers or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect the service levels at our data centers or cause such data centers and systems to fail. Any changes in third-party service levels at our data centers or any disruptions or other performance problems with our offering could adversely affect our reputation and may damage our customers' stored files or result in lengthy interruptions in our services. Interruptions in our services might reduce our revenue, cause us to issue refunds to customers for prepaid and unused subscriptions, subject us to potential liability or adversely affect our renewal rates.

The information that we provide to our customers, and their employees and families, could be inaccurate or incomplete, which could harm our business, financial condition and results of operations.

We provide price, quality and other health care-related information for use by our customers, and their employees and families, to search and compare options for health care services. Third-party health plans and our clients provide us with most of these data. Because data in the health care industry is fragmented in origin, inconsistent in format and often incomplete, the overall quality of data in the health care industry is poor, and we frequently discover data issues and errors. If the data that we provide to our customers are incorrect or incomplete or if we make mistakes in the capture or input of these data, our reputation may suffer and our ability to attract and retain customers may be harmed.

In addition, a court or government agency may take the position that our storage and display of health information exposes us to personal injury liability or other liability for wrongful delivery or handling of health care services or erroneous health information. While we maintain insurance coverage, this coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. Even unsuccessful claims could result in substantial costs and diversion of management resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

We depend on our senior management team, and the loss of one or more of our executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers. These executive officers are at-will employees and therefore may terminate employment with us at any time with no advance notice. We do not maintain "key person" insurance for any of these executive officers or any of our other key employees. We also rely on our leadership team in the areas of research and development, marketing, services and general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. The replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives.

To continue to execute our growth strategy, we also must attract and retain highly skilled personnel. Competition is intense for engineers with high levels of experience in designing and

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developing software and Internet-related services, particularly in the San Francisco Bay Area where we are located. We might not be successful in maintaining our unique culture and continuing to attract and retain qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled personnel with appropriate qualifications. The pool of qualified personnel with Software-as-a-Service, or SaaS, experience or experience working with the health care market is limited overall. In addition, many of the companies with which we compete for experienced personnel have greater resources than we have.

In addition, in making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the stock options or other equity instruments they are to receive in connection with their employment. Volatility in the price of our stock might, therefore, adversely affect our ability to attract or retain highly skilled personnel. Furthermore, the requirement to expense stock options and other equity instruments might discourage us from granting the size or type of stock option or equity awards that job candidates require to join our company. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

If we cannot maintain our corporate culture as we grow, we could lose the transparency, courage, community, passion and excellence that we believe contribute to our success and our business may be harmed.

We believe that a critical asset for our business, and a source of our competitive strength, is our unique company culture, which we believe fosters transparency, courage, community, passion and excellence. As we grow and change, we may find it difficult to maintain these important aspects of our corporate culture. Any failure to preserve our culture could also negatively affect our ability to attract and retain personnel, our reputation and our ability to continue to build and advance our offering and may otherwise adversely affect our future success.

If we fail to develop widespread brand awareness cost-effectively, our business may suffer.

We believe that developing and maintaining widespread awareness of our brand in a cost-effective manner is critical to achieving widespread adoption of our offering and attracting new customers. Brand promotion activities may not generate customer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our offering.

Our marketing efforts depend significantly on our ability to receive positive references from our existing customers.

Our marketing efforts depend significantly on our ability to call on our current customers to provide positive references to new, potential customers. Given our limited number of long-term customers, the loss or dissatisfaction of any customer could substantially harm our brand and reputation, inhibit the market adoption of our offering and impair our ability to attract new customers and maintain existing customers. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success depends in part on our ability to enforce our intellectual property and other proprietary rights. We rely upon a combination of patent, trademark, copyright and trade secret laws,

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as well as license and access agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our employees, consultants and contractors to enter into confidentiality, noncompetition and assignment of inventions agreements. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. While we have four U.S. patent applications pending, and we currently have one issued U.S. patent, we cannot ensure that any of our pending patent applications will be granted or that our issued patent will adequately protect our intellectual property. In addition, if any patents are issued in the future, they may not provide us with any competitive advantages, or may be successfully challenged by third parties. To the extent that our intellectual property and other proprietary rights are not adequately protected, third parties might gain access to our proprietary information, develop and market solutions similar to ours, or use trademarks similar to ours, each of which could materially harm our business. Further, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our offering, and policing unauthorized use of our technology and intellectual property rights is difficult and may not be effective. The failure to adequately protect our intellectual property and other proprietary rights could materially harm our business.

We could incur substantial costs as a result of any claim of infringement of another party's intellectual property rights.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. Companies in the Internet and technology industries are increasingly bringing and becoming subject to suits alleging infringement of proprietary rights, particularly patent rights, and our competitors and other third parties may hold patents or have pending patent applications, which could be related to our business. These risks have been amplified by the increase in third parties, which we refer to as non-practicing entities, whose sole primary business is to assert such claims. We expect that we may receive in the future notices that claim we or our customers using our offering have misappropriated or misused other parties' intellectual property rights, particularly as the number of competitors in our market grows and the functionality of applications amongst competitors overlaps. If we are sued by a third party that claims that our technology infringes its rights, the litigation, whether or not successful, could be extremely costly to defend, divert our management's time, attention and resources, damage our reputation and brand and substantially harm our business. We do not currently have an extensive patent portfolio of our own, which may limit the defenses available to us in any such litigation.

In addition, in most instances, we have agreed to indemnify our customers against certain third-party claims, which may include claims that our offering infringes the intellectual property rights of such third parties. Our business could be adversely affected by any significant disputes between us and our customers as to the applicability or scope of our indemnification obligations to them. The results of any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease offering or using technologies that incorporate the challenged intellectual property;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms, to sell or use the relevant technology; or
- redesign technology to avoid infringement.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement claims against us or any obligation to

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indemnify our customers for such claims, such payments or costs could have a material adverse effect upon our business and financial results.

Our use of open source technology could impose limitations on our ability to commercialize our software platform.

Our offering incorporates open source software components that are licensed to us under various public domain licenses. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavorable terms or at no cost. There is little or no legal precedent governing the interpretation of many of these licenses and therefore the potential impact of such terms on our business is somewhat unknown. There is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our software platform. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur and we may be required to release our proprietary source code, pay damages for breach of contract, re-engineer our offering, discontinue sales of our offering in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could cause us to breach customer contracts, harm our reputation, result in customer losses or claims, increase our costs or otherwise adversely affect our business and operating results.

We may acquire other companies or technologies, which could divert our management's attention, result in dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We may in the future seek to acquire or invest in businesses, applications and services or technologies that we believe could complement or expand our offering, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our platform and contract terms, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;

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- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial position may suffer.

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class B common stock may be negatively affected.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and, beginning with our annual report for the fiscal year ending December 31, 2015, provide a management report on the internal control over financial reporting. Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company,” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We are in the process of designing and implementing the internal control over financial reporting required to comply with this obligation, which process will be time consuming, costly and complicated. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class B common stock could be negatively affected and we could become subject to investigations by the New York Stock Exchange, on which our securities are listed, the SEC or other regulatory authorities, which could require us to obtain additional financial and management resources.

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

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be subject to the reporting requirements of the Exchange Act and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls, changes in corporate governance practices and required filing of annual, quarterly and current reports with respect to our

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business and operating results. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an emerging growth company, as defined by the JOBS Act. We may also need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and may need to establish an internal audit function.

We also expect that operating as a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. This could also make it more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class B common stock less attractive to investors.

We are an emerging growth company, as defined under the JOBS Act. For as long as we continue to be an emerging growth company, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our Class B common stock less attractive because we will rely on these exemptions. If some investors find our Class B common stock less attractive as a result, there may be a less active trading market for our Class B common stock and our stock price may be more volatile.

We will remain an emerging growth company until the earliest of (i) the end of the fiscal year in which the market value of our Class B common stock that is held by non-affiliates exceeds \$700 million as of June 30, (ii) the end of the fiscal year in which we have total annual gross revenue of \$1 billion or more during such fiscal year, (iii) the date on which we issue more than \$1 billion in non-convertible debt in a three-year period or (iv) December 31, 2019, which is the last day of the fiscal year following five years from the date of this prospectus.

We may not be able to utilize a significant portion of our net operating loss or research tax credit carryforwards, which could adversely affect our profitability.

As of December 31, 2013, we had federal and state net operating loss carryforwards of \$120.7 million and \$97.8 million, respectively, due to prior period losses, which if not utilized will begin to expire in 2028 for federal and state purposes. We also have federal and state research tax credit carryforwards of \$2.1 million and \$2.3 million as of December 31, 2013, respectively, which if not utilized will begin to expire in 2028 for federal purposes. These net operating loss and research tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders who own at least 5% of

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our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. This offering or future issuances of our stock could cause an “ownership change.” Any future ownership change, which could be outside of our control, could also have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

We may be subject to liabilities with respect to sales and use, value added and similar taxes, which could adversely affect our results of operations.

We are typically held responsible by taxing authorities for the collection and payment of any applicable sales and use, value added and similar taxes on the subscriptions and services that we sell. Prior to 2014, we did not collect or remit U.S. state taxes on the charges to our customers for our subscriptions or services. In 2014, we will begin to collect sales tax relating to subscription and services fees. Historically, we have recorded a contingent sales tax liability for sales including estimated penalties and interest. If our ultimate liability exceeds such amount, it could result in charges to our earnings. Each state has different rules and regulations governing sales and use, value added and similar taxes, and these rules and regulations are subject to varying interpretations that change over time. Certain jurisdictions in which we did not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest, or future requirements may adversely affect our results of operations. Moreover, imposition of such taxes on us going forward will effectively increase the cost of our applications and services to our customers and might adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

Economic uncertainties or downturns in the general economy or the industries in which our customers operate could disproportionately affect the demand for our offering and negatively impact our results of operations.

General worldwide economic conditions have experienced a significant downturn, and market volatility and uncertainty remain widespread, making it extremely difficult for our customers and us to accurately forecast and plan future business activities. In addition, these conditions could cause our customers or prospective customers to decrease headcount, benefits or human resources budgets, which could decrease corporate spending on our applications and services, resulting in delayed and lengthened sales cycles, a decrease in new customer acquisition and loss of customers. Furthermore, during challenging economic times, our customers may have difficulty gaining timely access to sufficient credit or obtaining credit on reasonable terms, which could impair their ability to make timely payments to us and adversely affect our revenue. If that were to occur, our financial results could be harmed. Further, challenging economic conditions might impair the ability of our customers to pay for the applications and services they already have purchased from us and, as a result, our write-offs of accounts receivable could increase. We cannot predict the timing, strength, or duration of any economic slowdown or recovery. If the condition of the general economy or markets in which we operate worsens, our business could be harmed.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this prospectus relating to the size and expected growth of the enterprise health care cloud market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and forecasted growth, our business could fail to grow at similar rates, if at all. For more information

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regarding our estimates of market opportunity and the forecasts of market growth included in this prospectus, see the section titled "Industry and Market Data."

Natural or man-made disasters and other similar events may significantly disrupt our business and negatively impact our results of operations and financial condition.

Our offices may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, power outages, fires, floods, nuclear disasters and acts of terrorism or other criminal activities, which may render it difficult or impossible for us to operate our business for some period of time. For example, our headquarters are located in the San Francisco Bay Area, a region known for seismic activity. Any disruptions in our operations related to the repair or replacement of our office, could negatively impact our business and results of operations and harm our reputation. In addition, we may not carry business insurance sufficient to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, results of operations and financial condition. In addition, the facilities of significant customers, health plans or major strategic partners may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

Risks Related to This Offering and Ownership of Our Class B Common Stock

The stock price of our Class B common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

The market price of our Class B common stock may fluctuate significantly. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid in this offering. Factors, many of which are beyond our control, that could cause fluctuations in the market price of our Class B common stock include the following:

- overall performance of the equity markets;
- our operating performance and the performance of other similar companies;
- changes in the estimates of our operating results that we provide to the public or our failure to meet these projections;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors or changes in recommendations by securities analysts that elect to follow our Class B common stock;
- sales of shares of our Class B common stock by us or our stockholders, including upon expiration of market standoff or contractual lock-up agreements;
- announcements of technological innovations, new applications or enhancements to services, acquisitions, strategic alliances or significant agreements by us or by our competitors;
- disruptions in our services due to computer hardware, software or network problems;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- the economy as a whole, market conditions in our industry and the industries of our customers;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;

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- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- the size of our market float; and
- any other factors discussed in this prospectus.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business.

Substantial blocks of our total outstanding shares may be sold into the market when lock-up or market standoff periods end. If there are substantial sales of shares of our Class B common stock, the price of our Class B common stock could decline.

The price of our Class B common stock could decline if there are substantial sales of our Class B common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our Class B common stock available for sale. All of the shares of Class B common stock sold in this offering will be available for sale in the public market. Any shares of Class B common stock that may be outstanding as of the date of this offering will be restricted from resale as a result of market standoff and “lock-up” agreements, as more fully described in “Shares Eligible for Future Sale.” These shares will become available to be sold 181 days after the date of this prospectus. Shares held by directors, executive officers and other affiliates will be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements.

After the consummation of this offering, certain of our stockholders will have rights, subject to some conditions, to require us to file registration statements covering their shares and to include their shares in registration statements that we may file for ourselves or our stockholders. All of the shares held by these holders are subject to market standoff or lock-up agreements restricting their sale until 181 days after the date of this prospectus. We also intend to register shares of Class B common stock that we have issued and may issue under our employee equity incentive and employee stock purchase plans. Once we register these shares, they will be able to be sold freely in the public market upon issuance, subject to existing market standoff or lock-up agreements.

Goldman, Sachs & Co. and Morgan Stanley & Co. LLC may, at their discretion, permit our stockholders to sell shares prior to the expiration of the restrictive provisions contained in the lock-up agreements.

The market price of the shares of our Class B common stock could decline as a result of the sale of a substantial number of our shares of Class B common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

There has been no prior public market for our Class B common stock and an active trading market may not develop or be sustained.

There has been no public market for our Class B common stock prior to this offering. The initial public offering price for our Class B common stock will be determined through negotiations between the underwriters and us and may vary from the market price of our Class B common stock following this offering. An active or liquid market in our Class B common stock may not develop upon closing of this offering or, if it does develop, it may not be sustainable. The lack of an active market may impair

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the value of your shares, your ability to sell your shares at the time you wish to sell them and the prices that you may obtain for your shares. An inactive market may also impair our ability to raise capital by selling our Class B common stock and may impair our ability to acquire other companies, products or technologies by using our Class B common stock as consideration.

The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers (including our Chief Executive Officer) and directors and their affiliates; this will limit or preclude your ability to influence corporate matters.

Each share of Class A common stock and each share of Class B common stock has one vote per share, except on the following matters (in which each share of Class A common stock has ten votes per share and each share of Class B common stock has one vote per share):

- adoption of a merger or consolidation agreement involving our company;
- a sale of all or substantially all of our assets;
- a dissolution or liquidation of our company; or
- every matter, if and when any individual, entity or “group” (as such term is used in Regulation 13D of the Exchange Act) has, or has publicly disclosed (through a press release or a filing with the SEC) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined.

Because of our dual class common stock structure, the holders of our Class A common stock, who consist of our founders, directors, executives, employees and current holders of our convertible preferred stock (and their affiliates), will continue to be able to control the corporate matters listed above if any such matter is submitted to our stockholders for approval even if they come to own less than 50% of the outstanding shares of our common stock. Immediately after this offering, the holders of our Class A common stock, including our executive officers and directors and their affiliates, will own % and the holders of our Class B common stock will own % of the outstanding shares of Class A common stock and Class B common stock, combined. However, because of our dual class common stock structure these holders of our Class A common stock will have % and holders of our Class B common stock will have % of the total votes immediately after this offering in each of the matters identified in the list above. This concentrated control by our Class A common stockholders will limit or preclude your ability to influence those corporate matters for the foreseeable future and, as a result, we may take actions that our stockholders do not view as beneficial. The market price of our Class B common stock could be adversely affected by the structure. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. See “Principal Stockholders” and “Description of Capital Stock.”

Future transfers by holders of Class A common stock will generally result in those shares converting to Class B common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class A common stock to Class B common stock will have the effect, over time, of increasing the relative voting power of those holders of Class A common stock who retain their shares in the long term. If, for example, our executive officers (including our Chief Executive Officer), directors and their affiliates retain a significant portion of their holdings of Class A common stock for an extended period of time, they could, in the future, continue to control a majority of the combined voting power of our Class A common stock and Class B common stock with respect to each of the matters identified in the list above. For a description of the dual class structure, see “Description of Capital Stock.”

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As a new investor, you will experience immediate and substantial dilution in the book value of the shares that you purchase in this offering.

The initial public offering price is substantially higher than the pro forma net tangible book value per share of our Class B common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our Class B common stock in this offering, which is based on the midpoint of the estimated offering price range set forth on the cover of this prospectus, you will experience immediate dilution of \$ per share, the difference between the price per share you pay for our Class B common stock and its pro forma net tangible book value per share as of December 31, 2013, after giving effect to the issuance of shares of our Class B common stock in this offering. See "Dilution." Furthermore, investors purchasing shares of our Class B common stock in this offering will only own approximately % of our outstanding shares of Class A and Class B common stock (and have % of the combined voting power of the outstanding shares of our Class A and Class B common stock in certain circumstances) after the offering even though the new investors' aggregate investment will represent % of the total consideration received by us in connection with all initial sales of shares of our capital stock outstanding as of December 31, 2013, after giving effect to the issuance of shares of our Class B common stock in this offering. To the extent outstanding options or warrants to purchase our Class A common stock are exercised, investors purchasing our Class B common stock in this offering will experience further dilution.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class B common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our Class B common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Class B common stock or publish inaccurate or unfavorable research about our business, our Class B common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class B common stock could decrease, which might cause our Class B common stock price and trading volume to decline.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We cannot specify with any certainty the particular uses of the net proceeds that we will receive from this offering. We will have broad discretion in the application of the net proceeds, including working capital, possible acquisitions and other general corporate purposes, and we may spend or invest these proceeds in a way with which our stockholders disagree. The failure by our management to apply these funds effectively could adversely affect our business and financial condition, which could cause the price of our stock to decline. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value. These investments may not yield a favorable return to our investors.

We do not intend to pay dividends for the foreseeable future.

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their Class B common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

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Anti-takeover provisions under Delaware law and in our restated certificate of incorporation and restated bylaws could make a merger, tender offer, or proxy contest difficult, limit attempts by our stockholders to replace or remove members of our board of directors or current management and depress the trading price of our Class B common stock.

Following the closing of this offering, our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. See “Description of Capital Stock—Anti-Takeover Provisions—Restated Certificate of Incorporation and Restated Bylaw Provisions.”

In addition, our restated certificate of incorporation and restated bylaws that will be in effect at the closing of this offering will contain provisions that may make the acquisition of our company or changes in our board of directors or management more difficult, including the following:

- our board of directors will be classified into three classes of directors with staggered three-year terms and directors will only be able to be removed from office for cause, which would delay the replacement of a majority of our board of directors or impede an acquirer from rapidly replacing our existing directors with its own slate of directors;
- only our board of directors will have the right to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- our stockholders may not act by written consent or call special stockholders’ meetings; as a result, a holder, or holders, controlling a majority of our capital stock would not be able to take certain actions other than at annual stockholders’ meetings or special stockholders’ meetings, which special meetings may only be called by the chairman of our board, our lead independent director, our chief executive officer, our president, or a majority of our board of directors;
- certain litigation against us can only be brought in Delaware;
- our restated certificate of incorporation will authorize undesignated preferred stock, the terms of which may be established and shares of which may be issued, by our board of directors without the approval of the holders of Class B common stock, which makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us;
- advance notice procedures and additional disclosure requirements will apply for stockholders to nominate candidates for election as directors or to bring matters before a meeting of stockholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our company;
- our restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- amendment of the anti-takeover provisions of our restated certificate of incorporation require supermajority approval by holders of at least two-thirds of our outstanding common stock; and
- in certain circumstances pertaining to change in control, the sale of all or substantially all of our assets and liquidation matters, and on all matters if and when any individual, entity or group has, or has publicly disclosed an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined, holders of our Class A common stock are entitled to ten votes per share and holders of our Class B common stock are entitled to one vote per share. Immediately after this offering,

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the holders of our Class A common stock will own % and the holders of our Class B common stock will own % of the outstanding shares of Class A common stock and Class B common stock, combined. However, because of our dual class common stock structure these holders of our Class A common stock will have % and holders of our Class B common stock will have % of the total votes immediately after this offering with respect to the matters specified above. In all other circumstances, holders of our Class A common stock and Class B common stock are each entitled to one vote per share, and in these other circumstances the holders of our Class A common stock will have % and holders of our Class B common stock will have % of the total votes immediately after this offering.

For information regarding these and other provisions, see “Description of Capital Stock.”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements contained in this prospectus other than statements of historical fact, including but not limited to statements regarding our future results of operations and financial position, our business strategy and plans, market growth, the use of the net proceeds from this offering and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to and we disclaim any obligation to update any of these forward-looking statements after the date of this prospectus or to conform these statements to actual results or revised expectations.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our general expectations and market position, market opportunity and market size, is based on information from various sources, including independent industry publications by the Attorney General of the Commonwealth of Massachusetts, Centers for Medicare & Medicaid Services, Institute of Medicine of the National Academies, The Kaiser Family Foundation & Health Research & Educational Trust, Towers Watson & Co., the National Business Group on Health, the World Bank, the Leapfrog Group, Bloomberg, the American Hospital Association and the Bureau of Labor Statistics. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and in our experience to date in, the markets for our offering and services. This information involves a number of assumptions, limitations and estimates. Although neither we nor the underwriters have independently verified the accuracy or completeness of any third-party information, we believe the information from these industry publications that is included in this prospectus is reliable. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Certain information in the text of the prospectus is contained in independent industry publications. The source of, and selected additional information contained in, these independent industry publications are provided below:

1. Attorney General, Commonwealth of Massachusetts, “Examination of Health Care Cost Trends and Cost Drivers,” April 2013.
2. Bloomberg Visual Data, “Most Efficient Health Care: Countries,” August 2013.
3. Centers for Medicare & Medicaid Services, “National Health Expenditures Projections 2012-2022,” 2013.
4. Institute of Medicine of the National Academies, “Best Care at Lower Cost: The Path to Continuously Learning Health Care in America,” September 2013.
5. The Kaiser Family Foundation, “2008 Update on Consumers’ Views of Patient Safety and Quality Information,” October 2008.
6. The Kaiser Family Foundation and Health Research & Educational Trust, “Employer Health Benefits, 2013 Annual Survey,” August 2013.
7. The Kaiser Family Foundation, “The Uninsured, A Primer,” October 2013.
8. Towers Watson & Co. and National Business Group on Health, “Reshaping Health Care, Best Performers Leading the Way,” March 2013.
9. Thomas C. Tsai, et al., “Variation in Surgical-Readmission Rates and Quality of Hospital Care,” The New England Journal of Medicine, September 2013.
10. The World Bank, “World Development Indicators: Health Systems,” September 2013.
11. Bureau of Labor Statistics News Release, “Employer Costs for Employee Compensation—September 2013,” December 2013.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our Class B common stock in this offering will be approximately \$ million, based on an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the front cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares from us is exercised in full, we estimate that we will receive additional net proceeds of \$ million.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share would increase or decrease the net proceeds that we receive from this offering by approximately \$ million, assuming the number of shares offered by us remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. An increase or decrease of 1,000,000 shares in the number of shares offered by us would increase or decrease the net proceeds to us from this offering by approximately \$ million, assuming the assumed initial public offering price of \$ per share remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to create a public market for our Class B common stock, obtain additional capital, facilitate our future access to the public equity markets, increase awareness of our company among potential advertisers and improve our competitive position.

We intend to use the net proceeds from this offering for working capital and other general corporate purposes, however, as of the date of this prospectus, we cannot specify with certainty the particular uses of the net proceeds for such purposes. Additionally, we may use the net proceeds from this offering to expand our current business through acquisitions of, or investments in, other businesses, products or technologies. However, we have no commitments with respect to any such acquisitions or investments at this time.

Our management will have broad discretion in the application of the net proceeds from this offering to us, and investors will be relying on the judgment of our management regarding the application of the proceeds. Pending their use, we plan to invest our net proceeds from this offering in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid dividends on our capital stock. We do not expect to pay dividends on our capital stock for the foreseeable future. Instead, we anticipate that all of our earnings, if any, will be used for the operation and growth of our business. Any future determination to declare cash dividends would be subject to the discretion of our board of directors and would depend upon various factors, including our results of operations, financial condition and liquidity requirements, restrictions that may be imposed by applicable law and our contracts and other factors deemed relevant by our board of directors.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and marketable securities and capitalization as of December 31, 2013 on:

- an actual basis;
- a pro forma basis to give effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 64,475,633 shares of our Class A common stock upon the completion of this offering and (ii) the filing of our restated certificate of incorporation upon the completion of this offering; and
- a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments described above and (ii) the sale by us of shares of our Class B common stock in this offering at an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the front cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Description of Capital Stock,” and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of December 31, 2013		
	Actual (in thousands except share and per share data)	Pro Forma	Pro Forma As Adjusted ⁽¹⁾
Cash, cash equivalents and marketable securities	\$ 67,171	\$ 67,171	\$
Convertible preferred stock, net of issuance costs \$0.0001 par value: 64,475,662 shares authorized, 64,475,633 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	180,423	—	—
Stockholders’ equity (deficit)			
Preferred stock, \$0.0001 par value: no shares authorized, issued and outstanding, actual; shares authorized and no shares issued or outstanding, pro forma or pro forma as adjusted	—	—	
Class A Common stock, \$0.0001 par value: 95,000,000 shares authorized, 10,994,074 shares issued and outstanding, actual; shares authorized, 75,469,707 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	1	7	
Class B Common stock, \$0.0001 par value: 95,000,000 shares authorized, no shares issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding; pro forma as adjusted			
Additional paid-in capital	6,885	187,302	
Accumulated other comprehensive income	—	—	
Accumulated deficit	(131,236)	(131,236)	
Stockholders’ equity (deficit)	(124,350)	56,073	
Total capitalization	\$ 56,073	\$ 56,073	\$

(1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share of our Class B common stock, which is the midpoint of the estimated offering price range set forth on the front cover page of

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this prospectus, would increase or decrease each of cash, cash equivalents and marketable securities, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by \$ million, assuming that the number of shares offered by us, as set forth on the front cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1,000,000 shares in the number of shares of our Class B common stock offered by us would increase or decrease each of cash, cash equivalents and marketable securities, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately \$ million, assuming the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions.

The number of shares of Class A and Class B common stock shown as issued and outstanding in the table above is based on 75,469,707 shares of our Class A common stock and no shares of our Class B common stock issued and outstanding as of December 31, 2013 and excludes:

- 16,455,404 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2013, with a weighted average exercise price of \$1.22 per share;
- 905,000 shares of Class A common stock issuable upon the exercise of options granted between January 1, 2014 and February 7, 2014, with an exercise price of \$6.76 per share;
- 115,000 shares of Class A common stock issuable upon the exercise of a warrant outstanding as of December 31, 2013, with an exercise price of \$5.00 per share; and
- shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (a) 2,104,918 shares of our Class A common stock reserved for issuance under our 2008 Stock Incentive Plan as of December 31, 2013; (b) shares of our Class B common stock that will be reserved for issuance under our 2014 Equity Incentive Plan; and (c) shares of our Class B common stock that will be reserved for issuance under our 2014 Employee Stock Purchase Plan. On the date of this prospectus, any remaining shares available for issuance under our 2008 Stock Incentive Plan as Class B common stock will be added to the shares reserved under our 2014 Equity Incentive Plan and we will cease granting awards under the 2008 Stock Incentive Plan. Our 2014 Equity Incentive Plan and 2014 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved thereunder, as more fully described in "Executive Compensation—Employee Benefit Plans."

DILUTION

If you invest in our Class B common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class B common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering.

As of December 31, 2013, our pro forma net tangible book value was \$56.1 million, or \$0.75 per share of common stock. Pro forma net tangible book value per share represents the amount of our tangible assets less our liabilities divided by the total number of shares of our common stock outstanding, after giving effect to the automatic conversion of all our outstanding convertible preferred stock into an aggregate of 64,475,633 shares of our Class A common stock upon the completion of this offering.

Our pro forma as adjusted net tangible book value as of December 31, 2013 was \$ million, or \$ per share of common stock. Pro forma as adjusted net tangible book value per share gives effect to (i) the pro forma adjustments described above and (ii) the sale by us of shares of our Class B common stock in this offering at an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the front cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. This represents an immediate increase in pro forma as adjusted net tangible book value of \$ per share to existing stockholders and immediate dilution of \$ per share to new investors purchasing shares in the offering.

The following table illustrates this per share dilution:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of December 31, 2013	\$0.75
Increase in pro forma net tangible book value per share attributable to new investors	_____
Pro forma as adjusted net tangible book value per share after this offering	_____
Dilution per share to investors in this offering	\$ _____

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share of our Class B common stock, which is the midpoint of the estimated offering price range set forth on the cover of this prospectus, would increase or decrease our pro forma as adjusted net tangible book value per share after this offering by \$, assuming that the number of shares offered by us, as set forth on the front cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase or decrease of 1,000,000 shares in the number of shares of Class B common stock offered by us would increase or decrease the pro forma as adjusted net tangible book value by approximately \$ per share and the dilution to new investors by \$ per share, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares of Class B common stock in full, the pro forma as adjusted net tangible book value per share after this offering would be \$ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be \$ per share.

The following table summarizes, on a pro forma as adjusted basis as of December 31, 2013, the differences between the number of shares of common stock purchased from us, the total cash consideration and the average price per share paid to us by existing stockholders and by new investors

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purchasing shares in this offering, at the initial public offering price of \$ per share, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Share</u>
Existing stockholders	75,469,707	%	\$ 182,539,169	%	\$ 2.42
New public investors					\$
Total		100%	\$	100%	

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share of our common stock, which is the midpoint of the estimated offering price range set forth on the front cover page of this prospectus, would increase or decrease the total consideration paid by new investors by \$ million, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions.

If the underwriters' option to purchase additional shares of our Class B common stock is exercised in full, the number of shares of common stock held by existing stockholders will be reduced to approximately % of the total number of shares of common stock to be outstanding after this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to shares, or approximately % of the total number of shares of common stock to be outstanding after this offering.

The number of shares of Class A and Class B common stock shown as issued and outstanding in the table and discussion above is based on 75,469,707 shares of our Class A common stock and no shares of our Class B common stock issued and outstanding as of December 31, 2013 and excludes:

- 16,455,404 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2013, with a weighted-average exercise price of \$1.22 per share;
- 905,000 shares of Class A common stock issuable upon the exercise of options granted between January 1, 2013 and February 7, 2014, with an exercise price of \$6.76 per share;
- 115,000 shares of Class A common stock issuable upon the exercise of a warrant outstanding as of December 31, 2013, with an exercise price of \$5.00 per share; and
- shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (a) 2,104,918 shares of our Class A common stock reserved for issuance under our 2008 Stock Incentive Plan as of December 31, 2013; (b) shares of our Class B common stock that will be reserved for issuance under our 2014 Equity Incentive Plan; and (c) shares of our Class B common stock that will be reserved for issuance under our 2014 Employee Stock Purchase Plan. On the date of this prospectus, any remaining shares available for issuance under our 2008 Stock Incentive Plan as Class B common stock will be added to the shares reserved under our 2014 Equity Incentive Plan and we will cease granting awards under the 2008 Stock Incentive Plan. Our 2014 Equity Incentive Plan and 2014 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved thereunder, as more fully described in "Executive Compensation—Employee Benefit Plans."

To the extent that any outstanding options or warrants to purchase our common stock are exercised or new awards are granted under our equity compensation plans, or we issue additional shares of our common stock or convertible securities in the future, there will be further dilution to investors participating in this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present selected historical consolidated financial data for our business. You should read this information in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes and other information included elsewhere in this prospectus.

We derived the consolidated statements of operations data for 2011, 2012 and 2013 and the consolidated balance sheet data as of December 31, 2012 and 2013 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31,		
	2011	2012	2013
	(in thousands, except per share data)		
Consolidated Statements of Operations Data:			
Revenue:			
Subscription	\$ 1,569	\$ 3,395	\$ 11,655
Professional services	306	759	1,318
Total revenue	1,875	4,154	12,973
Cost of revenue ⁽¹⁾ :			
Cost of subscription	1,210	3,242	6,246
Cost of professional services	1,068	5,286	11,058
Total cost of revenue	2,278	8,528	17,304
Gross loss	(403)	(4,374)	(4,331)
Operating expenses:			
Sales and marketing ⁽¹⁾	5,978	15,829	33,742
Research and development ⁽¹⁾	10,157	9,718	15,219
General and administrative ⁽¹⁾	3,563	5,212	9,047
Total operating expenses	19,698	30,759	58,008
Operating loss	(20,101)	(35,133)	(62,339)
Other income, net	181	129	157
Net loss	\$ (19,920)	\$ (35,004)	\$ (62,182)
Net loss per share, basic and diluted ⁽²⁾	\$ (3.27)	\$ (4.44)	\$ (6.28)
Weighted-average shares used to compute basic and diluted net loss per share ⁽²⁾	6,093	7,885	9,895
Pro forma net loss per share, basic and diluted (unaudited) ⁽³⁾			\$ (0.84)
Weighted-average shares used to compute basic and diluted pro forma net loss per share (unaudited) ⁽³⁾			74,371

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2011	2012	2013
	(in thousands)		
Cost of revenue	\$ 12	\$ 107	\$ 125
Sales and marketing	335	551	919
Research and development	302	242	603
General and administrative	333	411	780

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- (2) Net loss per share is computed by dividing net loss by the weighted-average number of shares of our common stock outstanding during the period, less the weighted-average unvested shares of common stock subject to repurchase.
- (3) Pro forma net loss per share is computed by dividing net loss by the weighted-average shares outstanding assuming the conversion of all our convertible preferred stock to common stock as of its issuance date.

	As of December 31,	
	2012	2013
	(in thousands)	
Consolidated Balance Sheets Data:		
Cash and cash equivalents	\$ 42,534	\$ 25,154
Marketable securities	77,612	42,017
Working capital	115,389	54,944
Property and equipment, net	1,136	2,631
Total assets	128,148	83,517
Total deferred revenue	4,205	11,473
Total liabilities	13,113	27,444
Convertible preferred stock	180,423	180,423
Total stockholders' deficit	(65,388)	(124,350)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our "Selected Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those forward-looking statements below. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included elsewhere in this prospectus.

Overview

Castlight is a pioneer in a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud allows our customers to conquer the complexity of the existing health care system by providing personalized, actionable information to their employees, implementing technology-enabled benefit designs and integrating disparate systems and applications. Our comprehensive technology offering aggregates complex, large-scale data and applies sophisticated analytics to make health care cost and quality data transparent and useful. We deploy consumer-oriented applications that deliver strong engagement and integration capabilities.

Since our inception in 2008, we have been committed to improving the efficiency of the U.S. health care industry. From 2008 to 2010, we focused our efforts on research and development to build our consumer health care database, our analytic capabilities and the initial version of our cloud-based application, Castlight Medical. After its release in 2010, we have continued to enhance that application, as well as release Castlight Pharmacy, Castlight Rewards and Castlight Reference-Based Pricing in 2013. These applications are delivered to our customers, and their employees and families, via our cloud-based offering and leverage consumer-oriented design principles that drive engagement and ease of use.

We market and sell our Enterprise Healthcare Cloud offering to self-insured companies in a broad range of industries and governmental entities. As of December 31, 2013, we had 106 signed customers compared to 47 as of December 31, 2012. Our current customers as of December 31, 2013 included 26 Fortune 500 companies and collectively represent millions of eligible employees and their adult dependents. We sell our offering solely in the United States, and we market to our customers and potential customers primarily through our direct sales force.

We generate revenue from sales of subscriptions, including support, and professional services primarily related to the implementation of our offering, including extensive communications support to drive adoption by our customer's employees and their families. Historically, we have derived a substantial majority of our subscription revenue from Castlight Medical. Our subscription fees are based on the number of employees and adult dependents that employers identify as eligible to use our offering, which typically includes all of our customers' U.S. employees and adult dependents that receive health benefits. Our agreements with customers generally have terms of three years. As of December 31, 2012 and 2013, our agreements with customers had a weighted-average contract term of approximately 30.0 months for both years. Our total backlog, which we define as including cancellable and non-cancellable portions of our customer agreements for which we have not yet billed, was \$108.7 million as of December 31, 2013, compared to \$44.0 million as of December 31, 2012. Our deferred revenue, which consists of billed but unrecognized revenue, was \$11.5 million as of December 31, 2013, compared to \$4.2 million as of December 31, 2012.

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Our costs to implement our offering mainly include personnel-related costs for deployment of our applications that are expensed as incurred. However, the related revenue is deferred until our applications are ready for use by the customer. Revenue is then recognized ratably over the related contract term. As a result, for a typical customer, we generate negative gross margin during the implementation phase and positive gross margin thereafter. Accordingly, during periods of rapid growth, when the proportion of customers that we are implementing is high relative to the number of customers previously implemented, as it was during 2011, 2012 and 2013, we incur significant gross losses. We expect gross margin to be positive and improve over time as the number of our customers that have implemented our offering grows in relation to the number of customers in the implementation phase. Furthermore, in order to grow sales to smaller customers in a financially sustainable manner, we may need to further automate implementations, tailor our offering and modify our go-to-market approaches to reduce our service delivery and customer acquisition costs.

We have incurred significant losses since our inception, and as of December 31, 2013, our accumulated deficit was \$131.2 million. We have experienced rapid growth in recent periods. Our revenue has increased from \$4.2 million for the year ended December 31, 2012 to \$13.0 million for the year ended December 31, 2013. We have also increased our number of employees from 104 at December 31, 2011 to 156 at December 31, 2012 to 287 at December 31, 2013. We intend to continue to invest aggressively in the success of our customers, expand our commercial operations and further develop our offering. We also expect to incur significant additional expenditures as a public company. As a result of these and other factors, we expect to continue to incur operating losses for the foreseeable future and may need to raise additional capital through equity and debt financings in order to fund our operations. If we are unable to achieve our revenue growth objectives, including a high rate of renewals of our customer agreements, we may not be able to achieve profitability.

Key Factors Affecting Our Performance

Sale of Additional Applications. Our revenue growth rate and long-term profitability are affected by our ability to sell additional applications to our customer base. To date, a substantial majority of our revenue has come from sales of subscriptions to Castlight Medical. We believe that there is a significant opportunity to sell subscriptions to other applications as our customers become more familiar with our offering and seek to address additional needs. For example, 60% of our customers as of December 31, 2013 have purchased a subscription to our Castlight Pharmacy application.

Annual Net Dollar Retention Rate. We believe that our ability to retain our customers and expand their subscription revenue growth over time will be an indicator of the stability of our revenue base and the long-term value of our customer relationships. Because we typically enter into long-term contracts with our customers, only a small percentage of our customer agreements have reached the end of their original terms and, as a result, we have not observed a large enough sample of renewals to derive meaningful conclusions. Based on our limited experience, we observed an annual net dollar retention rate of greater than 100% for the fiscal period ending December 31, 2013. We calculate annual net dollar retention rate for a given fiscal period as the aggregate annualized subscription contract value as of the last day of that fiscal year from those customers that were also customers as of the last day of the prior fiscal year, divided by the aggregate annualized subscription contract value from all customers as of the last day of the prior fiscal year. We calculate annualized subscription contract value for each customer as the expected monthly recurring revenue of our customers multiplied by 12.

Implementation Timelines. Our ability to convert backlog into revenue and improve our gross margin depends on how quickly we complete customer implementations. Our implementation timelines vary from customer to customer based on the source and condition of the data we receive from third

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parties, the configurations that we agree to provide and the size of the customer. Typically, we complete implementations three to 12 months after entering into an agreement with a customer.

Professional Services Model. We believe our professional services capabilities support the adoption of our subscription offerings. As a result, our sales efforts have been focused primarily on our subscription offering, rather than the profitability of our professional services business. Our professional services are generally priced on a fixed-fee basis and the costs incurred to complete these services, which consist mainly of personnel-related costs, have been greater than the amount charged to the customer. We also do not have standalone value for our implementation services for accounting purposes. Accordingly, we recognize implementation services revenue in the same manner as the associated subscription revenue. These factors contributed to our gross loss percentage from professional services of (249)%, (596)% and (739)% in 2011, 2012 and 2013, respectively. The increase in gross loss percentage in 2012 was due to non-recurring professional services fees. The increase in gross loss percentage in 2013 was a result of an increase in the number of customers and complexity of our customer implementations. We expect to continue to generate gross losses on professional services for the foreseeable future as we focus on adoption of our subscription offerings.

Seasonality. A significantly higher proportion of our customers enter into new subscription agreements with us or renew previous agreements in the third and fourth quarters of the year compared to the first and second quarters. This seasonality is related to the employee benefits cycle, as customers typically want to make our applications available at the beginning of a new benefits year, which generally occurs in the first quarter. However, we do not begin recognizing revenue from new customer agreements until we have implemented our offering, which generally occurs three to 12 months after entering into those agreements.

Components of Results of Operations

Revenue

We generate revenue from subscription fees from customers for access to selected applications in the Castlight Enterprise Healthcare Cloud including basic customer service support. We also earn revenue from professional services that we provide to our customers to help them implement our offering.

Subscription revenue accounted for approximately 82% and 90% of our total revenue during the years ended December 31, 2012 and 2013, respectively. Subscription revenue is driven primarily by the number of customers, the applications to which they subscribe, the number of eligible members per customer and the price of our applications. To date, our renewal experience is extremely limited. In future periods, we expect that our annual net dollar retention rate will be an important driver of subscription revenue.

We recognize subscription fees on a straight-line basis ratably over the contract term beginning when our applications are implemented and ready for launch, which is generally within three to 12 months of contract signing. Our customer agreements generally have a term of three years. We generally invoice our customers in advance on a monthly, quarterly or annual basis. As of December 31, 2012 and 2013, the weighted-average billing period of our customer agreements was 4.3 months and 5.4 months, respectively. The weighted average billing term represents the frequency with which we bill our customers. We calculate weighted average billing terms as the billing frequency, multiplied by the weighted average contract value. Amounts that have been invoiced are initially recorded as deferred revenue. Amounts that have not been invoiced are not reflected in our consolidated financial statements.

We invoice our implementation services on a fixed-fee basis generally when we commence work. We also provide employee communications services to drive adoption and use of our applications by

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employees and their families. We generally invoice for professional services on a fixed-fee basis. We expect professional services revenue to constitute a significant portion of our total revenue in the future.

Costs and Operating Expenses

Cost of Revenue. Cost of subscription revenue primarily consists of data and content fees, employee-related expenses (including salaries, benefits and stock-based compensation) related to hosting and accounts support costs of our cloud-based services, (including call center support, allocated overhead, the costs of data center capacity and depreciation of owned computer equipment and software). We expect our cost of subscription revenue to decrease as a percentage of our subscription revenue over time because a number of our costs are fixed.

Cost of professional services consists primarily of employee-related expenses associated with these services, the cost of subcontractors and travel costs. The time and costs of our customer implementations vary based on the source and condition of the data we receive from third parties, the configurations that we agree to provide and the size of the customer. Our cost associated with providing implementation services has been significantly higher as a percentage of revenue than our cost of providing subscriptions due to the labor associated with providing implementation services. Customer success is a key focus area for our business and our implementation processes and technologies are at an early stage of development. For these reasons, we expect to continue to generate negative gross margin on our professional services for the foreseeable future. As our implementation processes and technologies mature and our use of automation increases, we expect our gross margin on our professional services to improve.

Our cost of revenue is expensed as we incur the costs. However, the related revenue is deferred until our applications are ready for use by the customer and then recognized as revenue ratably over the related contract term. Therefore, we expense the cost incurred to provide our applications and services prior to the recognition of the corresponding revenue. As a result, during times of rapid customer growth, as was the case during 2011, 2012 and 2013, this has the impact of decreasing our gross margin. We expect gross margin to improve over time as the number of our customers that have implemented our offering grows in relation to the number of customers in the implementation phase. Further, we expect our gross margin to improve over the long term as we realize economies of scale, process improvements and other operational efficiencies. However, our gross margin may fluctuate from period to period depending on the interplay of all of the factors discussed above.

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related expenses (including salaries, sales commissions and bonuses, benefits and stock-based compensation), travel-related expenses and marketing programs. Marketing programs consist of brand and product marketing activities, field and trade events and corporate communications. Sales and marketing expenses also include employee-related expenses to develop relationships with key industry partners, which include third-party administrators, benefit consultants and brokers, necessary to support our sales activities. Commissions earned by our sales force that can be associated specifically with the noncancellable portion of a subscription contract are deferred and amortized over the same period that revenue is recognized for the related contract.

We expect our sales and marketing expenses to continue to increase in absolute dollars for the foreseeable future as we continue to invest in our selling and marketing activities, building brand awareness, attracting new customers and sponsoring additional marketing events. However, we expect our sales and marketing expenses to decrease as a percentage of our total revenue over the long term. Our sales and marketing expenses may fluctuate from period to period due to the seasonality of our revenue and the timing and extent of our sales and marketing expenses.

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Research and Development. Research and development expenses consist primarily of employee-related expenses (including salaries, sales commissions and bonuses, benefits and stock-based compensation) and costs associated with subcontractors.

We expect to continue to focus our research and development efforts on adding new features and applications, increasing the functionality of our cloud-based subscription services and improving the efficiency of our customer implementations. As a result, we expect our research and development expenses to continue to increase in absolute dollars for the foreseeable future. However, we expect our research and development expenses to decrease as a percentage of our total revenue over the long term. Our research and development expenses may fluctuate from period to period due to the seasonality of our revenue and the timing and extent of our research and development expenses.

General and Administrative. General and administrative expenses consist of employee-related expenses (including salaries and bonuses, benefits and stock-based compensation) for finance and accounting, legal, human resources and management information systems personnel, legal costs, professional fees and other corporate expenses. We expect our general and administrative expenses to continue to increase in absolute dollars for the foreseeable future as we become a public company and continue to grow our business. However, we expect our general and administrative expenses to decrease as a percentage of our total revenue over the long term. Our general and administrative expenses may fluctuate from period to period due to the seasonality of our revenue and the timing and extent of our general and administrative expenses.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenue for each of the periods indicated (in thousands):

	Year Ended December 31,		
	2011	2012	2013
Consolidated Statements of Operations Data:			
Revenue:			
Subscription	\$ 1,569	\$ 3,395	\$ 11,655
Professional services	306	759	1,318
Total revenue	<u>1,875</u>	<u>4,154</u>	<u>12,973</u>
Cost of revenue:			
Cost of subscription	1,210	3,242	6,246
Cost of professional services	1,068	5,286	11,058
Total cost of revenue	<u>2,278</u>	<u>8,528</u>	<u>17,304</u>
Gross loss	<u>(403)</u>	<u>(4,374)</u>	<u>(4,331)</u>
Operating expenses:			
Sales and marketing	5,978	15,829	33,742
Research and development	10,157	9,718	15,219
General and administrative	3,563	5,212	9,047
Total operating expenses	<u>19,698</u>	<u>30,759</u>	<u>58,008</u>
Operating loss	<u>(20,101)</u>	<u>(35,133)</u>	<u>(62,339)</u>
Other income, net	181	129	157
Net loss	<u><u>\$(19,920)</u></u>	<u><u>\$(35,004)</u></u>	<u><u>\$(62,182)</u></u>

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	Year Ended December 31,		
	2011	2012	2013
	(percentages of revenue)		
Revenue:			
Subscription	84%	82%	90%
Professional services	16%	18%	10%
Total revenue	100%	100%	100%
Cost of revenue:			
Cost of subscription	65%	78%	48%
Cost of professional services	56%	127%	85%
Total cost of revenue	121%	205%	133%
Gross loss	(21)%	(105)%	(33)%
Operating expenses:			
Sales and marketing	319%	381%	260%
Research and development	542%	234%	117%
General and administrative	190%	125%	70%
Total operating expenses	1051%	740%	447%
Operating loss	(1072)%	(845)%	(480)%
Other income, net	10%	2%	1%
Net loss	(1062)%	(843)%	(479)%

Comparison of the Years Ended December 31, 2012 and 2013

Revenue

	Years Ended December 31,		% Change	\$ Change
	2012	2013		
	(dollars in thousands)			
Revenue:				
Subscription	\$3,395	\$11,655	243%	\$ 8,260
Professional services	759	1,318	74%	559
Total revenue	<u>\$4,154</u>	<u>\$12,973</u>	212%	<u>\$ 8,819</u>

Total revenue was \$13.0 million for the year ended December 31, 2013, compared to \$4.2 million during the year ended December 31, 2012, an increase of \$8.8 million, or 212%. Subscription revenue was \$11.7 million, or 90% of our total revenue, for the year ended December 31, 2013, compared to \$3.4 million, or 82% of our total revenue, for the year ended December 31, 2012. The increase in subscription revenue was due primarily to the increase in new customer launches compared with the prior year period.

Professional services revenue was \$1.3 million, or 10% of total revenue, for the year ended December 31, 2013, compared to \$0.8 million, or 18% of total revenue, for the year ended December 31, 2012. The increase in professional services revenue was driven by new customer launches.

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Costs and Operating Expenses

	Year Ended December 31,		% Change	\$ Change
	2012	2013		
	(dollars in thousands)			
Cost of revenue:				
Subscription	\$ 3,242	\$ 6,246	93%	\$ 3,004
Professional services	5,286	11,058	109%	5,772
Total cost of revenue	<u>\$ 8,528</u>	<u>\$17,304</u>	103%	<u>\$ 8,776</u>
Gross profit (loss) percentage				
Subscription	5%	46%		
Professional services	(596)%	(739)%		
Total gross profit / (loss) percentage	(105)%	(33)%		
Gross loss	\$(4,374)	\$(4,331)	(1)%	\$ (43)

Cost of revenue was \$17.3 million for the year ended December 31, 2013 compared to \$8.5 million for the year ended December 31, 2012, an increase of \$8.8 million, or 103%. This increase in cost of revenue was attributable to an increase of \$3.0 million in the cost of subscription revenue and an increase of \$5.8 million in the cost of professional services.

Cost of subscription revenue was \$6.2 million for the year ended December 31, 2013 compared to \$3.2 million for the year ended December 31, 2012, an increase of \$3.0 million. This increase was primarily due to an increase of \$2.5 million in data and content fees, as we continue to support our growing customer base. Gross margin for subscription services for the year ended December 31, 2013 was higher than the year ended December 31, 2012 due to the increase in subscription revenue resulting from the number of launched customers during the period.

Cost of professional services was \$11.1 million for the year ended December 31, 2013 compared to \$5.3 million for the year ended December 31, 2012, an increase of \$5.8 million. Gross loss percentage also increased year over year. These increases were primarily due to an increase of \$5.0 million in employee-related expenses and subcontractor costs to assist with implementation services and an increase of \$0.4 million in related travel costs. We expect to increase our reliance on third parties to supplement our professional services staff in the future. We believe that higher utilization of third-party resources is an efficient way to support customer requirements as we grow. The increase in gross loss percentage in the year ended December 31, 2013 compared with the year ended December 31, 2012 was attributable to increase in number of customers and complexity of our customer implementations.

Sales and Marketing

	Year Ended December 31,		% Change	\$ Change
	2012	2013		
	(dollars in thousands)			
Sales and marketing	\$15,829	\$33,742	113%	\$17,913

Sales and marketing expenses were \$33.7 million for the year ended December 31, 2013 compared to \$15.8 million for the year ended December 31, 2012, an increase of \$17.9 million. This increase was primarily due to an increase of \$11.3 million in employee-related expenses and recruiting costs due to higher headcount, an increase of \$2.6 million in brand and product marketing costs and an increase of \$1.2 million for travel and entertainment expenses.

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Research and Development

	Year Ended December 31,		% Change	\$ Change
	2012	2013		
Research and development	\$9,718	\$15,219	57%	\$ 5,501

Research and development expenses were \$15.2 million for the year ended December 31, 2013 compared to \$9.7 million for the year ended December 31, 2012, an increase of \$5.5 million. This increase was primarily due to an increase of \$5.2 million in employee-related expenses and recruiting costs due to higher headcount. The decrease in the percentage of revenue spent on research and development during the current year period versus the prior year period is primarily a function of increased revenue rather than a curtailment of research and development spending.

General and Administrative

	Year Ended December 31,		% Change	\$ Change
	2012	2013		
General and administrative	\$5,212	\$9,047	74%	\$ 3,835

General and administrative expenses were \$9.0 million for the year ended December 31, 2013 compared to \$5.2 million for the year ended December 31, 2012, an increase of \$3.8 million. This increase was primarily due to an increase of \$1.8 million in employee-related expenses and recruiting costs due to higher headcount and an increase of \$1.4 million in subcontractor expenses. In addition, the increase was due to an increase of \$0.7 million in professional and outside services. The growth in general and administrative expenses during the year ended December 31, 2013 was to support our overall growth.

Comparison of the Years Ended December 31, 2011 and 2012

Revenue

	Year Ended December 31,		% Change	\$ Change
	2011	2012		
Revenue:				
Subscription	\$1,569	\$3,395	116%	\$ 1,826
Professional services	306	759	148%	453
Total revenue	<u>\$1,875</u>	<u>\$4,154</u>	122%	<u>\$ 2,279</u>

Total revenue was \$4.2 million for the year ended December 31, 2012 compared to \$1.9 million for the year ended December 31, 2011, an increase of \$2.3 million, or 122%. Subscription revenue was \$3.4 million, or 82% of total revenue, for the year ended December 31, 2012 compared to \$1.6 million, or 84% of total revenue, for the year ended December 31, 2011. The increase in subscription revenue was due primarily to the increase in new customer launches as compared to the prior year. Professional services revenue was \$0.8 million, or 18% of total revenue, for the year ended December 31, 2012 compared to \$0.3 million, or 16% of total revenue, for the year ended December 31, 2011. The increase in professional services revenue was due primarily to a larger customer base requesting deployment and implementation services.

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Costs and Operating Expenses

	Year Ended December 31,		% Change	\$ Change
	2011	2012		
			(dollars in thousands)	
Cost of revenue:				
Subscription	\$1,210	\$ 3,242	168%	\$ 2,032
Professional services	1,068	5,286	395%	4,218
Total cost of revenue	<u>\$2,278</u>	<u>\$ 8,528</u>	274%	<u>\$ 6,250</u>
Gross profit / (loss) percentage				
Subscription	23%	5%		
Professional services	(249)%	(596)%		
Total gross profit / (loss) percentage	(21)%	(105)%		
Gross loss	\$ (403)	\$(4,374)	(985)%	\$ (3,971)

Cost of revenue was \$8.5 million for the year ended December 31, 2012 compared to \$2.3 million for the year ended December 31, 2011, an increase of \$6.3 million, or 274%. The increase in cost of subscription revenue of \$2.0 million was primarily due to an increase of \$0.9 million due to our efforts to increase data center capacity, an increase of \$0.8 million for data and content fees and an increase of \$0.2 million for outside services to support our increased growth, offset by a decrease of \$0.1 million from lower headcount due to moving resources to outside services. Gross margin for subscription revenue for the year ended December 31, 2012 was lower than the year ended December 31, 2011 due to increased costs for additional data center capacity and data and content fees, a portion of which was a fixed annual amount that does not vary with the number of customer launches.

The increase in the cost of professional services of \$4.2 million for the year ended December 31, 2012 as compared to the year ended December 31, 2011 was primarily due to an increase in employee-related expenses due to higher headcount. Gross margin for professional services in the year ended December 31, 2012 was lower than for the year ended December 31, 2011, due to increased customer deployments.

Sales and Marketing

	Year Ended December 31,		% Change	\$ Change
	2011	2012		
			(dollars in thousands)	
Sales and marketing	\$5,978	\$15,829	165%	\$ 9,851

Sales and marketing expenses were \$15.8 million for the year ended December 31, 2012 compared to \$6.0 million for the year ended December 31, 2011, an increase of \$9.9 million. This increase was primarily due to an increase of \$7.8 million in employee-related expenses and recruiting costs due to higher headcount, a \$0.8 million increase in overhead allocations, an increase of \$0.6 million in travel-related costs and an increase of \$0.3 million in advertising, marketing and event costs. These increases were the result of building out a national direct enterprise sales force, which included higher headcount.

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Research and Development

	Year Ended December 31,		% Change	\$ Change
	2011	2012 (dollars in thousands)		
Research and development	\$10,157	\$9,718	(4)%	\$ (439)

Research and development expenses were \$9.7 million for the year ended December 31, 2012 compared to \$10.2 million for the year ended December 31, 2011, a decrease of \$0.4 million. This decrease was primarily due to a decrease of \$2.6 million in employee-related expenses due to lower headcount and contract labor expenses, partially offset by an increase of \$0.9 million for use of outside consultants to assist in development of new applications and services and enhance our existing core offering and an increase of \$0.8 million from increased overhead allocations. In 2011, certain individuals were utilized to perform development-related services related to our offering. During 2012, these resources were utilized as part of certain customer deployments and were classified as costs of sales.

General and Administrative

	Year Ended December 31,		% Change	\$ Change
	2011	2012 (dollars in thousands)		
General and administrative	\$3,563	\$5,212	46%	\$ 1,649

General and administrative expenses were \$5.2 million for the year ended December 31, 2012 compared to \$3.6 million for the year ended December 31, 2011, an increase of \$1.6 million. This increase was primarily due to an increase of \$1.0 million in employee compensation and recruiting costs due to higher headcount and \$0.3 million from outside services to support our growth.

Quarterly Results of Operations

The following tables set forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in the period ended December 31, 2013. The information for each of these quarters has been prepared on the same basis as the audited annual consolidated financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which includes only normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods in accordance with generally accepted accounting principles in the United States (GAAP). This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three Months Ended							
	Mar 31,	Jun 30,	Sep 30,					Dec 31,
	2012	2012	2012	Dec 31,	Mar 31,	Jun 30,	Sep 30,	Dec 31,
			2012	2013	2013	2013	2013	2013
	(unaudited)							
Consolidated Statements of Operations Data:								
Revenue:								
Subscription	\$ 423	\$ 619	\$ 1,147	\$ 1,206	\$ 1,739	\$ 2,088	\$ 3,213	\$ 4,615
Professional services	178	364	95	122	168	237	396	517
Total revenue	601	983	1,242	1,328	1,907	2,325	3,609	5,132
Cost of revenue:								
Cost of subscription	737	851	745	909	1,204	1,460	1,510	2,072
Cost of professional services	1,215	1,206	1,250	1,615	2,053	2,373	3,325	3,307
Total cost of revenue	1,952	2,057	1,995	2,524	3,257	3,833	4,835	5,379
Gross loss	(1,351)	(1,074)	(753)	(1,196)	(1,350)	(1,508)	(1,226)	(247)
Operating expenses:								
Sales and marketing	2,694	3,315	4,349	5,471	5,765	7,108	8,706	12,163
Research and development	2,234	2,253	2,360	2,871	2,908	3,616	4,138	4,557
General and administrative	1,067	1,171	1,264	1,710	1,460	1,981	2,571	3,035
Total operating expenses	5,995	6,739	7,973	10,052	10,133	12,705	15,415	19,755
Operating loss	(7,346)	(7,813)	(8,726)	(11,248)	(11,483)	(14,213)	(16,641)	(20,002)
Other income, net	18	7	51	53	50	40	38	29
Net loss	<u>\$(7,328)</u>	<u>\$(7,806)</u>	<u>\$(8,675)</u>	<u>\$(11,195)</u>	<u>\$(11,433)</u>	<u>\$(14,173)</u>	<u>\$(16,603)</u>	<u>\$(19,973)</u>

Quarterly Trends

Revenue

Our quarterly total revenue and subscription revenue increased sequentially for each period presented, primarily as we increased new customer launches. We cannot assure you that this pattern of sequential growth in revenues will continue.

Our professional services revenue fluctuated over the periods as a result of timing of customer implementation but increased overall throughout the eight quarters presented primarily to a larger customer base requesting deployment and implementation services.

Cost of revenue

Our quarterly total cost of revenue fluctuated over the periods as a result of timing of customer implementation but increased overall throughout the eight quarters presented. Cost of subscription revenue increased as a result of higher data content fees and data center costs due to our efforts to

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increase data center capacity. Cost of professional services increased primarily due to an increase in employee-related expenses and subcontractor costs as we utilized third parties to supplement our professional services staff for increased customer deployments.

Operating Expenses

Our quarterly total operating expenses, as well as quarterly sales and marketing, research and development and general and administrative expenses, mainly increased for the periods presented, primarily due to increases in employee-related expenses and recruiting costs due to an increase in headcount in each of these functions.

Liquidity and Capital Resources

	Year Ended December 31,		
	2011	2012 (in thousands)	2013
Net cash used in operating activities	\$(16,608)	\$ (29,325)	\$(50,064)
Net cash provided by (used in) investing activities	29,202	(51,504)	32,260
Net cash provided by financing activities	243	100,083	424
Net increase (decrease) in cash and cash equivalents	<u>\$ 12,837</u>	<u>\$ 19,254</u>	<u>\$(17,380)</u>

As of December 31, 2013, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling \$67.2 million, which were held for working capital purposes. Our cash, cash equivalents and marketable securities are comprised primarily of U.S. agency obligations, U.S. treasury securities and money market funds.

Since our inception, we have financed our operations primarily through private sales of equity securities and to a lesser extent, payments from our customers. We believe that our existing cash, cash equivalents and marketable securities will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development efforts, our expansion of sales and marketing activities, the introduction of new and enhanced services offerings and the continuing market acceptance of our cloud-based applications. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

Operating Activities

For the year ended December 31, 2013, cash used in operating activities was \$50.1 million. The negative cash flows resulted primarily from our net loss of \$62.2 million, the net increase in deferred commissions of \$2.4 million and the increases in accounts receivable of \$2.7 million, partially offset by increases in deferred revenue of \$7.3 million, accrued expenses and other current liabilities of \$2.9 million and accrued compensation of \$2.5 million. Non-cash stock-based compensation of \$2.4 million also offset the increase in cash used in operating activities.

For the year ended December 31, 2012, cash used in operating activities was \$29.3 million. The cash used primarily related to our net loss of \$35.0 million and increases in deferred commissions of

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\$3.0 million and accounts receivable of \$2.2 million, partially offset by increases in accrued compensation of \$4.6 million and deferred revenue of \$3.3 million.

For the year ended December 31, 2011, cash used in operating activities was \$16.6 million. The cash used primarily related to our net loss of \$19.9 million, partially offset by stock-based compensation of \$1.0 million, accrued compensation of \$1.0 million and deferred revenue of \$0.8 million.

Investing Activities

Cash provided by or (used in) investing activities for the years ended December 31, 2013, December 31, 2012 and December 31, 2011 was \$32.3 million, \$(51.5) million and \$29.2 million, respectively. This was primarily the result of the timing of purchases, sales and maturities of marketable securities of \$34.8 million, (\$51.2) million and \$29.3 million, respectively, during the same periods. In addition, we had capital expenditures of \$2.6 million, \$0.5 million and \$0.1 million, respectively, during these same periods. We expect capital expenditures will be approximately \$2.0 million for 2014.

Financing Activities

For the year ended December 31, 2013, financing activities provided \$0.4 million, primarily due to \$0.9 million in proceeds from the exercise of stock options and warrants.

For the year ended December 31, 2012, financing activities provided \$100.1 million as a result of \$99.9 million net proceeds from our issuance of the Series D convertible preferred stock and \$0.2 million in proceeds from the exercise of stock options.

For the year ended December 31, 2011, financing activities provided \$0.2 million as a result of proceeds from the exercise of stock options.

Backlog

We have generally signed multiple-year subscription contracts for our cloud-based subscription services. The timing of our invoices to the customer is a negotiated term and thus varies among our subscription contracts. For multiple-year agreements, it is common to invoice an initial amount at contract signing for implementation work that is deferred followed by subsequent annual, quarterly or monthly invoices, once we launch a customer, which is when our product is usable by the customer. At any point in the contract term, there can be amounts that we have not yet been contractually able to invoice. Until such time as these amounts are invoiced, they are not recorded in revenue, deferred revenue or elsewhere in our consolidated financial statements and are considered by us to be backlog. The amount of our total backlog for subscription and professional services contracts, which we define as including both cancellable and non-cancellable portions of our customer agreements that we have not yet billed, was approximately \$44.0 million as of December 31, 2012 and \$108.7 million as of December 31, 2013. We fulfill backlog associated with a customer contract when the customer implementation process is complete, and expect to fulfill a majority of our current total backlog after 2014. However, our implementation timelines can vary between three and 12 months and are subject to significant uncertainties, which can have a material impact on the actual timing of our backlog fulfillment. Our total backlog does not take into account contractual provisions that give customers a right to terminate their agreements with us. The amount of our backlog for subscription and professional services contracts was approximately \$19.4 million at December 31, 2012 and \$50.9 million as of December 31, 2013, respectively, for the non-cancellable portions of our customer agreements that we have not yet billed.

We expect that the amount of our backlog relative to the total value of our contracts will change from period to period for several reasons, including the amount of cash collected early in the contract

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term, the specific timing and duration of large customer subscription agreements, varying invoicing cycles of subscription agreements, potential customer upsells dependent on our customer agreements, the specific timing of customer renewal and changes in customer financial circumstances. Accordingly, we believe that fluctuations in our backlog may not be a reliable indicator of our future revenue.

Contractual Obligations and Commitments

Our principal commitments primarily consist of obligations under leases for office space and co-location facilities for data center capacity. As of December 31, 2013, the future non-cancelable minimum payments under these commitments were as follows (in thousands):

		Less Than	1-3	3-5	More Than
	Total	1 Year	Years	Years	5 Years
Operating leases for facilities ⁽¹⁾	\$3,738	\$ 1,021	\$2,717	\$ —	\$ —
Data center costs ⁽²⁾	981	369	612	—	—
Other	1,400	1,400	—	—	—

(1) Operating leases for facilities space represents our principal commitments, which consists of obligations under leases for office space.

(2) Data center costs represent costs associated with service agreements for our data centers in Colorado and Arizona.

Our existing lease agreements provide us with the option to renew and generally provide for rental payments on a graduated basis. Our future operating lease obligations would change if we entered into additional operating lease agreements as we expand our operations and if we exercised these options. Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude purchase orders for goods and services. Purchase orders are not included in the table above. Our purchase orders represent authorizations to purchase rather than binding agreements. The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions and the approximate timing of the transaction. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to the financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2 to our consolidated financial statements, the following accounting policies involve a greater degree of

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judgment and complexity. Accordingly, these are the policies that we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We derive our revenue from sales of cloud-based subscription service contracts, including support, and professional services contracts. We sell subscriptions to our cloud-based subscription service through contracts that are generally three years in length.

Our cloud-based subscription service contracts do not provide customers with the right to take possession of the software supporting the cloud-based service and, as a result, are accounted for as service contracts.

We commence revenue recognition for our cloud-based subscription service and professional services when all of the following criteria are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- collection of the fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

Our subscription and professional service arrangements do not contain refund provisions for fees earned related to services performed.

Subscription Revenue. Subscription revenue recognition commences on the date that our cloud-based service is made available to the customer, which is considered the launch date, provided all of the other criteria described above are met. Revenue is recognized based on the terms in our customer contracts, which can provide for (a) a variable periodic fee based upon the actual or contractual number of users that is recognized to revenue based on the actual or contractual number of users or (b) a fixed fee that is recognized to revenue on a straight-line basis over the contractual term of the arrangement.

Certain of our cloud-based subscription arrangements include performance incentives that are generally based upon employee engagement. Fees for performance incentives are considered contingent revenue, and are recognized over the remaining term of the related subscription arrangement commencing at the time they are earned.

Professional Services Revenue. Professional services revenue is comprised of implementation services related to our cloud-based subscription service, as well as follow-on professional services to assist our customers in further adopting our cloud-based subscription service, and communications services. Nearly all of our professional services contracts are sold on a fixed-fee basis. We do not have standalone value for our implementation services. Accordingly, we recognize implementation services revenue in the same manner as the associated cloud-based subscription service, beginning on the launch date, provided all other criteria described above have been met. For follow-on professional services that are sold separately from the cloud-based subscription service, we recognize revenue as the services are delivered. Communication services revenue is recognized over the contractual term, generally one year, commencing when the revenue recognition criteria have been met.

Multiple Deliverable Arrangements. To date, we have generated substantially all our revenue from multiple deliverable arrangements consisting of multi-year cloud-based subscription services and professional services, including implementation services and communication services. For

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arrangements with multiple deliverables, we evaluate whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. If the deliverables have standalone value upon delivery, we account for each deliverable separately and revenue is recognized for the respective deliverables as they are delivered. If one or more of the deliverables do not have standalone value upon delivery, the deliverables that do not have standalone value are generally combined with our cloud-based subscription service, and revenue for the combined unit is recognized over the remaining term of the cloud-based subscription service.

Our deliverables have standalone value if we or any other vendor sells a similar service separately. We have concluded that we have standalone value for our cloud-based subscription service as we sell these services separately through renewals and for our communication services as other vendors sell similar services separately. Conversely, we have concluded that our implementation services do not have standalone value, as we and others do not yet sell these services separately. Accordingly, we consider the separate units of accounting in our multiple deliverable arrangements to be the communication services and a combined deliverable comprised of cloud-based subscription services and implementation services.

When multiple deliverables included in an arrangement are separable into different units of accounting, the arrangement consideration is allocated to the identified separate units of accounting based on their relative selling price. Multiple deliverable arrangements accounting guidance provides a hierarchy to use when determining the relative selling price for each unit of accounting. Vendor-specific objective evidence, or VSOE, of selling price, based on the price at which the item is regularly sold by the vendor on a standalone basis, should be used if it exists. If VSOE of selling price is not available, third-party evidence, or TPE, of selling price is used to establish the selling price if it exists. If TPE does not exist, we estimate the best estimated selling price, or BESP. VSOE does not currently exist for any of our deliverables. Additionally, we do not believe TPE is a practical alternative due to differences in our cloud-based subscription service compared to other parties and the availability of relevant third-party pricing information for our cloud-based subscription service and our other services. Accordingly, for arrangements with multiple deliverables that can be separated into different units of accounting, we allocate the arrangement fee to the separate units of accounting based on our BESP. The amount of arrangement fee allocated is limited by contingent revenue, if any.

We determine BESP for our deliverables by considering our overall pricing objectives and market conditions. This includes evaluating our pricing practices, our list prices, the size of our transactions, historical standalone sales and our go-to-market strategy. The determination of BESP is made through consultation with and approval by management. For financial statement purposes, we allocate the fees from our combined units of accounting to subscription and professional services based upon their relative selling price.

Deferred Commissions

Deferred commissions are the incremental costs that are directly associated with the noncancelable portion of cloud-based subscription service contracts with customers and consist of sales commission paid to our direct sales force. The commissions are deferred and amortized over the noncancelable terms of the related contracts. The deferred commissions amounts are recoverable through the future revenue streams under the noncancelable customer contracts. Amortization of deferred commissions is included in sales and marketing expense in the consolidated statements of operations.

During the years ended December 31, 2011, 2012 and 2013, we deferred \$12,000, \$3.0 million and \$5.0 million, respectively, of commission expenditures and we amortized \$0, \$10,000 and

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\$2.5 million, respectively, to sales and marketing expense. Deferred commissions on our consolidated balance sheets totaled \$3.1 million and \$5.5 million as of December 31, 2012 and December 31, 2013, respectively.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee, consultant and non-employee director stock option awards, is measured and recognized in the financial statements based on fair value. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model. The stock-based compensation expense, net of forfeitures, is recognized using a straight-line basis over the requisite service periods of the awards, which is generally four years.

Our option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

- **Volatility.** We determine the price volatility factor based on the historical volatilities of our peer group as we do not have a sufficient trading history for our common stock. To determine our peer group of companies, we consider public enterprise cloud-based application providers and health information systems companies and select those that are similar to us with regards to nature of business, customer base, service offerings and markets served. Furthermore, we also added an additional peer group of companies in the cloud-based application industry to valuations beginning in June 2013. We did not rely on implied volatilities of traded options in our industry peers' common stock because the volume of activity was relatively low. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own common stock share price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.
- **Expected life.** The expected life represents the period that our stock-based awards are expected to be outstanding. We determined the expected life assumption based on the vesting terms, exercise terms and contractual terms of the options.
- **Risk-Free Interest Rate.** We base the risk-free interest rate used in the Black-Scholes valuation model on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term of the options for each option group.
- **Dividend Yield.** We have not paid and do not plan to pay cash dividends in the foreseeable future and, therefore, use an expected dividend yield of zero.
- **Fair Value of Common Stock.** Because our common stock is not publicly traded, we must estimate the fair value of common stock, as discussed in "—Common Stock Valuations" below.

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The following table summarizes the assumptions relating to our stock options as follows:

	Year Ended December 31,		
	2011	2012	2013
Volatility	60%	60%-63%	58%-60%
Expected life (in years)	5.0-6.2	5.0-6.5	5.0-7.2
Risk-free interest rate	1.5%-2.7%	0.6%-1.1%	0.7%-2.0%
Dividend yield	—	—	—
Weighted-average fair value of underlying common stock	\$0.83	\$1.05	\$3.02

In addition to assumptions used in the Black-Scholes option-pricing model, we must also estimate a forfeiture rate to calculate the stock-based compensation for our option awards. Our forfeiture rate is based on an analysis of our actual forfeitures. We will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Quarterly changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense.

Common Stock Valuations. We are required to estimate the fair value of the common stock underlying our stock-based awards when performing the fair value calculations with the Black-Scholes option-pricing model. The fair values of the common stock underlying our stock-based awards were determined by our board of directors, with input from management and contemporaneous third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. As described below, the exercise price of our stock-based awards was determined by our board of directors based on exercising reasonable judgment and consideration of numerous objective and subjective factors to determine the best estimate of the fair value of our common stock as of each grant date (see below for those factors). If awards were granted a short period of time preceding the date of a valuation report, we assessed the fair value used for financial reporting purposes after considering the fair value reflected in the subsequent valuation report and other facts and circumstances on the date of grant as discussed below. In such instances, the fair value that we used for financial reporting purposes generally exceeded the exercise price for those awards.

Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous valuations performed by unrelated third-party specialists;
- the prices, rights, preferences and privileges of our convertible preferred stock relative to those of our common stock;
- lack of marketability of our common stock;

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- our actual operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- our history and the introduction of new services;
- our stage of development;
- the likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of our company given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business generally using the income approach, the market comparable approach and the prior sale of company stock approach valuation methods, or a combination thereof.

The income approach estimates value based on the expectation of future cash flows that a company will generate into perpetuity. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar lines of business as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

The market comparable approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined which is applied to the subject company's operating results to estimate the value of the subject company. In our valuations, the multiple of the comparable companies was determined using a ratio of the market value of invested capital less cash to each of the last 12 month revenue and the forecasted future 12 month revenue. To determine our peer group of companies, we considered public enterprise cloud-based application providers and health information systems companies. In selecting appropriate market multiples for application in our valuation analyses, we considered differences in our business description, size, stage of life cycle, financial leverage and financial performance between us and the selected peer companies.

The prior sale of company stock method estimates value by considering any prior arm's length sales of the subject company's equity. When considering prior sales of our equity, the valuation considers the size of the equity sale, the relationship of the parties involved in the transaction, the timing of the equity sale and our financial condition at the time of the sale.

Once we determined an equity value, we either utilized the option pricing method, or OPM, or a hybrid of the OPM and recent initial public offering pricing data from comparable companies, to allocate the equity value to each of the classes of stock. OPM values each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights and strike prices of dissolution or liquidation events that are not imminent. Recent initial public offering pricing utilizes data from recent initial public offerings of comparable companies. For the OPM method, we applied discounts for marketability to the per share common equity values. The adjustment recognizes the lack of marketability due to the fact that stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies which impacts liquidity. For the hybrid method, we applied discounts for marketability to the per share common equity values calculated under the OPM and calculated the present value of the recent initial public offering pricing data. We then weighted each scenario to arrive at an estimate of fair value for each share as of a current date.

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We utilized the OPM pricing model for options granted through September 25, 2013. We utilized the hybrid model for options granted on October 25, 2013.

In all cases, we considered the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation determined pursuant to one of the methods described above or a straight-line calculation between the two valuation dates. In determining whether to apply the straight-line calculation between valuation dates, we evaluated whether there was a single event or series of events that occurred during the interim period that would have caused a material change in fair value. If there were no such events, then we concluded that the application of the straight-line calculation was appropriate. This determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date.

The following table summarizes, by grant date, information regarding stock options granted from October 1, 2012 to the date of this prospectus:

Option Grant Dates	Number of Shares	Exercise Price	Fair Value Per Share
	Subject to Options Granted	Per Share	On Grant Date-Financial Reporting Purposes
November 8, 2012	758,937	\$ 1.09	\$ 1.10
February 12, 2013	2,060,020	1.12	1.16
April 9, 2013	564,877	1.12	1.21
July 24, 2013	1,344,000	1.29	1.57
September 25, 2013	646,000	1.29	2.29
October 25, 2013	3,668,616	2.35	5.00
January 28, 2014	905,000	\$ 6.76	\$ 6.76

The aggregate intrinsic value of vested and unvested stock options as of December 31, 2013 was \$76.8 million, based on a price of \$6.76 per share, the estimated value of common stock based on the respective valuation report as of December 31, 2013.

The following discussion relates primarily to our determination of the fair value per share of our common stock for purposes of calculating stock-based compensation costs since October 2012. A combination of the factors described below in each period led to the changes in the fair value of our common stock. Notwithstanding the fair value reassessments described below, we believe we applied a reasonable valuation method to determine the stock option exercise prices on the respective stock option grant dates.

November 2012

As of September 30, 2012, we had 27 signed customers. We generated \$2.8 million in revenue for the nine months ended September 30, 2012 and \$4.2 million of revenue for the year ended December 31, 2012, compared to \$1.9 million for the year ended December 31, 2011, representing continuing revenue growth. We also increased our employee headcount to 148. In November 2012, we granted stock option awards with an exercise price of \$1.09 per share based on a valuation report as of September 30, 2012. In determining the fair value of our common stock for financial reporting purposes, our board of directors considered the valuation reports as of September 30, 2012 and December 31, 2012. The September 30, 2012 valuation applied a 60% weighting on a discounted cash flow method and a 40% weighting on the prior stock sale method, which considered the price from the Series D preferred stock offering to derive an estimate of the Business Enterprise Value, or BEV, of \$249.8 million. The December 31, 2012 valuation applied a 67% weighting on a discounted cash flow method and a 33% weighting on the prior sale of company stock method, which considered the price

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from the Series D preferred stock offering which occurred in April 2012 to derive an estimate of the BEV of \$255.1 million. When applying the prior stock sale method, the valuations as of September 30, 2012 and December 31, 2012 also applied certain market adjustments to take into account market changes between the valuation and transaction dates. We then used the OPM to allocate the equity value to the common stock value with non-marketability discounts of 31.6% and 30.4% as of September 30, 2012 and December 31, 2012, respectively. For our retrospective analysis for assessing the fair value of our common stock for financial reporting purposes, we applied a straight-line calculation using the valuations of \$1.09 per share as of September 30, 2012 and \$1.12 per share as of December 31, 2012 to determine, with the benefit of hindsight, a reassessed fair value of our common stock for stock option awards granted in November 2012 of \$1.10.

February and April 2013. As of December 31, 2012, we had 47 signed customers while achieving sequential revenue growth, generating \$4.2 million of revenue for the year ended December 31, 2012, compared to \$1.9 million for the year ended December 31, 2011, which reflected a continuing increase in annual revenue growth. We also increased our full-time employee headcount to 156 as of December 31, 2012. In February and April 2013, we granted stock option awards with an exercise price of \$1.12 per share based on a valuation report as of December 31, 2012. In determining the fair value of our common stock for financial reporting purposes, our board of directors considered the valuation report as of December 31, 2012. We then performed a retroactive analysis assessing the fair value of common stock from the valuation report as of June 30, 2013. The December 31, 2012 valuation applied a 67% weighting on a discounted cash flow method and a 33% weighting on the prior sale of company stock method, which considered the price from the Series D convertible preferred stock offering in April 2012 to arrive at BEV of \$255.1 million. When applying the prior sale of company stock method, the valuation as of December 31, 2012 also applied certain market adjustments to the prior BEV established in the April 30, 2012 valuation to take into account market changes between the valuation and transaction dates. The June 30, 2013 valuations applied a 50% weighting on a discounted cash flow method and a 50% weighting on the market method, which considered the comparable companies' respective multiples to our trailing revenue actuals and forward revenue estimates to arrive at BEV of \$276.6 million as of June 30, 2013. We then used OPM to allocate the equity value to the common stock value with non-marketability discounts of 30.4% and 30% as of December 31, 2012 and June 30, 2013, respectively. For our retrospective analysis for assessing the fair value of our common stock for financial reporting purposes, we applied a straight-line calculation using the valuations of \$1.12 per share as of December 31, 2012 and \$1.29 per share as of June 30, 2013 to determine, with the benefit of hindsight, a reassessed fair value of our common stock for stock option awards granted in February and April 2013 of \$1.16 and \$1.21, respectively.

July and September 2013. As of June 30, 2013 and September 30, 2013, we had 70 and 88 signed customers, respectively. We also achieved continuing revenue growth, generating \$7.8 million of revenue for the nine months ended September 30, 2013, compared to \$2.8 million for the nine months ended September 30, 2012. We also increased our full-time employee headcount to 226 and 264 as of June 30, 2013 and September 30, 2013, respectively. In July and September 2013, we granted stock option awards with an exercise price of \$1.29 per share based on a valuation report as of June 30, 2013. The valuations applied equal weights on a discounted cash flow method and market comparable approach, which considered the comparable companies' respective multiples to our trailing revenue actuals and forward revenue estimates to arrive at BEV of \$276.6 million and \$351.0 million as of June 30, 2013 and September 30, 2013, respectively. We then used the OPM to allocate the equity value to the common stock value with non-marketability discounts of 30% and 20% as of June 30, 2013 and September 30, 2013, respectively. For our retrospective analysis for assessing the fair value of our common stock for financial reporting purposes, we applied a straight-line calculation using the valuations of \$1.29 per share as of June 30, 2013 and \$2.35 per share as of September 30, 2013 to determine, with the benefit of hindsight, a reassessed fair value of our common stock for stock option awards granted in July and September 2013 of \$1.57 and \$2.29, respectively.

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October 2013. On October 25, 2013, we granted stock option awards with an exercise price of \$2.35 per share based on a valuation report as of September 30, 2013. We believe the fair value of our common stock as of October 25, 2013 as determined by our Board of Directors was based upon assumptions that were appropriate for valuing common stock of a private company at that time. We subsequently received a contemporaneous valuation report as of December 31, 2013, which indicated a fair value of our common stock of \$6.76. The December 31, 2013 valuation utilized a hybrid approach, utilizing two scenarios: 1) an "IPO Scenario" is the scenario in which we are assumed to achieve an IPO and 2) an OPM for the scenario in which we are assumed to pursue an alternative liquidating event or remain private, deemed the "Non-IPO Scenario". For the IPO scenario, management and our Board of Directors considered recent IPO pricing data from comparable companies. The Non-IPO Scenario applied equal weights on a discounted cash flow method and market comparable approach, which considered the comparable companies' respective multiples to our trailing revenue actuals and forward revenue estimates to arrive at BEV of \$507.0 million as of December 31, 2013. We applied a non-marketability discount of 20% for the Non-IPO Scenario and a present value discount of 10% for the IPO Scenario. A weighting of 80% was applied to the IPO scenario and a 20% weighting was applied to the Non-IPO Scenario. Based on this analysis, the fair value of our common stock was determined to be \$6.76 as of December 31, 2013. In light of the significant differences between fair values of the September 2013 and December 2013 valuation reports, and based upon certain activities that occurred subsequent to October 2013, including the commencement in November 2013 of our initial public offering, we reassessed the fair value as of October 25, 2013 solely for purposes of determining our stock-based compensation expense for the period ended December 31, 2013. With the benefit of hindsight, management utilized the assumptions and methodology in the December 31, 2013 valuation report mentioned above, based on the information as of October 25, 2013. A weighting of 50% was applied to the IPO Scenario and a 50% weighting was applied to the Non-IPO Scenario. Based on this analysis, we have used a reassessed fair value of \$5.00 as of October 25, 2013 for purposes of determining share-based compensation.

January 2014. On January 28, 2014, we granted 905,000 of stock option awards with an exercise price of \$6.76 per share based on a valuation report as of December 31, 2013.

We expect to recognize total compensation expense of approximately \$13.2 million for unvested stock options as of December 31, 2013, which is expected to be recognized during the years ending December 31, 2014, 2015, 2016 and 2017. In future periods, our stock-based compensation expense is expected to increase as a result of our existing unrecognized stock-based compensation and as we issue additional stock awards to continue to attract and retain employees.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

We had cash, cash equivalents and marketable securities totaling \$120.1 million at December 31, 2012 and \$67.2 million as of December 31, 2013. This amount was invested primarily in U.S. agency obligations, U.S. treasury securities and money market funds. The cash, cash equivalents and short-

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term marketable securities are held for working capital purposes. Our investments are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes. All our investments are denominated in U.S. dollars.

Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However because we classify our debt securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary. Our fixed-income portfolio is subject to interest rate risk.

We do not believe that an increase or decrease in interest rates of 100-basis points would have a material effect on our operating results or financial condition. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income and are realized only if we sell the underlying securities.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board, or FASB, issued guidance regarding the presentation of unrecognized tax benefits when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists. The new guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the tax law. This guidance is effective on a prospective basis for financial statements issued for fiscal years and interim periods within those fiscal years, beginning after December 15, 2013. Retrospective and early adoption is permitted. We expect to adopt this guidance in our first quarter of 2014. We do not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

In February 2013, the FASB issued guidance on disclosure requirements for items reclassified out of accumulated other comprehensive income. This new guidance requires entities to present (either on the face of the statement of operations or in the notes to the financial statements) the effects on the line items in the statement of operations for amounts reclassified out of accumulated other comprehensive income. The new guidance will be effective for us beginning in the first quarter of 2014. The adoption of the guidance will impact our financial statement presentation and/or our disclosures but will not impact our financial position, results of operations or cash flows.

BUSINESS

Mission

Our mission is to dramatically improve the efficiency of the U.S. health care industry by unleashing the power of market forces through greater transparency and better alignment of economic incentives among employers, health care consumers and their providers.

Overview

Castlight is a pioneer in a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud allows our customers to conquer the complexity of the existing health care system by providing personalized, actionable information to their employees, implementing technology-enabled benefit designs and integrating disparate systems and applications. Our comprehensive technology offering aggregates complex, large-scale data and applies sophisticated analytics to make health care cost and quality data transparent and useful. We deploy consumer-oriented applications that deliver strong engagement and integration capabilities. In the last two years, we have signed more than 95 customers, which consist primarily of large self-insured employers, across a broad range of industries, including 24 Fortune 500 companies.

U.S. health care spending is forecasted to total approximately \$3.1 trillion in 2014, with \$620 billion of this amount to be paid by U.S. employers, according to the Centers for Medicare and Medicaid Services, or CMS. Despite this substantial investment, the U.S. health care system is burdened by significant waste and extreme variations in the cost and quality of care with limited correlation between the two. A recent study by The Institute of Medicine, the health arm of the National Academy of Sciences, estimates that approximately 30% of all health care spending in 2009 was wasted due to factors such as inflated prices, the provision of unnecessary services and inefficient delivery of care.

Two fundamental causes of these inefficiencies have been the absence of transparent information and the misalignment of economic incentives, which make it difficult for employees and their health care providers to make judicious health care choices. In general, employers and employees have not had access to clear information about cost and quality of care as they consider benefit designs and health care treatment options. Moreover, benefit plans that require only small out-of-pocket costs have led consumers to be largely insensitive to price and have discouraged the pursuit of value-oriented care.

In the United States, employers bear a substantial share of this waste and inefficiency, as they pay on average more than three quarters of their employees' health care costs according to a 2013 survey by National Business Group on Health, or NBGH, and Towers Watson & Co., or Towers Watson. Over the last two decades, employers have taken various steps to attempt to mitigate this growing burden, including self-insuring and increasingly shifting costs to employees. These measures have failed to solve the fundamental problems that have undermined employers' efforts to control costs while maintaining competitive health care benefits for their employees.

Employers' inability to control these costs and improve quality reflects the historical absence of technology solutions capable of:

- aggregating and analyzing disparate health care data to deliver highly personalized information that enables employees to be smarter, more value-driven consumers of health care services;
- implementing advanced benefit designs that empower and incentivize employees to consume resources more judiciously; and

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- integrating and maximizing the effectiveness of the disparate health care systems, applications and programs that employers have deployed to manage health care for their employees and families.

In addition, even as employers have shifted more costs to their employees, they have been unable to engage and empower employees with useful, high-quality information about their health care choices.

We have pioneered a set of technology advancements that enables employers to conquer the complexity of the existing health care system and effectively implement benefit designs that align incentives and drive value for employers, and their employees and families. While this transformation echoes the approach other software providers have used to attack waste and inefficiency in other categories of employee-related enterprise spend such as business travel and procurement, the scale and complexity of the health care industry has historically defied such a solution. We believe that our Enterprise Healthcare Cloud offering, built on our core innovations in data analytics, transparency and employee engagement, represents a fundamental breakthrough in the effort to gain control over health care spending.

Our Enterprise Healthcare Cloud offering transforms a massive quantity of complex data into transparent and useful information. These data include external data we obtain from a diverse array of sources, such as health care providers, insurance companies, governmental agencies and quality-monitoring organizations, as well as internal data generated through the usage of our applications. Our team of leading engineers, economists and clinicians applies sophisticated data science techniques, including predictive modeling and epidemiologic analytics, that leverage our database to drive insights such as identification of high-risk patients and estimated future costs of care, thereby empowering employers with the information they need to design and implement advanced benefit plans that address their specific challenges. We deliver this powerful offering through a suite of innovative applications that enables employers to engage their employees with actionable information, implement highly-tailored benefit designs and integrate their other health care applications and programs. These applications are delivered to our customers, and their employees and families via our cloud-based offering and leverage consumer-oriented design principles that drive engagement and ease of use.

We have experienced significant growth and momentum, and our customers include some of the largest employers in the United States, spanning a wide range of industries, such as education, manufacturing, retail, technology and government. We believe that Castlight is well positioned to leverage its use of large amounts of health care related data, sophisticated data analytics, strong customer portfolio and early-mover advantage to play a role in dramatically improving the efficiency of the U.S. health care system.

Our total revenue was \$1.9 million, \$4.2 million and \$13.0 million for the years ended December 31, 2011, 2012 and 2013, respectively. Our net loss was \$19.9 million, \$35.0 million and \$62.2 million for the years ended December 31, 2011, 2012 and 2013, respectively. Our accumulated deficit at December 31, 2013 was \$131.2 million.

Industry Background

The U.S. Health Care Industry Is Large and Inefficient

The health care industry in the United States is the largest in the world, according to the World Bank. According to a 2012 study by CMS, U.S. national health expenditure is forecasted to reach \$3.1 trillion, or approximately 18% of the U.S. Gross Domestic Product, or GDP, in 2014, and is expected to grow to approximately 20% of GDP by the year 2022. Despite this tremendous spending, U.S. health care outcomes remain inferior relative to those of many other countries. According to a 2013 Bloomberg report, the United States ranked 46th in overall health care efficiency based on a weighted average of life expectancy, relative cost per capita and absolute cost per capita of health

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care. Additionally, a 2013 Institute of Medicine report estimates that approximately 30% of U.S. health care spending in 2009 was wasted due to factors such as inflated prices, the provision of unnecessary services and inefficient delivery of care.

Dysfunctional Market with Limited Correlation Between Cost and Quality

In addition to these inefficiencies, industry dynamics have led to high variations in the cost and quality of health care services. For example, according to a 2013 report by the Massachusetts Attorney General, found that prices paid by certain health plans in 2011 varied by up to 3.5 times between the lowest and highest providers. Further, the study also found that price differences were not explained by differences in quality or complexity of care delivered. Moreover, according to a 2013 study in the *New England Journal of Medicine*, the quality of health care services can vary dramatically. According to the study, risk-adjusted 30-day readmission rates for six surgical conditions at high-volume hospitals ranged between 7.5% and 25.5% in 2009 and 2010.

Two fundamental causes driving this lack of correlation between cost and quality, and the resulting market dysfunction, are the absence of transparent data and the misalignment of economic incentives.

Health Care Data Is Massive, Disaggregated and Lacks Transparency

Historically, employers and employees have not had access to clear information about the cost and quality of care as they consider benefit designs and health care treatment options. In some cases, health care providers and other market participants have actively resisted efforts by employers and others to obtain information about the costs and quality of health care services. Despite this resistance, the health care industry generates extensive data that is relevant to determining the cost and quality of health care services. These data reside in myriad formats and disparate databases, without a common infrastructure, and have therefore been of limited value to employers and employees in controlling costs and improving outcomes. In many cases, information relating to health care services has restrictions on its use, such as contractual agreements that some health plans and providers have historically entered into to not disclose price information. These factors make it challenging for employers and employees to use these data for the purposes of measuring cost and quality and making informed decisions.

In addition, even where these data have been available, they historically have not been delivered in a simple and intuitive format that could empower consumers to make actionable decisions. For example, the U.S. government releases massive amounts of data on hospital performance, such as detailed mortality statistics. However, it is very difficult for consumers to navigate these resources and determine which data and metrics are most relevant for their particular procedure or service, such as heart failure or child birth. According to the Kaiser Family Foundation, less than one in ten Americans say that have seen and used information comparing the quality of health providers in the past year to make health care related decisions.

Misalignment of Economic Incentives Impairs Cost-Effective Decision Making

Historically, employees in the United States have been insulated from direct financial responsibility for much of the cost of the care they choose to receive. This dynamic exists because approximately 149 million people in the United States rely upon health care that is funded by an employer, according to Kaiser Family Foundation. On average, employees paid approximately 23% of the total cost of their health care and employers paid approximately 77% in 2012, according to a joint survey by NBGH and Towers Watson. As a result, employees historically have been less sensitive to the costs of health care services than they might have been had their economic incentives been more closely linked to the total costs of care they received.

Rising Cost of Health Care for Employees Is a Significant Issue for Employers

Employers are forecasted to spend approximately \$620 billion on health care in 2014, according to CMS. According to the Bureau of Labor Statistics, health care benefit costs account for approximately 8% of total employee costs in the United States and represent the largest category of voluntary benefits provided by private employers. These costs are also growing rapidly. In 2013, employers contributed 32% more in health care expenses than five years ago, according to NBGH and Towers Watson. In addition, certain provisions in the ACA, such as the requirement to offer insurance to all full-time employees, will result in additional costs to most employers. As part of their strategy to manage their costs, large employers have been increasingly self-insuring, which more directly exposes these employers to volatility in health care expenses, and places the burden of designing health care benefits for self-insured enterprises on the employer. According to an August 2013 Kaiser Family Foundation survey, in 2013, approximately 61% of employees who rely on health care funded by an employer are covered by health plans by U.S. employers that have elected to self-insure (including 94% of the covered employees of U.S. employers with more than 5,000 employees). As a result, better managing health care expenses will have a direct impact on financial performance, making employers eager for solutions that can help them manage this growing problem.

Employers Have Been Largely Unsuccessful in Controlling Costs and Ensuring High Quality Care

Despite intensive efforts to reduce health care expenses and improve value over many years, employers continue to face escalating costs and highly variable quality. Historical efforts to manage costs through benefit design have been largely unsuccessful. For example, during the 1990s, employers increased their use of health maintenance organization, or HMO, plans, which were designed to incentivize health care providers to reduce the spend for the care of an employee population, but restricted employee choice and created considerable employee dissatisfaction with their health benefits. Many employers responded by shifting to preferred provider organization, or PPO, plans, which offer greater choice and access for employees and their families, but reaccelerated increases in health care costs.

More recently, employers have attempted to reduce health care costs through use of employee cost-sharing plans, such as consumer-directed health care plans. These plans shift health care expenses to employees, and thereby incentivize them to make more judicious health care spending decisions. This shift has been profound. For example, in 2013, 43% of employers with at least 1,000 workers offered high deductible health plans with savings option to their employees, up from only 8% in 2005, according to Kaiser Family Foundation. Although these employee cost-sharing plans have had some success in decreasing the rate of growth of employers' costs, employee dissatisfaction with these plans is high because they lack the tools to shop for care and understand their benefits.

Progressive employers have also implemented benefit design strategies intended to improve quality of care and thereby lower costs by reducing complications and eliminating wasteful treatments. Employers can ultimately reduce their health care costs by directing employees and their families to higher quality service providers that can improve outcomes, reduce medical complications and eliminate wasteful treatments. While higher cost-sharing plans and other specific benefit design strategies have the potential to reduce costs, they are difficult to implement effectively without transparent and actionable information that enables employers and employees to identify options that provide more value for their health care dollar.

Our Opportunity

We believe there is a significant opportunity to offer a comprehensive, technology-based solution to reduce the massive waste and inefficiencies associated with the approximately \$620 billion that

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employers are projected to spend on health care in the United States in 2014. By combining innovations in big data analytics, cloud-based software delivery models and consumer-oriented online and mobile applications, with our deep health care domain knowledge and platform for integrating third-party applications, we believe we are well positioned to play a central role in dramatically improving the efficiency of the U.S. health care system. We estimate, based on the number of people who rely on health care funded by self-insured employers and our estimate of the potential fee opportunity for our current products, that our total available market is greater than \$5 billion.

Our Solution

We have developed a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud offering transforms a massive quantity of complex data, which we obtain from a diverse array of internal and external sources, into transparent and useful information for employers, and their employees and families.

We deliver this powerful offering through a suite of innovative applications that enables employers to engage their employees with personalized, actionable information, implement highly tailored benefit designs and integrate their other systems, applications and programs. These applications are delivered to our customers, and their employees and families, via our cloud-based offering and leverage consumer-oriented design principles that drive engagement and ease of use. In addition, as more customers use our applications and our database grows, the depth and breadth of our offering improves, increasing the value we can deliver to employers, and their employees and families.

The key dimensions of our Enterprise Healthcare Cloud offering include:

Extensive Data Foundation

Our Enterprise Healthcare Cloud offering integrates, organizes and normalizes data from across the fragmented and complex health care landscape. Much of this information has been traditionally difficult to obtain and, in many cases, inaccessible to employers, their employees and families, and benefit providers. Our offering has successfully scaled to aggregate more than a billion health care claim transactions from public and private data sources, which include our customers' health plans and other third parties, and combines these data with health care benefit information, clinical practice guidelines, user-generated data and the consumer behavior data of our users. We then structure these data, allowing us to map personalized cost information by region and individual service providers for a broad range of health care and physician services and medical products. We combine these pricing data with clinical quality and patient experience information from national, regional and user-generated sources to deliver service-specific quality metrics across a broad range of providers in the United States. Our consumer health care database allows our suite of applications to deliver transparency on cost and quality of health care services to an otherwise opaque market.

Sophisticated Analytics

Over the last four years, our team of leading engineers, economists and clinicians has developed proprietary data science techniques and robust capabilities to process and analyze our extensive data foundation and compute cost and quality data for thousands of health care services and products. Our offering transforms unstructured data from disparate sources into actionable information on price and quality of health care services. In addition, we employ predictive modeling to identify patients at risk for needing particular services and estimate their future cost of care. We also use epidemiologic analytics to personalize recommendations for employers for specific benefits programs in which they should invest based on the health characteristics of their populations. Our offering uses this analytics engine

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to calculate costs and identify patterns of inefficient behavior for large populations of employees and their families, thereby enabling employers to take actions to optimize benefit plans, reduce inefficient outcomes and foster behavioral change.

Personalized Cost, Quality and Benefit Information

We simplify the health care decision-making process for employees and their families by providing highly relevant, personalized information that encourages informed choices before, during and after receiving health care. We utilize a real-time interface to securely aggregate the employee's latest medical spending information. By combining these data with medical claims history, benefit plan information, the available provider network and robust search capabilities, we can deliver a highly personalized health care shopping experience that illuminates both the employee's specific out-of-pocket costs and the portion of the medical expense paid by their employer. In addition, we deliver personalized benefit and clinical information, as well as specific alerts about lower cost medical and pharmaceutical options, avoidance of unnecessary services and preventative care recommendations. By empowering employees and their families with the ability to simultaneously search price, quality and relevant content on health care services and providers, we enable them to make informed "market-based" decisions that avoid excessive prices and low quality or unnecessary care, creating significant value for employers.

Technology-Enabled Benefit Design

We deliver significant value to employers by enabling the successful implementation of employee cost sharing plans and other advanced benefit designs that incentivize employees and their families to consume resources more judiciously. Our offering gives employers who offer employee cost sharing plans the tools and information their employees and families need, at scale, to better understand their care options, become more empowered health care consumers and spend their health care dollars wisely. In addition, we also enable and increase the effectiveness of more advanced benefit programs including:

- reference-based pricing, in which employers set maximum reimbursement levels for specified health care procedures and services;
- centers of excellence, in which employers create incentives to direct employees to preferred high-value providers and facilities; and
- incentive programs, in which employees receive monetary and non-monetary rewards to encourage beneficial health behaviors.

In each case, technology plays a critical role in the effective delivery of these advanced benefit programs. Our data, analytics and reporting capabilities allow employers to rigorously design, specify and enforce the parameters of these programs, evaluate their effectiveness and optimize their performance over time.

Independent and Integrated Platform

As an independent technology company in the health care industry, we are a trusted provider of unbiased health care cost and quality information. We believe our independence is an important attribute for our relationships with our customers, and their employees and families, and allows us to partner with health plans, health care providers and broader health care stake holders. Furthermore, we designed our offering to seamlessly integrate with other key third-party data sources, programs and applications. These integrations streamline the user experience across a fragmented vendor set. For example, we provide employees with a consistent but personalized experience regardless of geography, plan design or health plan, while at the same time interfacing with all of the employers'

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legacy systems that support their health care offerings. This integration capability is a key competitive advantage of our offering for large enterprises with national employee bases and multiple health plans. Additionally, our integration capabilities enable employers to increase use of other complementary vendor applications by capitalizing on our ability to drive high levels of engagement. Over time, we believe our platform will become a key consolidation point for a broad array of third-party health care applications.

Universal and Engaging Interface

In order for employers and employees to maximize the benefits of transparent cost and quality information and technology-enabled benefit designs, we have designed our offering to be ubiquitously and conveniently accessible, easy-to-use and valuable for consumers. Our applications enable user experiences similar to those of leading consumer internet sites. Our user experience design fosters user engagement and drives utilization. Our focus on an intuitive and simple user experience allows employees to conveniently shop and access information throughout the process of understanding, planning and carrying out their health care decisions. This focus enables our customers to realize higher productivity and generate better business results through broad access to more timely and reliable information. We complement these capabilities with professional services designed to drive initial user registrations and ongoing engagement.

Our Strategy

Capitalize on Our Leadership in the Emerging Enterprise Healthcare Cloud Market

As a pioneer in the emerging enterprise health care cloud market, we have experienced significant demand from customers in the early commercialization of our offering. We initially targeted, and have already secured, large enterprise customers, which have provided us with data access, enhanced product development and increased scale. We intend to leverage our experiences with these large customers as we continue to build on this momentum. Our current base of 106 customers represents only a small fraction of customers that we believe could benefit from our cloud offering. In order to capitalize on this emerging market opportunity, we intend to continue to leverage our current customer base, expand our direct sales capabilities and invest further in indirect sales channels and partnerships.

Continue to Invest in Customer Success

We are intensely focused on driving lasting customer success. We invest early and heavily in customer relationships and work closely with employers throughout the implementation process to configure their benefit plans to meet their specific needs and objectives and continue to help them adapt these plans over time. We also provide integrated communications and implementation programs that help employers execute their benefit plan strategies quickly and effectively. We aim to be the catalyst that drives long-term employee engagement and lasting efficiency in health care purchases, and in turn, drive high customer satisfaction, retention and reference ability. We believe we are establishing a trusted brand with our customers as they integrate our offering into their own systems, which in turn will not only foster a lasting relationship, but also drive significant value for our customers and their employees and provide us with ongoing opportunities to deploy additional applications and capabilities.

Further Develop Our Platform Strategy

We believe there is a significant opportunity to provide complementary software applications and services to our customers to serve their evolving benefit needs. We have only recently begun to offer additional applications to our customers and have experienced positive results. For instance, our

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pharmacy application, first launched in 2013, integrates prescription drug information into our offering and has been purchased by more than half of our customer base. We are currently developing new complementary applications and services to address additional benefit and engagement needs. We believe these applications will significantly increase the value our customers realize from our offering, enhancing customer satisfaction and loyalty and driving increased adoption of multiple applications by our customers. Additionally, we expect third-party developers will leverage our application program interfaces, or APIs, and our database to develop a broad range of value-added applications and services accessed via our platform, thereby further enhancing the value of our offering.

Leverage Our Growing Independent Health Care Consumer Database

We operate a growing independent database that includes more than a billion health care claim transactions and a rapidly expanding collection of consumer behavior data, making us a trusted third-party source of reference for health care spending. Through algorithmic processing of this aggregated information on provider practices, referral patterns, patient outcomes patient needs and purchasing trends, we will continue to develop novel offerings that inform the benefit design strategies of our customers.

Leverage Our Passionate, Mission-Driven Culture

We believe our team of employees, our corporate culture and our shared passion to change health care that unites us, are key elements of our success. The problem we aim to solve is complex and requires a variety of expertise. We have assembled a unique multi-disciplinary team of software developers, economists, behavioral scientists, clinicians, health policy experts and enterprise-focused sales and marketing personnel and have created a work environment that stimulates cross-functional innovation to effect fundamental change in health consumption behavior. The depth of these skills, our passionate culture and the creativity of our team has enabled a significant early-mover advantage in the market and allowed us to retain and attract the highest caliber talent in the industry.

Our Applications

The Castlight Enterprise Healthcare Cloud is comprised of multiple powerful applications for employers, and their employees and families.

Castlight Enterprise Healthcare Cloud

Key applications available in Castlight Enterprise Healthcare Cloud include:

- ***Castlight Medical:*** Castlight Medical is our flagship Enterprise Healthcare Cloud application which simplifies health care decision making for employees and their families by providing highly relevant, personalized information for medical services that enable informed choices before, during and after receiving health care. Castlight Medical enables employees and their families to intuitively search for robust and comprehensive information about medical providers, including personalized out-of-pocket cost estimates, clinical quality, user experience and provider demographic information. Additional features include personalized tips, evidence-based clinical guidelines, educational content, benefit guides and real-time spend and deductible information.

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The following graphics are illustrative screenshots of our Castlight Medical application.

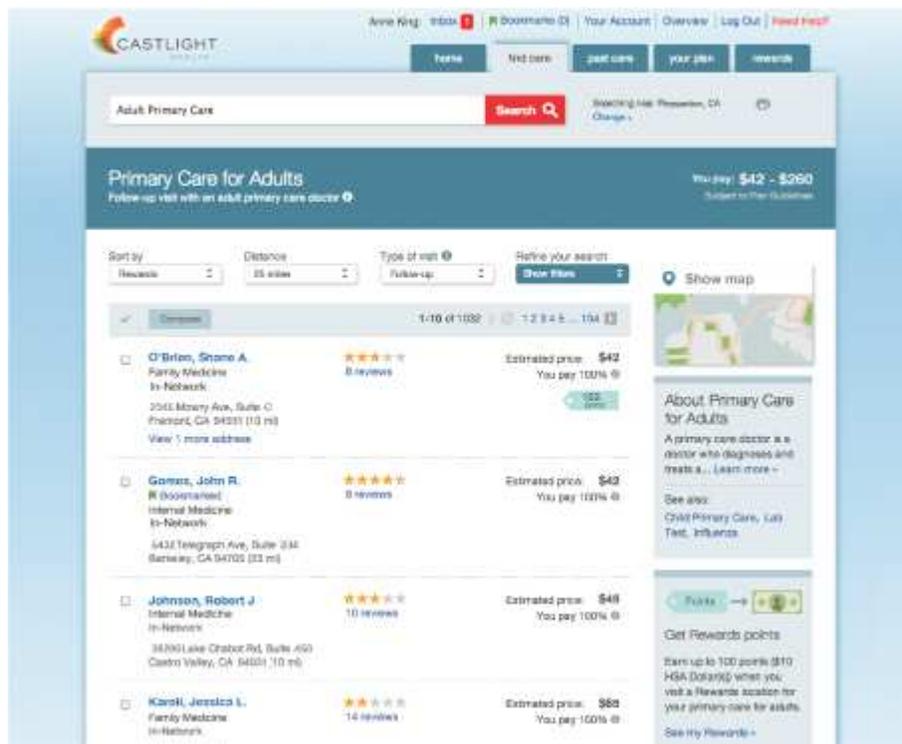
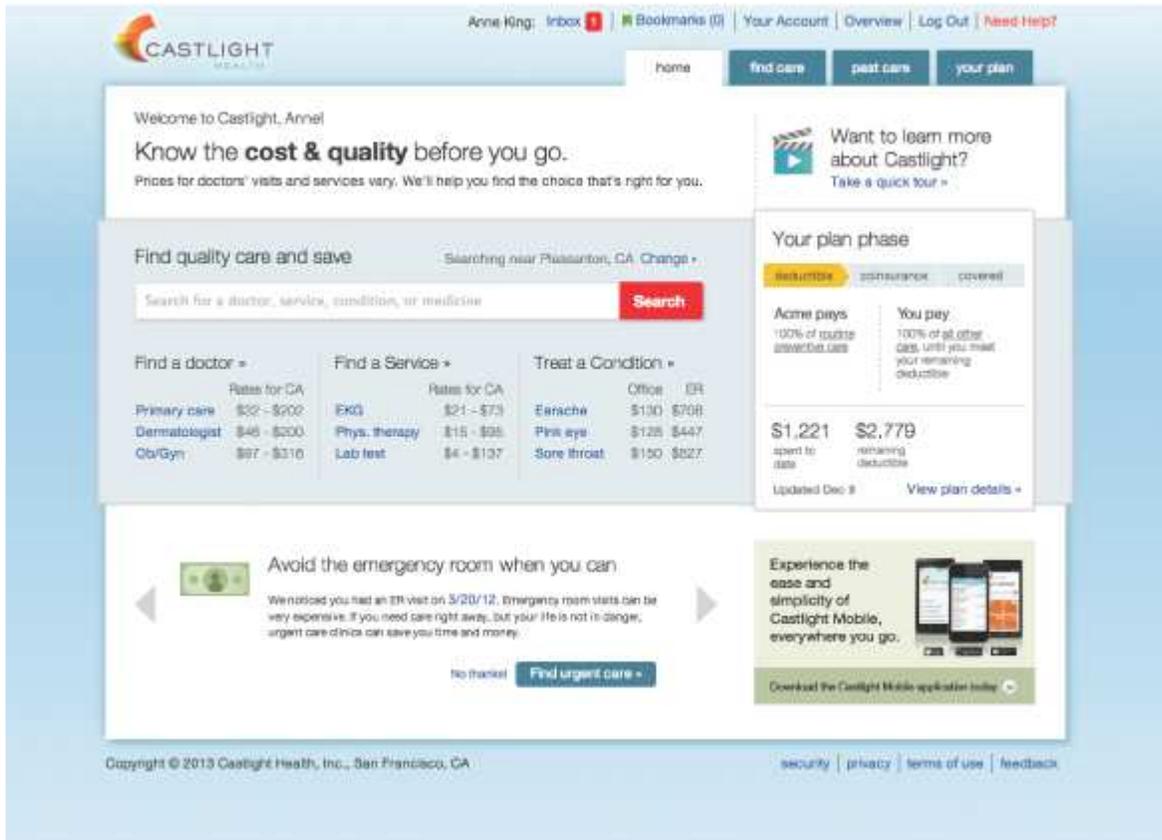


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- **Castlight Pharmacy:** The Castlight Pharmacy delivers information to guide employees and their families on how to manage their prescription drug spend. Our pharmacy application enables them to easily search for cost estimates for specific medications at convenient retail locations as well as mail order alternatives and presents multiple ways to save including using generic equivalents and therapeutic area alternatives. Additionally, Castlight Pharmacy is capable of driving improved drug compliance through prescription refill reminders and interfaces with other third-party applications to change and fulfill prescriptions.

Castlight Advanced Benefit Design

Our Advanced Benefit Design applications allow employers to go beyond basic cost and quality transparency by creating incentives and controls to drive behavior change among employees and avoid unnecessary spending. Our applications improve effectiveness of a variety of value-driving benefit designs including:

- **Centers of Excellence:** Our Centers of Excellence, or COE, application highlights COE options for users, while educating employees on their relative value.
- **Reference Based Pricing:** Our Reference Based Pricing application allows employers to set a “fair market” reference price that establishes the maximum amount paid by the employer specified health care procedures and services. Reference Based Pricing allows employers to direct employees to high value care, while still preserving their choice of provider.
- **Tiered Networks:** Our Tiered Networks application educates users about the cost impact of using providers of different network tiers and encourages use of cost-effective providers.
- **Preferred Providers:** Our Preferred Provider application enables employers to direct employees and their families to preferred providers including onsite clinics, domestic tourism providers and lower-cost providers such as retail clinics and urgent care centers, allowing more cost-effective and convenient care options.
- **Rewards:** Our Rewards application let employers motivate employees to utilize high value providers and perform a variety of other desired behaviors.

Castlight Reporting and Analytics Insights

Our Reporting and Analytics Insights applications allow employers to understand where and how their employees are using the Castlight Enterprise Healthcare Cloud and identify opportunities to drive even deeper engagement and savings. These applications deliver insights into overall savings trends, use of high-quality providers, common search activities, engagement rates and the effects of benefit designs. These applications identify opportunities to increase use of other valuable employer programs that can benefit from promotion using targeted messaging in our Enterprise Healthcare Cloud applications.

Our Services

We provide a range of services to help employers implement and maximize the value of our offering, including:

- **Communication and Engagement Services .** We offer communications services to drive employee engagement with our offering that span email campaigns, print collateral and employer-specific media. Communications initiatives are typically run during open enrollment, time of product launch and periodically post launch to continue to drive employee engagement and change management. The fees for these services are included as part of our professional service contracts.
- **Implementation Services.** We provide implementation services to our customers to ensure successful deployment of our offering, including executing required data feeds, loading

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customer data, configuring applications, integrating with third-party and other applications and comprehensive testing. The fees for these services are included as part of our professional service contracts.

- **Customer Support.** We offer end user support to ensure effective employee use of our offering. We provide live chat and telephonic support for employees and their families in the area of technical support, clarification support, including answering questions on how to use the online service, and provider search support. We also enable employees who may have limited computer access to obtain their personalized health care information using our customer support personnel. The fees for these services are included as part of our subscription contracts.
- **Training.** We offer training for key personnel of our customers, as well as training materials that our customers can provide to employees and their families before and after launching our application. The fees for these services are included as part of our professional service contracts.

Customers

We completed implementation for our first customer in 2010, and as of December 2013, we have signed 106 customers, of which more than 95 customers were signed in the last two years, encompassing millions of eligible employees and their families. Our customers consists primarily of large self-insured employers. Our customer spans a wide range of industries, such as education, manufacturing, retail, technology and government, and includes some of the largest employers in the United States. For the year ended December 31, 2013, the Administrative Committee of the Wal-Mart Stores, Inc., Associates' Health and Welfare Plan represented approximately 16% of our total revenue.

Representative Customers

The following table lists many of our largest customers, based on total revenue in 2013, and their industry:

Customer	Industry
Administrative Committee of the Wal-Mart Stores, Inc., Associates' Health and Welfare Plan	Retail
Carlson, Inc	Hospitality
Cummins, Inc.	Manufacturing
Eaton Corporation	Manufacturing
Indiana University	Education
Indiana University Health, Inc.	Health Care
Indiana State Personnel Department	Government
Liberty Mutual Group Inc.	Financial Services
Microsoft Corporation	Technology
Mondelez International, Inc.	Food & Beverage
Purdue University	Education
Safeway Inc.	Retail

Customer Case Studies

The following are representative examples of how some of our customers have benefited from typical deployments of our application:

Honeywell

Situation : Honeywell, a Fortune 100 technology and manufacturing company, needed to manage the ever-escalating cost of insuring its approximately 130,000 employees and their

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dependents. Honeywell has reported that its health care costs were growing approximately 8-10% per year. The company decided to implement a full-replacement, consumer-directed health plan to help contain costs, but recognized that success would require supporting employees with a consumer-centric, cost and quality transparency tool that enabled informed decision-making, supported change management and improved employee engagement.

Solution and benefits : Honeywell selected Castlight's Enterprise Healthcare Cloud platform to provide its employees with access to health care cost, quality and education in a user-friendly way. Castlight aggregated data across the company's insurance carriers, and helped deploy comprehensive employee education and engagement applications. Castlight was first provided to Honeywell in February 2012. Honeywell reported the following benefits:

- Castlight developed a health care management platform that connected Honeywell health care vendors in a single integrated solution and offered employees a consistent user experience and message.
- 68% of eligible households registered with Castlight's solution during the first five months after deployment, and 78% of registrants returned to the application by the end of 2012. Honeywell had identified employee engagement as a key indicator that employees were making consumer-driven health care decisions that would reduce Honeywell's health care costs, and had targeted an initial engagement target of 50% which was achieved on the second day of launch. Honeywell employees and dependents have conducted over 800,000 provider searches on Castlight since the rollout.
- Honeywell employees who used Castlight to shop for laboratory services paid 14% less on average than those who did not search (February 2012 through September 2013).

Esterline

The Problem : Esterline is a leading manufacturing company serving aerospace and defense customers. Esterline is based in Bellevue, Washington and offers a high deductible plan to its 5,000 U.S. employees. Esterline wanted to make health care cost and quality information available to the participants in its medical plan before services were scheduled or received. Esterline expected that informed employees would make choices that would drive down costs for the employee and the plan.

Solution and benefits : Esterline selected Castlight's Enterprise Healthcare Cloud offering because it believed in Castlight's ability to help Esterline's employees attain savings in health care spending and improve quality of care. Esterline launched Castlight in January 2012.

- Castlight helped Esterline register approximately 50% of eligible households in the first four months, through a highly tailored and active communications program.
- Esterline employee households using Castlight experienced an approximate 33% drop in medical spending (on average), while all other Esterline employee households experienced an approximate 1% increase in medical spending (on average).
- From January 2012 through September 2013, Esterline employees who searched Castlight prior to receiving services experienced significant savings: Those who searched for labs saved approximately 21% relative to non-searchers and those who searched for MRIs saved approximately 16% relative to non-searchers.

Wayne Farms

Situation : Wayne Farms, a vertically integrated poultry producer, places a high priority on offering their nearly 9,000 employees a high-quality, comprehensive benefits package, and needed an

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easy to use, technology-based solution to help employees drive value from its health care benefit programs.

Solution and benefits : Wayne Farms selected Castlight's cloud-based transparency platform, and cited as key factors in its decision the easy and consumer-oriented user interface, the differentiated and useful quality platform and Castlight's demonstrated willingness to accommodate unique needs, such as the development of a Health Savings Account tool. Castlight was first provided to Wayne Farms in September 2012. Wayne Farms reported the following benefits:

- As of May 2013, 60% of eligible households registered with Castlight.
- Castlight integrated Wayne Farms' Health Savings Account program Q3 2013, allowing employees to access real-time HSA information and balances.
- Based on results using Castlight with the company's salaried population, Wayne Farms decided to purchase Castlight to support its hourly, manufacturing-based and distributed population in addition to adding Castlight's pharmacy module (contract signed January 2013).

Employees and Culture

We view our employees and company culture as critical assets for our business and a source of competitive strength. Our leadership team is focused on supporting our employees and fostering our unique culture. We believe this has enabled us to attract and retain some of the best minds in technology and health care to build and advance our offering. Our core values, which we seek to reflect in our work with each other and our customers and partners, are Transparency, Courage, Community, Passion and Excellence. We seek to be transparent in our decision making, courageous in doing the right thing, kind and humble, make our job the one we love and cultivate continuous improvement.

As of December 31, 2013, we had a total of 287 regular full-time employees, all located in the United States. None of our employees is represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Sales and Marketing

We sell our applications and services through our direct sales organization. Our direct sales team comprises enterprise-focused field sales professionals who are organized principally by geography and account size. Our field professionals are supported by a sales operations staff, including product technology experts, lead generation professionals and sales data experts. We maintain relationships with key industry participants including benefit consultants, brokers, group purchasing organizations and health plan partners.

We generate customer leads, accelerate sales opportunities and build brand awareness through our marketing programs. Our marketing programs target human resource, benefits and finance executives in addition to technology and health professionals, senior business leaders and health care channel partners. Our principal marketing programs include use of our website to provide information about our company and our software services, as well as learning opportunities for potential customers, demand generation, field marketing events, integrated marketing campaigns and participation in, and sponsorship of, user conferences, industry events, trade shows and conferences.

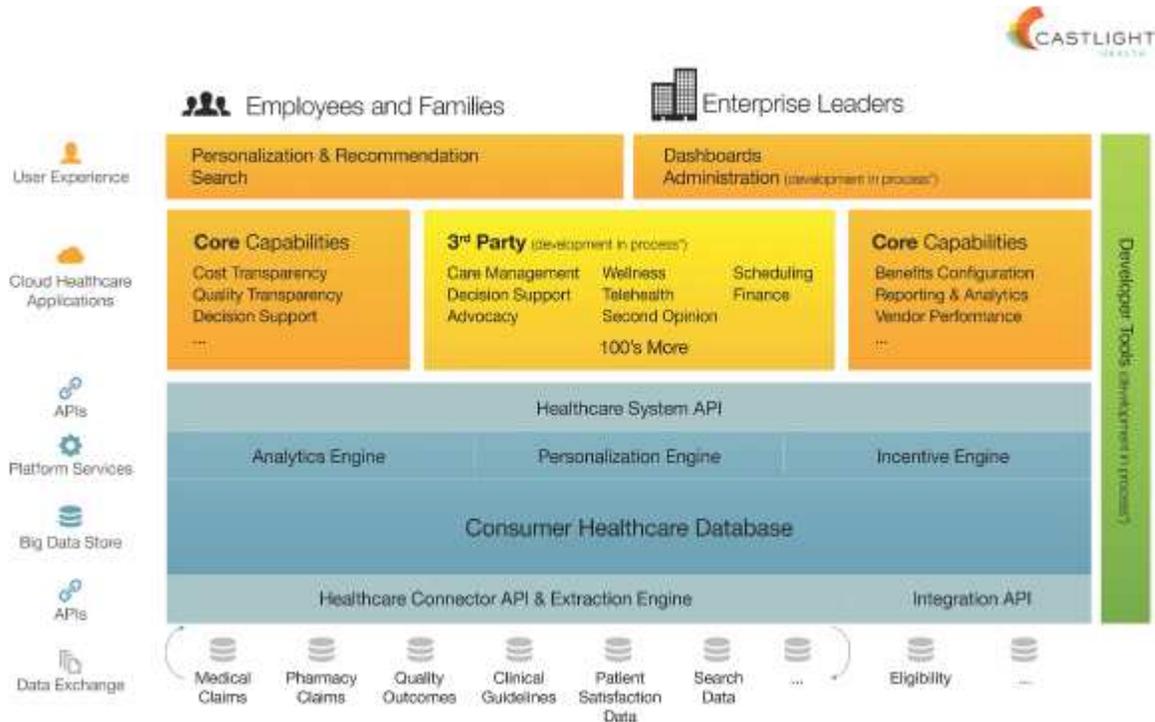
Our Technology

We have designed our technology infrastructure to provide a highly available and secure multi-tenant cloud-based offering. Our multi-tenant platform allows us to use a common data model and

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consistent management practices for all customers with multiple possible configurations, while securely partitioning each customer's application data. This approach provides significant operating leverage and improved efficiency as it helps us reduce our fixed cost base and minimize unused capacity on our hardware.

The following graphic displays our robust technology foundation that supports our applications:



* Development in process. We are in process of building technologies to enable third-party integrations, external developer tools and administration tools for our customers.

Overall, the architecture, deployment and management of our technology is focused on:

- **Scalability.** We have developed a robust and scalable data architecture infrastructure, which allows for automated loading and normalization of numerous data sources, including more than a billion claim transactions in our data warehouse.
- **Standardization.** Our technology assimilates unstructured data from disparate sources, and employs unique algorithms to convert these data into user-friendly information for our users. Additionally, we operate using Services Oriented Architecture principles, with a platform of services that serve to deliver the application in a scalable and standardized way.
- **Security.** We maintain a formal and comprehensive security program designed to ensure the security and integrity of customer data, protect against security threats or data breaches and prevent unauthorized access to the data of our customers. We strictly regulate and limit all access to on-demand servers and networks at our production and remote backup facilities. All users are authenticated, authorized and validated before they can access our system. Users must have a valid user ID and associated password to log on to our services. We require Secure Socket Layer 3 between the user's browser and our servers to protect data during transfer.

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We have a standard Java and Ruby on Rails based development environment with the majority of our software written in industry standard software programming languages. We develop our native mobile applications for all the other platforms (iOS, Android and Windows Mobile) using a robust java service layer for providing key functionality. Our operating system and databases are open-source including the Linux operating system, MySQL and MongoDB databases and Apache Tomcat for the application servers. We also use Greenplum for our analytics database.

We currently host our applications and serve all of our customers from three data centers, located in Arizona, Colorado and Texas, and expect to transition all hosting to the data centers in Arizona and Colorado by the end of 2014. We rely on third-party vendors to operate these data centers, which are designed to host computer systems that require high levels of availability and have redundant subsystems and compartmentalized security zones. We utilize commercially available hardware for our data center servers.

We apply a wide variety of strategies to achieve better than 99% uptime, excluding scheduled maintenance. We achieved over 99.9% uptime over the last 12 months. Systems are continually monitored for any signs of problems and preemptive action is taken when necessary. Encrypted backup files are transmitted over secure connections to a redundant server storage device in a secondary data center. Our data center facilities employ advanced measures to ensure physical integrity, including redundant power and cooling systems and advanced fire and flood prevention.

Compliance and Certifications

Our software services and data are located at independently managed facilities. We require that those vendors obtain third-party security examinations relating to security and data privacy. Statement on Standards for Attestation Engagements, or SSAE, No. 16, Reporting on Controls at a Service Organization, replaced SAS- 70 Type II examinations as the authoritative standard for reporting on service organizations. Our vendors' SSAE examination is conducted at least every 12 months by an independent third-party auditor, and addresses, among other areas, physical and environmental safeguards for production data centers, data availability and integrity procedures, change management procedures and logical security procedures. We conduct an annual internal audit based upon ISO 27001 principles and criteria that addresses, among other areas, security, data privacy and operational controls.

Research and Development

Our ability to compete depends, in large part, on our continuous commitment to rapidly introduce new application services, technologies, features and functionality. We deliver monthly service releases, updating our offering to leverage advances in cloud computing, mobile applications and data management. Our research and development organization, which as of December 31, 2013, consisted of 85 full-time employees, is responsible for the design, development, testing and certification of our offering. In addition, we utilize certain third-party development services to perform application development services. We focus our efforts on developing new applications and core technologies and further enhancing the usability, functionality, reliability, performance and flexibility of our offering.

Research and development expenses were \$10.2 million, \$9.7 million and \$15.2 million for the years ended December 31, 2011, 2012 and 2013, respectively.

Strategic Relationships

We have established a number of strategic relationships to deepen and complement our platform and applications. These relationships include health care payers, consulting and implementation services provider and broader health care partners.

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Health Plan Collaborations: We work with health plans and pharmacy benefit managers, or PBMs, to support our mutual customers. Our partners include many national and regional health plans and PBMs. These collaborations provide us with claims and other data on behalf of our employer customers. We have developed technologies in collaboration with several payer partners including real-time integrated APIs and our reference-based pricing application.

Content and Product Relationships: We have relationships with leading content and product companies that complement our offering by making specialized content and functionality available to our customers. These include a variety of public and private data vendors and organizations. Additionally, we integrate with broader health care partners to provide a more integrated and streamlined experience for our users.

Implementation Relationships: We work with consulting firms to supplement our ability to provide customer implementation services and supply our communications services.

Competition

The market for enterprise health care cloud solutions is in an early stage of development, but is rapidly evolving and competitive. We currently face competition from independent third-party tool vendors, such as Change Healthcare Corporation, ClearCost Health, Healthcare Blue Book, HealthSparq Inc. and Truven Health Analytics Inc., as well as from health plans, such as Aetna Inc., Cigna Corporation, United Healthcare Group, Inc. and WellPoint, Inc. We expect competition to increase as other established and emerging companies enter our industry, as customer requirements evolve, and as new products and technologies are introduced.

The principal competitive factors in our industry include:

- capability for customization through configuration, integration, security, scalability and reliability of applications;
- ease of use and rates of user adoption;
- cloud-based delivery model;
- breadth and depth of application functionality;
- competitive and understandable pricing;
- size of customer base and level of user adoption;
- depth of access to third-party data sources;
- ability to integrate with legacy enterprise infrastructures and third-party applications;
- ability to innovate and respond rapidly to customer needs and regulatory changes;
- domain expertise in benefits and health care consumerism;
- accessible on any browser or mobile device;
- clearly defined implementation timeline;
- financial stability of the vendor; and
- customer branding and styling.

We believe that we compete favorably on the basis of these factors, but given the longer operating histories, greater resources, broader set of business lines, longer relationships with certain potential

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customers and ability to offer lower prices, of some of the companies with which we compete, we may not always compare favorably with respect to certain of the above factors. Our ability to remain competitive will largely depend on our ability to invest across our platform.

Many of our competitors have longer operating histories, significantly greater financial, technical, marketing, distribution or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the health care industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements or devote greater resources to the development, promotion and sale of their products than us. Increased competition may lead to price cuts, fewer customer orders, reduced gross margins, longer sales cycles and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

Intellectual Property

We rely on a combination of patent, trademark, copyright and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish, maintain and protect our proprietary rights. These laws, procedures and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. In addition, we may not be able to prevent others from developing technology that is similar to, but not the same as our proprietary technology. We generally require employees, consultants, customers, suppliers and partners to execute confidentiality agreements with us that restrict the disclosure of our intellectual property. We also require our employees and consultants to execute invention assignment agreements with us that protect our intellectual property rights.

Historically, despite a substantial investment in research and development activities, we have not focused on filing patent applications, although this may change in the future. As of December 31, 2013, we had one issued patent and four patent applications pending in the United States. Our patent expires on July 27, 2031. We cannot ensure that any of our pending patent applications will be granted or that our issued patent will adequately protect our intellectual property. In addition, third parties could claim invalidity or co-inventorship, or make similar claims with respect to our currently issued patent or any patents that may be issued to us in the future. Any such claims, whether or not successful, could be extremely costly to defend; divert management's time, attention and resources; damage our reputation and brand; and substantially harm our business.

We own and use trademarks on or in connection with our applications and services, including both unregistered common law marks and issued trademark registrations in the United States. We also have trademark applications pending to register marks in the United States. We have also registered numerous Internet domain names.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our offering. In addition, policing unauthorized use of our technology and intellectual property rights is difficult and may not be effective.

We expect that we and others in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of these third parties might make a claim of infringement against us at any time. Any such claim could pose a substantial distraction to the management of our company. A successful claim

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of this type may be costly and could require us to spend substantial time and effort in making our offering noninfringing.

Regulatory Environment

Participants in the health care industry are required to comply with extensive and complex U.S. laws and regulations at the federal and state levels. Although many regulatory and governmental requirements do not directly apply to our business, our customers are required to comply with a variety of U.S. laws, and we may be affected by these laws as a result of our contractual obligations. We have attempted to structure our operations to comply with applicable legal requirements, but there can be no assurance that our operations will not be challenged or impacted by enforcement initiatives.

Health Care Reform

Our business could be affected by changes in health care laws, including without limitation, the Patient Protection and Affordable Care Act, or ACA, which was enacted in March 2010 and is currently in the process of being implemented. ACA is changing how health care services are covered, delivered and reimbursed through expanded coverage of individuals, changes in Medicare program spending and insurance market reforms.

While many of the provisions of ACA and other health care reform legislation will not be directly applicable to us, they may affect the business of many of our customers, which may in turn affect our business. Although we are unable to predict with any reasonable certainty or otherwise quantify the likely impact of ACA or other health care reform on our business model, financial condition, or results of operations, negative changes in the business of our customers and the number of individuals they insure may negatively impact our business.

Requirements Regarding the Privacy and Security of Personal Information

HIPAA and Other Privacy and Security Requirements. There are numerous U.S. federal and state laws and regulations related to the privacy and security of personal health information. In particular, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, collectively HIPAA, establishes privacy and security standards that limit the use and disclosure of protected health information and require the implementation of administrative, physical and technical safeguards to ensure the confidentiality, integrity and availability of individually identifiable health information in electronic form. Our health plan customers, as well as health care clearinghouses and certain providers with which we may have or may establish business relationships, are covered entities that are regulated under HIPAA. The Health Information Technology for Economic and Clinical Health Act, or HITECH, which became effective on February 17, 2010, significantly expanded HIPAA's privacy and security requirements. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates," which are independent contractors or agents of covered entities that create, receive, maintain, or transmit protected health information in connection with providing a service for or on behalf of a covered entity. Under HIPAA and our contractual agreements with our customers, we are considered a "business associate" to our customers and thus are directly subject to HIPAA's privacy and security standards. In order to provide our covered entity clients with services that involve the use or disclosure of protected health information, HIPAA requires our clients to enter into business associate agreements with us. Such agreements must, among other things, require us to:

- limit how we will use and disclose the protected health information;
- implement reasonable administrative, physical and technical safeguards to protect such information from misuse;

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- enter into similar agreements with our agents and subcontractors that have access to the information;
- report security incidents, breaches and other inappropriate uses or disclosures of the information; and
- assist the client in question with certain of its duties under the privacy standards.

If we are unable to properly protect the privacy and security of health information entrusted to us, our offering may be perceived as unsecure, we may incur significant liabilities, and customers may curtail their use of or stop using our offering.

In addition to HIPAA regulations, we may be subject to other state and federal privacy laws, including laws that prohibit unfair privacy and security practices and deceptive statements about privacy and security and laws that place specific requirements on certain types of activities such as data security and texting. We cannot provide assurance regarding how the various privacy and security laws will be interpreted, enforced or applied to our operations.

While we have implemented a privacy and security program, any perception of our practices as unfair or deceptive, whether or not consistent with current regulations and industry practices, may subject us to public criticism, private class actions, reputational harm or claims by regulators, which could disrupt our business and expose us to increased liability.

Data Protection and Breaches . In recent years, there have been a number of well-publicized data breaches involving the improper use and disclosure of individuals' personal information of individuals. Many states have responded to these incidents by enacting laws requiring holders of personal information to maintain safeguards and to take certain actions in response to a data breach, such as providing prompt notification of the breach to affected individuals and state officials. In addition, under HIPAA, we must report breaches of unsecured protected health information to our contractual partners within 60 days of discovery of the breach. Notification must also be made to HHS and, in certain circumstances involving large breaches, to the media.

We have implemented and maintain physical, technical and administrative safeguards intended to protect all personal data and have processes in place to assist us in complying with all applicable laws, regulations and contractual requirements regarding the protection of these data and properly responding to any security breaches or incidents. However, we cannot be sure that these safeguards are adequate to protect all personal data or assist us in complying with all applicable laws and regulations regarding the privacy and security of personal data and responding to any security breaches or incidents. Furthermore, in many cases, applicable state laws, including breach notification requirements, are not preempted by the HIPAA privacy and security standards and are subject to interpretation by various courts and other governmental authorities, thereby complicating our compliance efforts. Additionally, state and federal laws regarding deceptive practices may apply to public assurances we give to individuals about the security of services we provide on behalf of our contractual customers.

Other Requirements . In addition to HIPAA, numerous other U.S. state and federal laws govern the collection, dissemination, use, access to and confidentiality of individually identifiable health information and health care provider information. Some states also are considering new laws and regulations that further protect the confidentiality, privacy and security of medical records or other types of medical information. In many cases, these state laws are not preempted by the HIPAA privacy standards and may be subject to interpretation by various courts and other governmental authorities. Further, Congress and a number of states have considered or are considering prohibitions or limitations on the disclosure of medical or other information to individuals or entities located outside of the United States.

Facilities

Our corporate headquarters are located in San Francisco, California, where we occupy facilities totaling approximately 32,571 square feet under a sublease which expires in 2017. We use these facilities for administration, sales and marketing, research and development, engineering, customer support and professional services. We also lease small sales offices elsewhere in the United States.

We intend to procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate any such expansion of our operations.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of our management, would individually or taken together have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

MANAGEMENT

Executive Officers, Other Key Employees and Directors :

The following table provides information regarding our executive officers, other key employees and directors as of February 10, 2014:

Name	Age	Position
Executive Officers:		
Giovanni M. Colella	56	Chief Executive Officer, Co-Founder and Director
Dena Bravata	47	Chief Medical Officer and Head of Products
John C. Doyle	45	Chief Financial Officer, Vice President, Treasurer
Michele K. Law	43	Chief Revenue Officer
Randall J. Womack	49	Chief Operating Officer and Vice President
Other Key Employees		
Naomi L. Allen	39	Vice President, Product
Nita Sommers	34	Vice President, Corporate and Business Development
Non-Employee Directors:		
Bryan Roberts(1)(3)	47	Chairman of the Board and Co-Founder
David Ebersman(1)	44	Director
Robert Kocher	42	Director
Ann Lamont(2)	57	Director
Christopher P. Michel	46	Director
David B. Singer(2)(3)	51	Director

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Nominating and Governance Committee.

Executive Officers

Giovanni M. Colella co-founded our company in 2008 and has served as our Chief Executive Officer and a director since that time. Prior to founding our company, Dr. Colella served as Founder, President and Chief Executive Officer of RelayHealth Corporation, a health care technology company, from 2000 until its acquisition in 2006. Dr. Colella holds an M.D. from the Università Degli Studi di Milano in Italy and an M.B.A. from Columbia Business School. As our Chief Executive Officer, Dr. Colella is the general manager of our entire business, directing our management team to achieve our strategic, financial and operating goals. His presence as a member of our board of directors brings his thorough knowledge of our company into our board of directors' strategic and policy-making discussions. He brings his extensive experience in finance and medicine and executive roles in the health care technology industry into deliberations regarding our strategy and operations.

Dena Bravata joined our company in April 2009 as Clinical Content Manager and has served as our Chief Medical Officer since February 2010 and Head of Products since February 2013. Prior to joining our company, Dr. Bravata was a Senior Research Scholar at the Stanford University Center for Primary Care and Outcomes Research from July 2000 to April 2009 and was an internist in private practice for nearly a decade. Before entering private practice, Dr. Bravata worked as an attending physician at Stanford University and the VA Palo Alto Healthcare System. Dr. Bravata holds a B.S. in Biology from Yale University, an M.D. from Columbia University and an M.S. in Health Research and Policy from Stanford University.

John C. Doyle has served as our Chief Financial Officer, Vice President and Treasurer since November 2012. Previously, Mr. Doyle served as Chief Financial Officer and then Chief Operating

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Officer of Achaogen, Inc., a biopharmaceutical company, from August 2009 to November 2012. Prior to joining Achaogen, Mr. Doyle was Vice President, Finance and Corporate Planning at Genentech, Inc. from July 2007 to June 2009. Mr. Doyle previously served in various roles at Renovis, Inc., first as Vice President, Finance and Chief Financial Officer from August 2002 to August 2006, as Senior Vice President of Finance and Operations and Chief Financial Officer from August 2006 to January 2007 and as Senior Vice President of Corporate Development and Chief Financial Officer from January 2007 to June 2007. Mr. Doyle has been a member of the board of directors of Achaogen since November 2012. Mr. Doyle is a certified public accountant and holds a B.S. in Business Administration from California Polytechnic State University, San Luis Obispo, and an M.B.A. from the Haas School of Business at the University of California, Berkeley.

Michele K. Law joined our company as Chief Revenue Officer in October 2013. Ms. Law previously worked at OpenDNS, Inc., a software security company, from October 2008 until June 2013, first as Vice President of Business Development and Sales from 2008 until 2011 and then as Chief Operating Officer from 2011 until 2013. From September 2000 to January 2008, Ms. Law served first as an associate from 2000 to 2003 and then as a principal from 2003 to 2008 at Greylock Partners, a venture capital firm. Ms. Law holds a B.S. in Electrical Engineering from Cornell University and an M.B.A. from Harvard Business School.

Randall J. Womack joined our company as Chief Operating Officer in November 2010. Mr. Womack served as the Chief Information Officer and Vice President, Operations, of SuccessFactors, Inc., a software company, from April 2003 to November 2010. From May 2000 to April 2003, Mr. Womack served as a partner in the Fast Forward Group at Greylock Partners, a venture capital firm. From 1997 to May 2000, Mr. Womack served as Chief Information Officer of Digital River, Inc., an e-commerce company. Mr. Womack attended the University of Texas, Austin, where he studied Finance.

Other Key Employees

Naomi L. Allen joined our company as Vice President, Business Development and Strategy in April 2008 and has served as our Vice President, Product since April 2013. Ms. Allen also previously served as our Vice President, Operations from January 2010 to January 2011, Vice President, Sales and Professional Services from January 2011 to January 2013 and Vice President, Product Strategy and Customer Success from January 2013 to April 2013. Prior to joining our company, Ms. Allen worked at McKinsey & Company, a management consulting firm, from 2004 to 2008, Microsoft Corporation, a software technology company, in 2002 and Deloitte Consulting, a management consulting firm, from 1996 to 2000. Ms. Allen holds a B.A. in International Studies from University of North Carolina—Chapel Hill and an M.B.A. from Stanford University, Graduate School of Business.

Nita Sommers joined our company in December 2009 and has served as Vice President, Corporate and Business Development since that time. Prior to joining our company, Ms. Sommers served as an Associate and then an Engagement Manager at McKinsey & Company, a management consulting firm, from 2007 to December 2009. Ms. Sommers also worked at Athenahealth, Inc., provider of cloud-based electronic health record services from 2000 to 2004 and at McKesson Corporation, a health care services and information technology company, from 2004 to 2005. Ms. Sommers holds a B.A. in Psychology from Harvard University and an M.B.A. from Stanford University, Graduate School of Business.

Non-Employee Directors

Bryan Roberts co-founded our company in 2008, served as a director from 2008 until 2010 and has served as the Chairman of our board of directors since 2010. Dr. Roberts joined Venrock, a

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venture capital firm, in 1997, where he currently serves as a Partner. Dr. Roberts currently serves as the Chairman of the board of directors of Ironwood Pharmaceuticals, Inc. and as a director of Zeltiq Aesthetics, Inc. as well as several private companies. Dr. Roberts previously served on the board of directors of Athenahealth, Inc. from 1999 to 2009, Xenoport, Inc. from 2000 to 2007 and Sirna Therapeutics, Inc. from 2003 to 2007. From 1989 to 1992, Dr. Roberts worked in the corporate finance department of Kidder, Peabody & Co., a brokerage company. Dr. Roberts received a B.A. in Chemistry from Dartmouth College and a Ph.D. in Chemistry and Chemical Biology from Harvard University. Dr. Roberts' experiences with facilitating the growth of health care, health care IT and biotechnology companies, together with his historical perspective of our company, make him uniquely qualified to serve on our board of directors.

David Ebersman has served as a director since July 2011. Mr. Ebersman has served as the Chief Financial Officer of Facebook, Inc., a social utility company, since September 2009. Prior to joining Facebook, Mr. Ebersman served in various positions at Genentech, Inc., a biotechnology company, including as its Chief Financial Officer from March 2005 until January 2006 and as Chief Financial Officer and Executive Vice President from January 2006 until April 2009, when Genentech was acquired by F. Hoffmann-La Roche Ltd. Prior to joining Genentech, Mr. Ebersman was a research analyst at Oppenheimer & Company, Inc., an investment company. Mr. Ebersman has been a member of the board of directors of Ironwood Pharmaceuticals, Inc. since July 2009. Mr. Ebersman holds an A.B. in International Relations and Economics from Brown University. Mr. Ebersman brings to our board fifteen years of business, manufacturing, strategic planning and financial experience with Genentech, one of the original biotechnology companies.

Robert Kocher has served as a director since July 2011. Dr. Kocher has been a partner at Venrock, a venture capital firm, since July 2011. Additionally, Dr. Kocher has served as a Senior Fellow at the Schaeffer Center for Healthcare Policy at the University of Southern California since 2013 and a Non-Resident Senior Fellow at The Brookings Institution since 2010. Dr. Kocher served in various positions, including as a principal, at McKinsey and Company, a management consulting firm, from July 2002 to January 2009, where he led the McKinsey Center for Health Reform in 2010, and rejoined as principal from September 2010 to July 2011. From January 2009 to July 2010, Dr. Kocher served as special assistant to President Obama for health care and economic policy and as a member of the National Economic Council. His responsibilities included shaping the Affordable Care Act to reduce cost, improve quality and reform health care delivery systems. Dr. Kocher holds a B.A. in Political Science and a B.S. in Zoology from University of Washington and an M.D. from George Washington University. Dr. Kocher brings to our board broad experience in policymaking in the health care sector.

Ann Lamont has served as a director since August 2009. Ms. Lamont has been with Oak Investment Partners, a venture capital firm, since 1982, serving as an associate from 1982 to 1986, as a General Partner from 1986 to 2006 and as a Managing Partner since 2006. She currently leads the health care and payment services teams at Oak Investment Partners. Prior to joining Oak Investment Partners, Ms. Lamont served as a research associate with Hambrecht & Quist. Ms. Lamont currently serves on the boards of Acculynk, Inc., Benefitfocus, Inc., HCA Holdings, Inc., Independent Living Solutions, LLC, Precision for Medicine Holdings, Inc., Radisphere National Radiology Group, Inc. and xG Health Solutions, Inc. Ms. Lamont has also served on the boards of athenahealth, Inc., Clariant, Inc., NetSpend Corporation and PharMEDium Healthcare Corporation. Additionally, in March 2013, Ms. Lamont completed a five-year term on the Stanford University Board of Trustees, and she has also served on the Executive Board of the National Venture Capital Association. Earlier in Ms. Lamont's career, she developed a number of successful biopharmaceutical investments, including Cephalon, Inc., ViroPharma Incorporated and Esperion Therapeutics, Inc. Ms. Lamont holds a B.A. in Political Science from Stanford University. Ms. Lamont's experience analyzing corporate performance as a venture capitalist and managing her firm's investments in private companies, knowledge of the health care and payment services industries and service on multiple boards of directors bring to our board important skills

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related to corporate finance, oversight of management and strategic positioning and qualify her to serve as one of our directors.

Christopher P. Michel has served as a director since May 2009. Mr. Michel is the founder and managing director of Nautilus Ventures, a venture capital firm, which he founded in December 2008. Prior to Nautilus, Mr. Michel founded Affinity Labs, a software company that builds social networking sites for niche groups, in 2006 and served as its Chief Executive Officer until it was acquired by Monster Worldwide in October of 2008. Mr. Michel also founded Military.com in September of 1999, a website that provides a community and information to members of the military, and served as its CEO and Chairman until it was acquired by Monster Worldwide in 2004. Mr. Michel is a former Naval Flight Officer in the U.S. Navy. Mr. Michel is also currently a member of the boards of directors of Dale Carnegie & Associates, Inc., Kixeye, International Data Group, Inc., Tugboat Yards Inc. and 3D Robotics Inc., each of which is a privately-held entity. Mr. Michel earned his B.A. in Political Science from the University of Illinois at Urbana-Champaign and holds a M.B.A. from the Harvard Business School. Mr. Michel's brings to our board experience as a venture capitalist investing in a large number of technology and health companies, director on multiple boards of directors, as well as founder of several internet companies.

David B. Singer has served as a director since June 2010. Mr. Singer has been at Maverick Capital Ltd., an investment firm, since December 2004 and became a Limited Partner in January 2008. Mr. Singer is responsible for the firm's private investment activities globally. Previously, Mr. Singer served as the founding President and Chief Executive Officer of three health care companies. He has also served on the board of directors of Pacific Biosciences of California, Inc. from December 2006 to May 2013, Affymetrix, Inc. from 1993 to 2008, Corcept Therapeutics Incorporated from 1998 to 2008 and Oscient Pharmaceuticals Corporation from 2004 to 2006. Mr. Singer has also served as the senior financial officer of two publicly traded companies. Mr. Singer serves on the boards of several private health care companies. Mr. Singer was appointed by the Mayor of San Francisco to be a health commissioner and a member of the San Francisco General Hospital Joint Conference Committee in July 2013. Mr. Singer holds a B.A. in History from Yale University and an M.B.A. from Stanford University. Mr. Singer brings to our board his executive experience and his financial and accounting experience with both public and private companies.

Election of Officers

Our executive officers are elected by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Board of Directors

Our board of directors may establish the authorized number of directors from time to time by resolution. Our board of directors currently consists of seven members. Our current certificate of incorporation and voting agreement among certain investors, including entities associated with Venrock, Maverick Capital, Fidelity Investments and Oak Investment Partners XII, L.P. and The Wellcome Trust, entered into in connection with our convertible preferred stock financings, provide for one director to be elected by holders of our common stock, one director to be elected by holders of our Series A convertible preferred stock and Series A-1 convertible preferred stock, one director to be elected by holders of our Series B convertible preferred stock and one director to be elected by holders of our Series C convertible preferred stock and three directors to be elected by the holders of the outstanding shares of convertible preferred stock and common stock. Dr. Colella is the designee of our common stock, Dr. Roberts is the designee of our Series A and Series A-1 convertible preferred stock, Ms. Lamont is the designee of our Series B convertible preferred stock, Mr. Singer is the designee of

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our Series C convertible preferred stock and Mr. Michel, Dr. Kocher and Mr. Ebersman are the designees of our outstanding shares of convertible preferred stock and common stock.

The voting agreement and the provisions of our certificate of incorporation by which Dr. Colella, Dr. Roberts, Dr. Kocher, Ms. Lamont and Mr. Singer were elected will terminate in connection with this offering and there will be no contractual obligations regarding the election of our directors. Each of our current directors will continue to serve until the election and qualification of his or her successor, or his or her earlier death, resignation or removal.

Classified Board of Directors

Our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. Our directors will be divided among the three classes as follows:

- Class I directors, whose initial term will expire at the first annual meeting of stockholders to be held after the closing of the initial public offering, will consist of Dr. Colella and Dr. Roberts;
- Class II directors, whose initial term will expire at the second annual meeting of stockholders to be held after closing of the initial public offering, will consist of Dr. Kocher and Mr. Michel; and
- Class III directors, whose initial term will expire at the third annual meeting of stockholders to be held after closing of the initial public offering, will consist of Mr. Ebersman, Ms. Lamont and Mr. Singer.

Directors in a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their terms expire. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal.

Our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering authorize only our board of directors to fill vacancies on our board of directors. Any additional directorships resulting from an increase in the authorized number of directors would be distributed among the three classes so that, as nearly as possible, each class would consist of one-third of the authorized number of directors.

The classification of our board of directors may have the effect of delaying or preventing changes in our control or management. See "Description of Capital Stock—Anti-Takeover Provisions—Restated Certificate of Incorporation and Restated Bylaw Provisions."

Director Independence

Our Class B common stock will be listed on the New York Stock Exchange. The listing rules of this stock exchange generally require that a majority of the members of a listed company's board of directors be independent within specified periods following the closing of an initial public offering. Our board of directors has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of

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the audit committee, the board of directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries. We intend to satisfy the audit committee independence requirements of Rule 10A-3 as of the closing of this offering.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and governance committee. Each of these committees will have the composition and responsibilities described below as of the closing of this offering. Members serve on these committees until their resignations or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is comprised of Ms. Lamont and Mr. Singer. Mr. Singer is the chairman of our audit committee. The composition of our audit committee meets the requirements for independence under the current New York Stock Exchange and SEC rules and regulations. Each member of our audit committee is financially literate. In addition, our board of directors has determined that Mr. Singer is an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose on him any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to submit anonymously concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls and internal audit function;
- reviewing material related party transactions or those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our compensation committee is comprised of Dr. Roberts and Mr. Ebersman. Mr. Ebersman is the chairman of our compensation committee. The composition of our compensation committee meets the requirements of independence under the New York Stock Exchange rules and regulations. Each member of this committee is an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- reviewing and recommending to our board of directors the terms of any compensatory agreements with our executive officers;
- administering our stock and equity incentive plans;

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- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Nominating and Governance Committee

Our nominating and governance committee is comprised of Dr. Roberts and Mr. Singer. Dr. Roberts is the chairman of our nominating and governance committee. The composition of our nominating and governance committee meets the requirements of independence under the New York Stock Exchange rules and regulations. Our nominating and governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing proposed waivers of the code of conduct for directors and executive officers;
- overseeing the process of evaluating the performance of our board of directors; and
- assisting our board of directors on corporate governance matters.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation committee during the year ended December 31, 2013.

In addition, in April 2012, we sold shares of Series D convertible preferred stock to entities affiliated with Venrock. Bryan Roberts, a member of our compensation committee, is affiliated with these entities. We have described the amounts of these sales and purchases in more detail under the section captioned “Certain Relationships and Related Party Transactions—Series D Convertible Preferred Stock Financing.”

In connection with the sales of our convertible preferred stock, we entered into our investors’ rights agreement that grants customary preferred stock rights to all of our major preferred stock investors, including the entities affiliated with Mr. Roberts. These rights include registration rights, information rights and other similar rights. All of these rights, other than the registration rights, will terminate upon the closing of this offering. For a description of the registration rights, see “Description of Capital Stock—Registration Rights.”

Code of Conduct

Our board of directors plans to adopt a code of conduct that will apply to all of our employees, officers and directors. The full text of our code of conduct will be posted on the Investor Relations section of our website at www.castlighthealth.com. The reference to our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus. We intend to disclose future amendments to our code of conduct, or waivers of these provisions, that are required to be disclosed under the rules of the SEC or the New York Stock Exchange on our website or in public filings.

Director Compensation

We have not implemented a formal policy with respect to compensation payable to our non-employee directors. From time to time, we have granted stock options to non-employee directors for their service on our board of directors. In 2013 we did not pay any fees to, reimburse any expense of (other than customary expenses in connection with the attendance of meetings of our board of directors), make any equity awards or non-equity awards to, or pay any other compensation to any of our non-employee directors. Dr. Colella, who is our Chief Executive Officer, receives no compensation for his service as a director. The compensation received by Dr. Colella as an employee is presented in “Executive Compensation—2013 Summary Compensation Table.”

EXECUTIVE COMPENSATION

Overview

As an emerging growth company, we have opted to comply with the executive compensation disclosure rules applicable to “smaller reporting companies,” as such term is defined in the rules promulgated under the Securities Act. For the year ended December 31, 2013, our named executive officers are:

- Giovanni M. Colella, our founder and Chief Executive Officer;
- Dena Bravata, our Chief Medical Officer and Head of Products;
- John C. Doyle, our Chief Financial Officer;
- Michele K. Law, our Chief Revenue Officer; and
- Randall J. Womack, our Chief Operating Officer.

We refer to these individuals in this section as our “named executive officers.”

2013 Summary Compensation Table

The following table sets forth information regarding the total compensation for services rendered in all capacities that was awarded to, earned by and paid to our named executive officers for the year ended December 31, 2013.

Name and Principal Position	Salary (\$)	Option Awards (\$) (1)	All Other Compensation (\$)	Total (\$)
Giovanni M. Colella <i>Chief Executive Officer</i>	200,000	30,542	11,119 ⁽²⁾	241,662
Dena Bravata <i>Chief Medical Officer and Head of Products</i>	241,650	283,681	—	612,832
John C. Doyle <i>Chief Financial Officer, Vice President, Treasurer</i>	250,000	567,666	—	905,161
Michele K. Law <i>Chief Revenue Officer</i>	23,526	1,197,012	—	1,220,538
Randall J. Womack <i>Chief Operating Officer, Vice President</i>	250,000	155,103	25,921 ⁽³⁾	581,025

- (1) The amounts reported in the Option Awards column represent the grant date fair value of the stock options granted to the named executive officers during 2013, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in the Option Awards column are set forth in Note 13 to the audited consolidated financial statements included in this prospectus. Note that the amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the named executive officers upon exercise of the options.
- (2) The amounts reported in the All Other Compensation column represents (i) reimbursement of \$3,360 for expenses in connection with attendance at a company event; (ii) a reimbursement of \$5,194 for housing rental payments, following Mr. Colella’s relocation to San Francisco from New York; and (iii) tax payment reimbursements of \$2,564 in connection with Mr. Colella’s housing rental payments described in clause (ii).
- (3) The amounts reported in the All Other Compensation column represents (i) reimbursement of \$7,721 for expenses in connection with attendance at a company event and (ii) value of \$18,200 received by Mr. Womack while staying in the Corporate Apartment equal to the rental and utility payments for 2013, prorated for the number of days that Mr. Womack used the Corporate Apartment.

Employment Agreements

We have entered into offer letters with each of our named executive officers, except for Dr. Colella. The offer letters generally provide for at-will employment, the initial terms and conditions of employment of each named executive officer, including base salary, target annual bonus opportunity, an initial stock option grant, and eligibility to participate in our employee benefit plans. None of the offer letters provide for cash severance payments upon the named executive officer's termination of employment with us. Each of these arrangements was negotiated on our behalf by our CEO and the Compensation Committee. The material terms of these offer letters are summarized below. These summaries are qualified in their entirety by reference to the actual text of the offer letters, which are filed as exhibits to the registration statement of which this prospectus is a part. In addition, each of our named executive officers has executed a form of our standard confidential information and invention assignment agreement. Any potential payments and benefits due upon a termination of employment or a change in control of us are further described below in "—Potential Payments upon Termination or Change in Control."

Dr. Bravata

Dr. Bravata joined us as our Clinical Content Manager in April 2009. Pursuant to an offer letter dated January 27, 2010, Dr. Bravata became our Chief Medical Officer. Dr. Bravata's offer letter sets forth the principal terms and conditions of her employment, including her annual base salary of \$200,000 (for the period beginning June 1, 2010). In addition, her offer letter provides for the grant of a time-based stock option to purchase 461,486 shares of our Class A common stock under our Amended and Restated 2008 Stock Incentive Plan. The option was granted with an exercise price equal to the fair value of our common stock on the date of grant and is subject to a four-year vesting schedule as described in more detail in "—2013 Outstanding Equity Awards at Fiscal Year-End Table" below.

Mr. Doyle

Pursuant to an offer letter dated September 6, 2012, Mr. Doyle serves as our Chief Financial Officer. Mr. Doyle's offer letter sets forth the principal terms and conditions of his employment, including his initial annual base salary of \$250,000, an annual target cash bonus opportunity of 35% of his base salary (which is earned based on our achievement of specified performance goals and objectives, as well as Mr. Doyle's performance relative to one or more performance objectives established by Mr. Doyle and our CEO, the achievement of which is evaluated by us). In addition, Mr. Doyle was offered a loan of up to \$250,000. The disbursement of the loan was not requested by the date set forth in the offer letter and therefore the lending arrangement was not entered into between Mr. Doyle and us. Mr. Doyle's offer letter also provides for the grant of a time-based stock option to purchase 870,000 shares of our Class A common stock under our 2008 Stock Incentive Plan. The option was granted with an exercise price equal to the fair value of our common stock on the date of grant and vests over four years as described in more detail in "—2013 Outstanding Equity Awards at Fiscal Year-End Table" below.

Ms. Law

Pursuant to an offer letter dated September 6, 2013, Ms. Law serves as our Chief Revenue Officer. Ms. Law's offer letter sets forth the principal terms and conditions of her employment, including an initial annual base salary of \$250,000, an annual target cash bonus opportunity of 60% of her base salary (which is earned based on our achievement of specified performance goals and objectives, as well as Ms. Law's performance relative to one or more performance objectives established by her and our COO, the achievement of which is evaluated by us). In addition, Ms. Law's offer letter provides for

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the grant of (i) a time-based stock option to purchase 810,000 shares of our Class A common stock under our 2008 Stock Incentive Plan and (ii) a performance-based stock option to purchase 90,000 shares of our Class A common stock under our 2008 Stock Incentive Plan. Ms. Law's time-based stock option was granted with an exercise price equal to the fair market value of our common stock on the date of grant and vests over four years as described in more detail in "—2013 Outstanding Equity Awards at Fiscal Year-End Table" below.

Mr. Womack

Pursuant to an offer letter dated September 28, 2010, Mr. Womack serves as our Chief Operating Officer. Mr. Womack's offer letter sets forth the principal terms and conditions of his employment, including an initial annual base salary of \$250,000 and a target annual cash bonus opportunity of up to 60% of his base salary (based on the achievement of specified milestones established by our board of directors). In addition, Mr. Womack's offer letter provides for the grant of (i) a time-based stock option to purchase 1,264,864 shares of our Class A common stock under our 2008 Stock Incentive Plan and (ii) a performance-based stock option grant to purchase up to 158,108 shares of our Class A common stock under our 2008 Stock Incentive Plan. Mr. Womack's time-based stock option was granted with an exercise price equal to the fair value of our common stock on the date of grant and is subject to a four-year vesting schedule as described in more detail in "—2013 Outstanding Equity Awards at Fiscal Year-End Table" below.

Potential Payments upon Termination or Change in Control

Under the terms of our 2008 Stock Incentive Plan, each named executive officer who is terminated other than for cause may exercise any previously-vested stock options that he or she held at the time of termination for a period of three months following the termination date. If a named executive officer is terminated for cause, all options held by such officer terminate as of the date of termination. For more information about the named executive officers' outstanding equity awards as of December 31, 2013, see "—2013 Outstanding Equity Awards at Fiscal Year-End Table" below.

In October 2009, the board of directors approved a double trigger acceleration policy applicable to all employee stock options, including options granted to the named executive officers. Under the double trigger acceleration policy, if any named executive officer's employment is terminated without good cause or if the named executive officer resigns for good reason (each as defined in the policy) within three months before or twelve months following the consummation of a change of control (as defined in the policy), any unvested stock options held by such named executive officer will vest as to 100% of the unvested shares of our Class A common stock subject to the options.

2013 Outstanding Equity Awards at Fiscal Year-End Table

The following table presents, for each of the named executive officers, information regarding outstanding stock options held as of December 31, 2013.

Name	Grant Date	Vesting Commencement Date	Option Awards—Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards—Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards—Option Exercise Price (\$)	Option Awards—Option Expiration Date
Giovanni M. Colella	7/12/12	7/12/12	46,500	—	1.09	7/11/22
	4/9/13	4/9/13	48,000	—	1.12	4/8/23
Dena Bravata	10/23/09	10/15/09	15,105	—	0.32	10/22/19
	2/10/10	2/1/10	298,043	19,229 ⁽¹⁾	0.32	2/09/20
	2/14/11	2/14/11	200,972	93,787 ⁽²⁾	0.80	2/13/21
	4/9/13	4/1/13		56,000 ⁽³⁾	1.12	4/8/23
	9/25/13	4/9/13	26,666	133,334 ⁽²⁾	1.29	9/24/23
John C. Doyle	2/12/13	11/15/12	188,502	681,498 ⁽³⁾	1.12	2/11/23
Michele K. Law	10/25/13	10/7/13		810,000 ⁽³⁾	2.35	10/24/23
	10/25/13	⁽⁴⁾		90,000 ⁽⁴⁾	2.35	10/24/23
Randall J. Womack	11/9/10	11/8/10	974,999	289,865 ⁽¹⁾	0.79	11/8/20
	11/9/10	⁽⁵⁾	158,108		0.79	11/8/20
	2/12/13	1/31/13		230,000 ⁽⁶⁾	1.12	2/11/23

- (1) This stock option vests with respect to 25% of the underlying shares of our Class A common stock on the one-year anniversary of the holder's vesting commencement date and, with respect to the remaining underlying shares, the holder's right to exercise his or her stock option vests in thirty-six substantially equal installments upon the completion of each additional consecutive month of service thereafter.
- (2) This stock option vests with respect to 2.0833% of the underlying shares of our Class A common stock in forty-eight substantially equal installments upon the completion of each consecutive month of service following the vesting commencement date.
- (3) This stock option vests (a) with respect to 20% of the underlying shares of our Class A common stock on the one-year anniversary of the holder's vesting commencement date, (b) during the second year following the commencement date, in twelve installments each consisting of 1.667% of the underlying shares of our Class A common stock upon the holder's completion of each additional consecutive month of service and (c) with respect to the remaining underlying shares, in 24 substantially equal installments upon the completion of each additional consecutive month of service thereafter.
- (4) This stock option vests on January 31 of each year beginning in 2015, subject to a determination by us of the holder's achievement of new bookings and customer retention objectives for the immediately prior fiscal year, based on the operation plan for such year, as approved by our board of directors, as follows (i) 25% of the underlying shares will vest if actual new bookings and customer retention in the prior fiscal year equal or exceed 100% of the Operation Plan; or (ii) 12.5% of the underlying shares will vest if actual new bookings and customer retention in the prior fiscal year equal or exceed 90% of the Operation Plan; or (iii) 0% of the underlying shares will vest if actual new bookings and customer retention in the prior fiscal year are less than 90% of the Operation Plan.
- (5) This stock option vests immediately as to (i) 50% of the underlying shares of our Class A common stock if we achieve \$25 million in total bookings prior to January 1, 2015 and (ii) the remaining 50% of the underlying shares if we achieve \$50 million in total bookings prior to January 1, 2015. The Compensation Committee determined that effective December 31, 2013, the performance obligation was met.
- (6) This stock option vests with respect to 4.1667% of the underlying shares of our Class A common stock in 24 substantially equal installments upon the completion of each consecutive month of service following the second anniversary of the vesting commencement date.

Employee Benefit Plans

Our named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, group life and accidental death and dismemberment insurance plans, short-term and long-term disability insurance, flexible spending accounts, in each case, on the same basis as all of our other U.S. employees. We do not provide perquisites or personal benefits to our named executive officers.

401(k) Plan

We sponsor a retirement savings plan intended to qualify for favorable tax treatment under Section 401(a) of the Code, containing a cash or deferred feature that is intended to meet the requirements of Section 401(k) of the Code. U.S. employees are generally eligible to participate in the plan on the first day of the calendar month following the employees' date of hire. Participants may make pre-tax and certain after-tax (Roth) deferral contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax elective deferrals under the Code. Participants who are 50 years of age or older may contribute additional amounts based on the statutory limits for catch-up contributions. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan. An employee's interest in his or her pre-tax deferrals is 100% vested when contributed. The plan permits all eligible Plan participants to contribute between 1% and 90% of eligible compensation, on a pre-tax or Roth basis, into their accounts.

Pension Benefits

We do not maintain any pension benefit plans.

Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Equity Incentive Plans

The principal features of our equity incentive plans are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which are filed as exhibits to the registration statement of which this prospectus is a part.

Amended and Restated 2008 Stock Incentive Plan

Our 2008 Stock Incentive Plan was adopted by our board of directors and approved by our stockholders on April 3, 2008 and was last amended on October 25, 2013. The 2008 Stock Incentive Plan provides for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Code, and nonstatutory stock options, as well as for the issuance of shares of restricted stock. We may grant incentive stock options only to our employees. We may grant nonstatutory stock options to our employees, directors and consultants. The exercise price of each stock option must be at least equal to the fair market value of our Class A common stock on the date of grant. The exercise price of incentive stock options granted to 10% stockholders must be at least equal to 110% of the fair market value of our Class A common stock on the date of grant. The maximum permitted term of options granted under our 2008 Stock Incentive Plan is 10 years, except that the maximum permitted term of incentive stock options granted to 10% stockholders is five years. In the event of our merger or consolidation, the 2008 Stock Incentive Plan provides that awards may be assumed, substituted or cashed-out. Our board of directors, in its sole discretion, may provide in any option agreement for the full vesting of such options. All unexercised options shall terminate upon the consummation of the merger or consolidation if they are not assumed or substituted. In addition, in October 2009, the board of directors approved a double trigger acceleration policy applicable to all employee stock options, including options granted to the

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named executive officers. Under the double trigger acceleration policy, if any employee's employment is terminated without good cause or if the employee resigns for good reason (each as defined in the policy) within three months before or twelve months following the consummation of a change of control (as defined in the policy), any unvested stock options held by such employee will vest as to 100% of the unvested shares of our Class A common stock subject to the options.

As of December 31, 2013, we had reserved 23,321,062 shares of our Class A common stock for issuance under our 2008 Stock Incentive Plan. As of December 31, 2013, options to purchase 5,108,627 of these shares had been exercised (of which 347,887 shares have been repurchased and returned to the pool of shares reserved for issuance under the 2008 Stock Incentive Plan), options to purchase 16,455,404 of these shares remained outstanding and 2,104,918 of these shares remained available for future grant. The options outstanding as of December 31, 2013 had a weighted-average exercise price of \$1.22 per share. We will cease issuing awards under our 2008 Equity Incentive Plan upon the implementation of our 2014 Equity Incentive Plan. Our 2014 Equity Incentive Plan will be effective on the date immediately prior to the date of this prospectus. As a result, we will not grant any additional options under the 2008 Stock Incentive Plan following that date, and the 2008 Stock Incentive Plan will terminate at that time. However, any outstanding options granted under the 2008 Equity Incentive Plan will remain outstanding, subject to the terms of our 2008 Stock Incentive Plan and stock option agreements, until such outstanding options are exercised or until they terminate or expire by their terms. Options granted under the 2008 Stock Incentive Plan have terms similar to those described below with respect to options to be granted under our 2014 Equity Incentive Plan.

2014 Equity Incentive Plan

We intend to adopt a 2014 Equity Incentive Plan that will become effective on the date immediately prior to the date of this prospectus and will serve as the successor to our 2008 Stock Incentive Plan. We reserved _____ shares of our Class B common stock to be issued under our 2014 Equity Incentive Plan. The number of shares reserved for issuance under our 2014 Equity Incentive Plan will increase automatically on _____ of each of _____ through _____ by the number of shares equal to _____ % of the total outstanding shares of our Class B common stock as of the immediately preceding December 31. However, our board of directors or compensation committee may reduce the amount of the increase in any particular year. In addition, the following shares will again be available for grant and issuance under our 2014 Equity Incentive Plan:

- shares subject to options or stock appreciation rights granted under our 2014 Equity Incentive Plan that cease to be subject to the option or stock appreciation right for any reason other than exercise of the option or stock appreciation right;
- shares subject to awards granted under our 2014 Equity Incentive Plan that are subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our 2014 Equity Incentive Plan that otherwise terminate without shares being issued;
- shares surrendered, cancelled or exchanged for cash or a different award (or combination thereof);
- shares of Class A common stock reserved but not issued or subject to outstanding grants under our 2008 Stock Incentive Plan on the date of this prospectus will be available for grant and issuance under our 2014 Equity Incentive Plan as shares of Class B common stock;
- shares of Class A common stock issuable upon the exercise of options or subject to other awards under our 2008 Stock Incentive Plan prior to the date of this prospectus that cease to be subject to such options or other awards by forfeiture or otherwise after the date of this prospectus will be available for grant and issuance under our 2014 Equity Incentive Plan as shares of Class B common stock;

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- shares of Class A common stock issued under our 2008 Stock Incentive Plan that are forfeited or repurchased by us after the date of this prospectus will be available for grant and issuance under our 2014 Equity Incentive Plan as shares of Class B common stock; and
- shares of Class A common stock subject to awards under our 2008 Stock Incentive Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award will be available for grant and issuance under our 2014 Equity Incentive Plan as shares of Class B common stock.

Our 2014 Equity Incentive Plan authorizes the award of stock options, restricted stock awards (RSAs), stock appreciation rights (SARs), restricted stock units (RSUs), performance awards and stock bonuses. No person will be eligible to receive more than _____ shares in any calendar year under our 2014 Equity Incentive Plan other than a new employee of ours, who will be eligible to receive no more than _____ shares under the plan in the calendar year in which the employee commences employment.

Our 2014 Equity Incentive Plan will be administered by our compensation committee, all of the members of which are outside directors as defined under applicable federal tax laws, or by our board of directors acting in place of our compensation committee. The compensation committee will have the authority to construe and interpret our 2014 Equity Incentive Plan, grant awards and make all other determinations necessary or advisable for the administration of the plan.

Our 2014 Equity Incentive Plan will provide for the grant of awards to our employees, directors, consultants, independent contractors and advisors, provided the consultants, independent contractors, directors and advisors are natural persons that render services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of stock options must be at least equal to the fair market value of our Class B common stock on the date of grant.

We anticipate that in general, options will vest over a four-year period. Options may vest based on time or achievement of performance conditions. Our compensation committee may provide for options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. The maximum term of options granted under our 2014 Equity Incentive Plan is ten years.

An RSA is an offer by us to sell shares of our Class B common stock subject to restrictions, which may vest based on time or achievement of performance conditions. The price (if any) of an RSA will be determined by the compensation committee. Unless otherwise determined by the compensation committee at the time of award, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited to or repurchased by us.

SARs provide for a payment, or payments, in cash or shares of our Class B common stock, to the holder based upon the difference between the fair market value of our Class B common stock on the date of exercise and the stated exercise price up to a maximum amount of cash or number of shares. SARs may vest based on time or achievement of performance conditions.

RSUs represent the right to receive shares of our Class B common stock at a specified date in the future, subject to forfeiture of that right because of termination of employment or failure to achieve certain performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the restricted stock unit whole shares of our Class B common stock (which may be subject to additional restrictions), cash or a combination of our Class B common stock and cash.

Performance shares are performance awards that cover a number of shares of our Class B common stock that may be settled upon achievement of the pre-established performance conditions in

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cash or by issuance of the underlying shares. These awards are subject to forfeiture prior to settlement because of termination of employment or failure to achieve the performance conditions.

Stock bonuses may be granted as additional compensation for service or performance and, therefore, will not be issued in exchange for cash.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made to the number of shares reserved under our 2014 Equity Incentive Plan, the maximum number of shares that can be granted in a calendar year and the number of shares and exercise price, if applicable, of all outstanding awards under our 2014 Equity Incentive Plan.

Awards granted under our 2014 Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by our compensation committee. Unless otherwise permitted by our compensation committee, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. Options granted under our 2014 Equity Incentive Plan generally may be exercised for a period of three months after the termination of the optionee's service to us, for a period of 12 months in the case of death or for a period of six months in the case of disability, or such longer period as our compensation committee may provide. Options generally terminate immediately upon termination of employment for cause.

If we are party to a merger or consolidation, outstanding awards, including any vesting provisions, may be assumed or substituted by the successor company. In the alternative, outstanding awards may be cancelled in connection with a cash payment. Outstanding awards that are not assumed, substituted or cashed out will expire upon the merger or consolidation. In the event of specified change in control transactions, our compensation committee may accelerate the vesting of awards (a) immediately upon the occurrence of the transaction, whether or not the award is continued, assumed or substituted by a surviving corporation or its parent in the transaction, or (b) in connection with a termination of a participant's service following such a transaction. In addition, if any employee, including any named executive officer, is subject to a termination of employment without cause or if the employee resigns for good reason (each as defined in our 2014 Equity Incentive Plan) within three months before or twelve months following the consummation of a corporate transaction (as defined in our 2014 Equity Incentive Plan), any unvested time-based stock options, RSAs, SARs, or RSUs held by such employee will vest as to 100% of the unvested shares of our Class B common stock subject to such award.

Our 2014 Equity Incentive Plan will terminate ten years from the date our board of directors approves the plan, unless it is terminated earlier by our board of directors. Our board of directors may amend or terminate our 2014 Equity Incentive Plan at any time. If our board of directors amends our 2014 Equity Incentive Plan, it does not need to ask for stockholder approval of the amendment unless required by applicable law.

2014 Employee Stock Purchase Plan

We have adopted a 2014 Employee Stock Purchase Plan in order to enable eligible employees to purchase shares of our Class B common stock at a discount following the date of this offering. Purchases will be accomplished through participation in discrete offering periods. Our 2014 Employee Stock Purchase Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Code. We initially reserved _____ shares of our Class B common stock for issuance under our 2014 Employee Stock Purchase Plan. The number of shares reserved for issuance under our 2014 Employee Stock Purchase Plan will increase automatically on the _____ day of each of the first _____

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calendar years following the first offering date by the number of shares equal to the greater of _____ % of the total outstanding shares of our Class B common stock as of the immediately preceding December 31st (rounded to the nearest whole share) or the actual number of shares purchased under the 2014 Employee Stock Purchase Plan in the immediately preceding fiscal year. However, our board of directors or compensation committee may reduce the amount of the increase in any particular year. The aggregate number of shares issued over the term of our 2014 Employee Stock Purchase Plan will not exceed _____ shares of our Class B common stock.

Our compensation committee will administer our 2014 Employee Stock Purchase Plan. Our employees generally are eligible to participate in our 2014 Employee Stock Purchase Plan; our compensation committee may in its discretion elect to exclude employees who work less than 20 hours per week or less than five months in a calendar year. Employees who are 5% stockholders, or would become 5% stockholders as a result of their participation in our 2014 Employee Stock Purchase Plan, are ineligible to participate in our 2014 Employee Stock Purchase Plan. We may impose additional restrictions on eligibility. Under our 2014 Employee Stock Purchase Plan, eligible employees will be able to acquire shares of our Class B common stock by accumulating funds through payroll deductions. Our eligible employees will be able to select a rate of payroll deduction between 1% and 15% of their base cash compensation. We will also have the right to amend or terminate our 2014 Employee Stock Purchase Plan at any time. Our 2014 Employee Stock Purchase Plan will terminate on the tenth anniversary of the last day of the first purchase period, unless it is terminated earlier by our board of directors.

When an initial purchase period commences, our employees who meet the eligibility requirements for participation in that purchase period will automatically be granted a nontransferable option to purchase shares in that purchase period. For subsequent purchase periods, new participants will be required to enroll in a timely manner. Once an employee is enrolled, participation will be automatic in subsequent purchase periods. Each purchase period will run for no more than six months. An employee's participation automatically ends upon termination of employment for any reason.

Except for the first purchase period, each purchase period will be for six months (commencing each _____ and _____). The first purchase period will begin upon the effective date of this offering and will end on _____ 2014.

No participant will have the right to purchase our shares in an amount, when aggregated with purchase rights under all our employee stock purchase plans that are also in effect in the same calendar year(s), that has a fair market value of more than \$25,000, determined as of the first day of the applicable purchase period, for each calendar year in which that right is outstanding. In addition, no participant will be permitted to purchase more than _____ shares during any one purchase period or such lesser amount determined by our compensation committee. The purchase price for shares of our Class B common stock purchased under our 2014 Employee Stock Purchase Plan will be _____ % of the lesser of the fair market value of our Class B common stock on (i) the first trading day of the applicable offering period and (ii) the last trading day of each purchase period in the applicable offering period.

If we experience a change in control transaction, any offering period that commenced prior to the closing of the proposed change in control transaction will be shortened and terminated on a new purchase date. The new purchase date will occur prior to the closing of the proposed change in control transaction and our 2014 Employee Stock Purchase Plan will then terminate on the closing of the proposed change in control.

Limitations on Liability and Indemnification Matters

Our restated certificate of incorporation that will become effective upon the closing of this offering contains provisions that limit the liability of our directors for monetary damages to the fullest extent

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permitted by the Delaware General Corporation Law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation and our restated bylaws that will become effective upon the closing of this offering require us to indemnify our directors and officers to the maximum extent not prohibited by the Delaware General Corporation Law and allow us to indemnify other employees and agents as set forth in the Delaware General Corporation Law. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors, officers and certain of our key employees, in addition to the indemnification provided for in our restated bylaws. These agreements, among other things, require us to indemnify our directors, officers and key employees for certain expenses, including attorneys' fees, judgments, penalties fines and settlement amounts actually and reasonably incurred by such director, officer or key employee in any action or proceeding arising out of their service to us or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. Subject to certain limitations, our indemnification agreements also require us to advance expenses incurred by our directors, officers and key employees for the defense of any action for which indemnification is required or permitted.

We believe that these charter provisions and indemnification agreements are necessary to attract and retain qualified persons such as directors, officers and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed above under “Executive Compensation,” below we describe transactions since January 1, 2011 to which we have been a participant, in which the amount involved in the transaction exceeds or will exceed \$120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Series D Convertible Preferred Stock Financing

In April 2012, we sold an aggregate of 16,565,721 shares of our Series D convertible preferred stock at a purchase price of \$6.03656 per share for an aggregate purchase price of approximately \$100 million. Each share of our Series D preferred stock will convert automatically into one share of our Class A common stock upon the completion of this offering.

The purchasers of our Series D convertible preferred stock are entitled to specified registration rights. For additional information, see “Description of Capital Stock—Registration Rights.” The following table summarizes the Series D convertible preferred stock purchased by members of our board of directors and persons who hold more than 5% of our outstanding capital stock.

Name of Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Fidelity Investment ⁽¹⁾	7,322,048	\$ 44,199,982
The Wellcome Trust	1,656,572	9,999,996
Oak Investment Partners XII, L.P. ⁽²⁾	345,064	2,083,000
Maverick Fund II, Ltd ⁽³⁾	345,064	2,083,000
Entities affiliated with Venrock ⁽⁴⁾	345,064	2,083,000

- (1) Consists of shares purchased by (i) Variable Insurance Products Fund IV: Health Care Portfolio, (ii) Fidelity Central Investment Portfolios LLC: Fidelity Health Care Central Fund, (iii) Fidelity Advisor Series VII: Fidelity Advisor Health Care Fund, (iv) Fidelity Select Portfolios: Health Care Portfolio, (v) Fidelity Selected Portfolios: Medical Equipment and Systems Portfolio, (vi) Fidelity Contrafund: Fidelity Advisor New Insights Fund and (vii) Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund.
- (2) Ann Lamont, a member of our board of directors, is a Managing Partner of Oak Investment Partners, which has voting and dispositive power with regard to shares held by Oak Investment Partners XII, L.P. The terms of the purchase by Oak Investment Partners XII, L.P. were the same as those made available to unaffiliated purchasers.
- (3) David B. Singer, a member of our board of directors, is a Limited Partner of Maverick Capital Ltd, which has voting and dispositive power with regard to shares held by Maverick Fund II, Ltd. The terms of the purchase by Maverick Fund II, Ltd were the same as those made available to unaffiliated purchasers.
- (4) Consists of shares purchased by (i) Venrock Associates V, L.P., (ii) Venrock Entrepreneurs Fund V, L.P. and (iii) Venrock Partners V, L.P. Bryan Roberts, a member of our board of directors, is a member of the general partners of Venrock Associates V, L.P., Venrock Entrepreneurs Fund V, L.P. and Venrock Partners V, L.P., and as such, he may be deemed to have voting and dispositive power with regard to the shares held by such entities. The terms of the purchases by the Venrock entities were the same as those made available to unaffiliated purchasers.

Investors’ Rights Agreement

We have entered into our Amended and Restated Investors’ Rights Agreement, dated as of April 26, 2012, or investors’ rights agreement, with certain holders of our convertible preferred stock, including entities with which certain of our directors are affiliated. These stockholders are entitled to rights with respect to the registration of their shares following this offering under the Securities Act. For a description of these registration rights, see “Description of Capital Stock—Registration Rights.”

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our restated bylaws will require us to indemnify our directors to the fullest extent not prohibited by Delaware law. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Equity Grants to Executive Officers and Directors

We have granted stock options to our executive officers and directors, as more fully described in the sections entitled “Executive Compensation” and “Management—Director Compensation,” respectively.

Review, Approval or Ratification of Transactions with Related Parties

Our policy and the charters of our audit committee and our nominating and governance committee to be effective upon the closing of this offering, require that any transaction with a related party that must be reported under applicable rules of the SEC (other than compensation-related matters) must be reviewed and approved or ratified by the audit committee, unless the related party is, or is associated with, a member of that committee, in which event the transaction must be reviewed and approved by the nominating and governance committee. These committees have not adopted policies or procedures for review of, or standards for approval of, related party transactions but intend to do so in the future.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of December 31, 2013, and as adjusted to reflect the sale of Class B common stock offered by us in this offering, for:

- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A common stock or Class B common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership prior to this offering is based on 75,469,707 shares of Class A common stock and no shares of Class B common stock outstanding as of December 31, 2013 and assumes the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 64,475,633 shares of our Class A common stock. Applicable percentage ownership after this offering is based on _____ shares of Class A common stock and _____ shares of Class B common stock outstanding immediately after the closing of this offering (assuming no exercise of the underwriters' option to purchase additional shares of Class B common stock). The table below, reflects the one-for-one exchange of all outstanding Class B common stock for Class A common stock effected on December 30, 2013. We have also assumed that exercisable stock options as of December 31, 2013 will be exercisable for Class A common stock. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding (as shares of Class A common stock) all shares of common stock subject to options held by that person or entity that were exercisable on December 31, 2013 or that would have become exercisable within 60 days of December 31, 2013. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Castlight Health, Inc., Two Rincon Center, 121 Spear Street, Suite 300, San Francisco, California 94105.

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Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering				% of Total Voting Power Before this Offering ⁽¹⁸⁾	Shares Beneficially Owned After this Offering				% of Total Voting Power After this Offering ⁽¹⁸⁾
	Class A		Class B			Class A		Class B		
	Shares	%	Shares	%	Shares	%	Shares	%		
Named Executive Officers and Directors										
Giovanni M. Colella ⁽¹⁾	6,216,023	8.2	—	—	8.1%					
Dena Bravata ⁽²⁾	804,354	1.1	—	—	*					
John C. Doyle ⁽³⁾	217,508	*	—	—	*					
Michele K. Law ⁽⁴⁾	—	—	—	—	—					
Randall J. Womack ⁽⁵⁾	1,267,015	1.7	—	—	*					
David Ebersman ⁽⁶⁾	256,922	*	—	—	*					
Robert Kocher ⁽⁷⁾	214,715	*	—	—	*					
Ann Lamont ⁽⁸⁾	11,917,744	15.8	—	—	15.8					
Christopher P. Michel ⁽⁹⁾	362,904	*	—	—	*					
Bryan Roberts ⁽¹⁰⁾	15,568,571	20.6	—	—	20.6					
David B. Singer ⁽¹¹⁾	—	—	—	—	—					
All executive officers and directors as a group (11 persons) ⁽¹²⁾	36,825,756	47.2	—	—	45.4					
5% Stockholders										
Entities affiliated with Venrock ⁽¹³⁾	15,568,571	20.6	—	—	20.6					
Oak Investment Partners XII, L.P. ⁽¹⁴⁾	11,917,744	15.8	—	—	15.8					
Entities affiliated with Maverick Capital ⁽¹⁵⁾	7,733,386	10.2	—	—	10.2					
Entities affiliated with Fidelity Investments ⁽¹⁶⁾	7,412,898	9.8	—	—	9.8					
The Wellcome Trust Limited as Trustee of the Wellcome Trust ⁽¹⁷⁾	6,568,646	8.7	—	—	8.7					

* Less than 1%

- (1) Consists of (a) 5,954,856 shares of Class A common stock held directly by the Colella Revocable Living Trust, of which Mr. Colella is a co-trustee, (b) 166,667 shares of Class A common stock held directly by Mr. Colella and (c) 94,500 shares of Class A common stock issuable to Mr. Colella upon exercise of stock options exercisable within 60 days after December 31, 2013. On February 6, 2014, the Colella Revocable Living Trust transferred 850,000 shares to Mr. Colella. 600,000 such shares were then subsequently transferred to The Giovanni Matteo Colella Grantor Retained Annuity Trust - I, of which Mr. Colella is trustee and sole beneficiary and 250,000 such shares were simultaneously transferred to The Giovanni Matteo Colella Grantor Retained Annuity Trust - II, of which Mr. Colella is trustee and sole beneficiary. Following these transfers, Mr. Colella retains voting and investment power over these shares. On February 6, 2014, the Colella Revocable Living Trust also transferred 850,000 shares to Mr. Colella's spouse, which shares were then subsequently transferred to grantor retained annuity trusts that Mr. Colella's spouse is trustee and sole beneficiary. Following these transfers, Mr. Colella does not retain voting power or investment power over these shares. The share numbers in the above table do not reflect these transfers.
- (2) Consists of (a) 216,976 shares of Class A common stock held directly by Dr. Bravata, (b) 7,298 shares of Class A common stock held directly by The Bravata-Petterson Family Trust, of which Dr. Bravata is a trustee, and (c) 580,080 shares of Class A common stock issuable to Dr. Bravata upon exercise of stock options exercisable within 60 days after December 31, 2013. Dr. Bravata also holds 263,056 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (3) Consists of 217,508 shares of Class A common stock issuable to Mr. Doyle upon exercise of stock options exercisable within 60 days after December 31, 2013. Mr. Doyle also holds 652,492 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (4) Ms. Law holds 900,000 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (5) Consists of (a) 81,205 shares of Class A common stock held directly by Mr. Womack and (b) 1,185,810 shares of Class A common stock issuable to Mr. Womack upon exercise of stock options exercisable within 60 days after December 31, 2013. Mr. Womack also holds 467,162 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (6) Consists of (a) 28,571 shares of Class A common stock held directly by Mr. Ebersman and (b) 228,351 shares of Class A common stock issuable to Mr. Ebersman upon exercise of stock options exercisable within 60 days after December 31, 2013. Mr. Ebersman also holds 32,622 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (7) Consists of (a) 40,733 shares of Class A common stock held directly by Mr. Kocher and (b) 173,982 shares of Class A common stock issuable to Mr. Kocher upon exercise of stock options exercisable within 60 days after December 31, 2013. Mr. Kocher also holds 86,991 stock options which are subject to vesting conditions not expected to occur within 60 days of December 31, 2013.
- (8) Consists of 11,917,744 shares of Class A common stock held directly by Oak Investment Partners XII, L.P., as reflected in note 14 below. Ms. Lamont is a Managing Partner of Oak Investment Partners.
- (9) Consists of (a) 285,515 shares of Class A common stock held directly by Mr. Michel (b) 1,000 shares of Class A common stock held directly by Nautilus Ventures LLC, and (c) 76,389 shares of Class A common stock issuable to Mr. Michel upon

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- exercise of stock options exercisable within 60 days after December 31, 2013. Mr. Michel is the Managing Director of Nautilus Ventures, and as such, he may be deemed to have voting and investment power with respect to these shares.
- (10) Consists of (a) 14,047,522 shares of Class A common stock, held directly by Venrock Associates V, L.P., (b) 330,053 shares of Class A common stock, held directly by Venrock Entrepreneurs Fund V, L.P. and (c) 1,190,996 shares of Class A common stock, held directly by Venrock Partners V, L.P., in each case as reflected in note 13 below. Dr. Roberts is a member of the general partners of Venrock Associates V, L.P., Venrock Entrepreneurs Fund V, L.P. and Venrock Partners V, LP, and as such, he may be deemed to have voting and investment power with respect to these shares.
- (11) Maverick Fund II, Ltd holds 1,147,800 shares of Class A common stock, Maverick Fund Private Investments, Ltd holds 2,252,252 shares of Class A common stock and Maverick USA Private Investments, LLC holds 4,333,334 shares of Class A common stock. Mr. Singer is a Limited Partner at Maverick Capital Ltd, which is an investment advisor registered under Section 203 of the Investment Advisers Act of 1940. While Maverick Capital Ltd may be deemed to have investment discretion over the shares held by Maverick Fund Private Investments, Ltd and Maverick USA Private Investments, LLC., in each case as reflected in note 15 below, Mr. Singer does not have voting and dispositive power with regard to these shares.
- (12) Includes 2,556,620 shares of Class A common stock issuable upon exercise of stock options exercisable within 60 days of December 31, 2013.
- (13) Consists of (a) 14,047,522 shares of Class A common stock, held directly by Venrock Associates V, L.P., (b) 330,053 shares of Class A common stock, held directly by Venrock Entrepreneurs Fund V, L.P. and (c) 1,190,996 shares of Class A common stock, held directly by Venrock Partners V, L.P. Dr. Roberts is a member of the general partners of Venrock Associates V, L.P., Venrock Entrepreneurs Fund V, L.P. and Venrock Partners V, LP, and as such, he may be deemed to have voting and investment power with respect to these shares. The address of the entities affiliated with Venrock is 3340 Hillview Avenue, Palo Alto, CA 94304.
- (14) Consists of 11,917,744 shares of Class A common stock held directly by Oak Investment Partners XII, L.P. Ann H. Lamont, Bandel L. Carano, Edward F. Glassmeyer, Fredric W. Harman, Iftikar A. Ahmed, Grace A. Ames, Gerald R. Gallagher and Warren B. Riley collectively serve as Managing Members of Oak Associates XII, LLC, the General Partner of Oak Investment Partners XII, L.P. Such Managing Members have shared voting and investment control over all of the shares held by Oak Investment Partners XII, L.P. The address of Oak Investment Partners XII, L.P. is Three Pickwick Plaza, Suite 302, Greenwich, CT 06830.
- (15) Consists of (a) 1,147,800 shares of Class A common stock held directly by Maverick Fund II, Ltd, (b) 2,252,252 shares of Class A common stock held directly by Maverick Fund Private Investments, Ltd, and (c) 4,333,334 shares of Class A common stock held directly by Maverick USA Private Investments, LLC. Maverick Capital, Ltd is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and, as such, may be deemed to have beneficial ownership of the shares held by Maverick Fund II, Ltd, Maverick Fund Private Investments, Ltd and Maverick USA Private Investments, LLC through the investment discretion it exercises over these accounts. Maverick Capital Management, LLC is the general partner of Maverick Capital, Ltd. Lee S. Ainslie III is the manager of Maverick Capital Management, LLC who possesses sole investment discretion, including the ability to vote and dispose of the shares, pursuant to Maverick Capital Management, LLC's regulations. The address for the entities affiliated with Maverick Capital, Ltd is 300 Crescent Court, 18th Floor, Dallas, TX 75201.
- (16) Consists of (a) 336,800 shares of Class A common stock held directly by Fidelity Advisor Series VII: Fidelity Advisor Health Care Fund, (b) 700,500 shares of Class A common stock held directly by Fidelity Central Investment Portfolios LLC: Fidelity Health Care Central Fund, (c) 1,325,100 shares of Class A common stock held directly by Fidelity Contrafund: Fidelity Advisor New Insights Fund, (d) 2,070,648 shares of Class A common stock held directly by Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund, (e) 1,875,650 shares of Class A common stock held directly by Fidelity Select Portfolios: Health Care Portfolio, (f) 999,300 shares of Class A common stock held directly by Fidelity Select Portfolios: Medical Equipment and Systems Portfolio, and (g) 104,900 shares of Class A common stock held directly by Variable Insurance Products Fund IV: Health Care Portfolio. The address for the entities affiliated with Fidelity Investments, or the Fidelity Entities, is 82 Devonshire Street, V13H, Boston, MA 02109. Fidelity Management & Research Company, or FMRC, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of all of the shares owned by the Fidelity Entities as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Edward C. Johnson 3d and FMR LLC, through its control of FMRC, and each of the Fidelity Entities, has sole power to dispose of all of the shares owned by such entity. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Entities, which power resides with the Fidelity Entities' Boards of Trustees. FMRC carries out the voting of the shares under written guidelines established by the Fidelity Entities' Boards of Trustees.
- (17) Consists of 6,568,646 shares of Class A common stock held directly by The Wellcome Trust Limited as Trustee of the Wellcome Trust. William Castell, Damon Buffini, Alan Brown, Kay Davies, Michael Ferguson, Richard Hynes, Anne Johnson, Eliza Manningham-Buller, Peter Rigby and Peter Smith collectively serve as the Board of Governors of The Wellcome Trust Limited. The Board of Governors have shared voting and investment control over all of the shares held by The Wellcome Trust Limited. The address of The Wellcome Trust is 215 Euston Road, London NW1 2BE, United Kingdom.
- (18) Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. Generally, the holders of our Class B common stock and Class A common stock are entitled to one vote per share. However, holders of our Class A common stock are entitled to ten votes per share in certain circumstances. For more information about the voting rights of our Class A and Class B common stock, see "Description of Capital Stock—Common Stock."

DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering and the filing of our restated certificate of incorporation, our authorized capital stock will consist of _____ shares of Class A common stock, \$0.0001 par value per share, _____ shares of Class B common stock, \$0.0001 par value per share, and _____ shares of undesignated preferred stock, \$0.0001 par value per share. The following description summarizes the most important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our restated certificate of incorporation and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Pursuant to the provisions of our certificate of incorporation all of our outstanding convertible preferred stock will automatically convert into Class A common stock, effective immediately prior to the completion of this offering. Assuming the conversion of all outstanding shares of our convertible preferred stock into shares of our Class A common stock, which will occur immediately prior to the completion of this offering, as if it occurred on December 31, 2013, as of December 31, 2013, there were 75,469,707 shares of our Class A common stock outstanding, held by 131 stockholders of record, no shares of our Class B common stock outstanding and no shares of our preferred stock outstanding. Our board of directors is authorized, without stockholder approval, to issue additional shares of our capital stock.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Class A and Class B common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. See “Dividend Policy” above.

Voting Rights

Each share of Class A common stock and each share of Class B common stock has one vote per share, except on the following matters (in which each share of Class A common stock has ten votes per share and each share of Class B common stock has one vote per share):

- adoption of a merger or consolidation agreement involving our company;
- a sale of all or substantially all of our assets;
- a dissolution or liquidation of our company; or
- every matter, if and when any individual, entity or “group” (as such term is used in Regulation 13D of the Exchange Act) has, or has publicly disclosed (through a press release or a filing with the SEC) an intent to have, beneficial ownership of 30% or more of the number of outstanding shares of Class A common stock and Class B common stock, combined.

The holders of our Class A common stock and Class B common stock vote together as a single class, except as set forth above, or unless otherwise required by law. Delaware law could require either holders of our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

- If we were to seek to amend our restated certificate of incorporation to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and

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- If we were to seek to amend our restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

We have not provided for cumulative voting for the election of directors in our restated certificate of incorporation. Accordingly, holders of a majority of the shares of our common stock will be able to elect all of our directors, except in the circumstances specified above pursuant to which Class A holders get 10 votes per share. Our restated certificate of incorporation establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions, except for the conversion rights of our Class A common stock discussed below.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Conversion

Each outstanding share of Class A common stock is convertible at any time at the option of the holder into one share of Class B common stock. In addition, each share of Class A common stock will convert automatically into one share of Class B common stock upon any transfer, whether or not for value, except for certain transfers to affiliates of the holder.

Once converted into Class B common stock, a share of Class A common stock may not be reissued.

All the outstanding shares of Class A common stock will convert automatically into shares of Class B common stock upon the date that the number of shares of Class A common stock then outstanding falls below twenty-five percent of the number of shares of Class A common stock outstanding as of the closing of this offering.

Preferred Stock

Pursuant to the provisions of our certificate of incorporation, all of our outstanding convertible preferred stock will automatically convert into shares of Class A common stock, with such conversion to be effective immediately prior to the completion of this offering. As a result, each currently outstanding share of convertible preferred stock will be converted into Class A common stock. All series of convertible preferred stock will convert at a ratio of one share of Class A common stock for each share of preferred stock.

Following this offering, no shares of preferred stock will be outstanding. Pursuant to our restated certificate of incorporation, Our board of directors will be authorized, subject to limitations prescribed by

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Delaware law, to issue up to _____ shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our Class B common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Options

As of December 31, 2013, we had outstanding options to purchase an aggregate of 16,455,404 shares of our Class A common stock, with a weighted-average exercise price of \$1.22.

Warrants

As of December 31, 2013, we had an outstanding warrant to purchase an aggregate of 115,000 shares of Class A common stock with an exercise price of \$5.00 per share.

Registration Rights

Pursuant to the terms of our investors' rights agreement, immediately following this offering, the holders of approximately _____ shares of our Class A common stock will be entitled to rights with respect to the registration of these shares under the Securities Act, as described below. We refer to these shares collectively as registrable securities.

Demand Registration Rights

Beginning 180 days after the completion of this offering, the holders of at least a majority of the then-outstanding registrable securities may make a written request to us for the registration of all or part of the registrable securities under the Securities Act, if the amount of registrable securities to be registered would yield an aggregate offering price to the public of at least \$10.0 million. We are only required to file two registration statements that are declared effective upon exercise of these demand registration rights. We may postpone the filing of a registration statement for up to 120 days in a 12-month period if our board of directors determines that the filing would be seriously detrimental to us and our stockholders, provided that we do not register any securities for our own account or any other stockholder during such 120-day period.

Piggyback Registration Rights

In connection with this offering, holders of registrable securities were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their registrable securities in this offering. If we register any of our securities for public sale in another offering, holders of registrable securities will have the right to include their shares in the registration statement. However, this right does not apply to a registration relating to employee benefit plans, a

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registration relating to a corporate reorganization, any registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the registrable securities or a registration of only common stock issuable upon conversion of debt securities that are also being registered. The underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine in good faith that marketing factors require limitation, in which case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of securities entitled to be included by each holder, or in a manner mutually agreed upon by the holders. However, in any underwriting not in connection with an initial public offering, the number of shares to be registered by these holders cannot be reduced below 25% of the total shares covered by the registration statement.

Form S-3 Registration Rights

The holders of then-outstanding registrable securities can request that we register all or part of their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered, net of any underwriters' discounts or commissions, is at least \$1.0 million. The stockholders may only require us to effect one registration statement on Form S-3 in a 12-month period. We may postpone the filing of a registration statement on Form S-3 once during any 12-month period for a total cumulative period of not more than 120 days if our board of directors determines that the filing would be detrimental to us and our stockholders, provided that we do not register any securities for our own account or any other stockholder during such 120-day period (other than a registration relating to employee benefit plans, a registration relating to a corporate reorganization, any registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of registrable securities or a registration of only common stock issuable upon conversion of debt securities that are also being registered).

Expenses of Registration Rights

We generally will pay all expenses, other than underwriting discounts and commissions, and the reasonable fees and disbursements of one special counsel for the selling stockholders incurred in connection with the registrations described above, not to exceed \$25,000.

Expiration of Registration Rights

The registration rights described above will expire, with respect to any particular holder of these rights, on the earlier of the third anniversary of the closing of this offering or when that holder can sell all of its registrable securities in a three-month period without restriction under Rule 144 of the Securities Act.

Anti-Takeover Provisions

The provisions of Delaware law, our restated certificate of incorporation and our restated bylaws, as we expect they will be in effect upon the completion of this offering, could have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquiror outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

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Delaware Law

So long as the outstanding shares of our Class A common stock represent a majority of the combined voting power of common stock, the holders of Class A common stock will effectively control any matters requesting approval of a liquidation event that is submitted to our stockholders for a vote, which will have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

After such time as the shares of our Class A common stock no longer represent a majority of the combined voting power of our common stock, the provisions of Delaware law, our restated certificate of incorporation and our restated bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- Prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- The interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- At or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66.67% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Restated Certificate of Incorporation and Restated Bylaw Provisions

Our restated certificate of incorporation and our restated bylaws, as we expect they will be in effect upon the completion of this offering, include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- ***Dual Class Stock.*** As described above in “—Common Stock—Voting Rights,” our restated certificate of incorporation provides for a dual class common stock structure, which provides holders of our Class A common stock with ten votes per share and holders of our Class B common stock one vote per share in certain circumstances pertaining to change in control matters, giving holders of our Class A common stock the ability to control the outcome of

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matters pertaining to change in control matters, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock. As a result, our executive officers, directors and their affiliates will have the ability to exercise significant influence over those matters.

- **Board of Directors Vacancies.** Our restated certificate of incorporation and restated bylaws will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- **Classified Board.** Our restated certificate of incorporation and restated bylaws will provide that our board is classified into three classes of directors, each with staggered three year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors. See “Management—Board of Directors—Classified Board of Directors.”
- **Stockholder Action; Special Meetings of Stockholders.** Our restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our restated bylaws further will provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.
- **Advance Notice Requirements for Stockholder Proposals and Director Nominations.** Our restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also will specify certain requirements regarding the form and content of a stockholder’s notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror’s own slate of directors or otherwise attempting to obtain control of our company.
- **No Cumulative Voting.** The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation’s certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation and amended and restated bylaws will not provide for cumulative voting.
- **Directors Removed Only for Cause.** Our restated certificate of incorporation will provide that stockholders may remove directors only for cause.
- **Amendment of Charter Provisions.** Any amendment of the above expected provisions in our restated certificate of incorporation would require approval by holders of at least two-thirds of our outstanding common stock.

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- **Issuance of Undesignated Preferred Stock.** Our board of directors has the authority, without further action by the stockholders, to issue up to _____ shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.
- **Choice of Forum.** Our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our restated certificate of incorporation to be inapplicable or unenforceable in such action.

Listing

We have applied to list our Class B common stock on the New York Stock Exchange under the symbol "CSLT."

Transfer Agent and Registrar

The transfer agent and registrar for our Class B common stock will be American Stock Transfer & Trust Company. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219. Our shares of Class B common stock will be issued in uncertificated form only, subject to limited circumstances.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class B common stock, and we cannot predict the effect, if any, that market sales of shares of our Class B common stock or the availability of shares of our Class B common stock for sale will have on the market price of our Class B common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our Class B common stock, including shares issued upon exercise of outstanding options, in the public market following this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Upon the closing of this offering, we will have outstanding _____ shares of our Class A common stock and _____ shares of our Class B common stock, based on the number shares outstanding as of December 31, 2013. This includes _____ shares of Class B common stock that we are selling in this offering, which shares may be resold in the public market immediately, and assumes no additional exercise of outstanding options other than as described elsewhere in this prospectus. Of these outstanding shares, all of the _____ shares of Class B common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining _____ shares of our Class A common stock will be deemed “restricted securities” as defined in Rule 144. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 promulgated under the Securities Act, which rules are summarized below. In addition, all of our security holders have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for at least 180 days following the date of this prospectus, as described below. As a result of these agreements and the provisions of our investors’ rights agreement described above under “Description of Capital Stock—Registration Rights,” subject to the provisions of Rule 144 or Rule 701, based on an assumed offering date of _____, shares will be available for sale in the public market as follows:

- Beginning on the date of this prospectus, all of the shares sold in this offering will be immediately available for sale in the public market;
- Beginning 181 days after the date of this prospectus, _____ additional shares will become eligible for sale in the public market, of which _____ shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; and
- The remainder of the shares will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Lock-Up and Market Stand-Off Agreements

We, all of our directors and officers and substantially all of our security holders are, or will be, subject to lock-up agreements that, subject to exceptions described in the section entitled “Underwriting” below, prohibit them from offering for sale, selling, contracting to sell, granting any option for the sale of, transferring or otherwise disposing of any shares of our common stock, options to acquire shares of our common stock or any security or instrument related to our common stock, option or warrant, or entering into any swap, hedge or other arrangement that transfers to another any of the economic consequences of ownership of the common stock, for a period of 180 days following the date of this prospectus without the prior written consent of Goldman, Sachs & Co. and Morgan Stanley & Co. LLC. See “Underwriting.”

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In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including our investors' rights agreement and our standard form of stock option agreement, that contain certain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell, or transfer our equity securities for a period of 180 days following the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up and market standoff agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Class B common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our Class B common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Stock Options

As soon as practicable after the closing of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act covering all of the shares of our common stock subject to outstanding options and the shares of our Class B common stock reserved for issuance under our stock plans. In addition, we intend to file a registration statement on Form S-8 or such other form as may be required under the Securities Act for the resale of shares of our common stock issued upon the exercise of options that were not granted under Rule 701. We expect to file this registration

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statement as soon as permitted under the Securities Act. However, the shares registered on Form S-8 may be subject to the volume limitations and the manner of sale, notice and public information requirements of Rule 144 and will not be eligible for resale until expiration of the lock-up and market standoff agreements to which they are subject.

Registration Rights

We have granted demand, piggyback and Form S-3 registration rights to certain of our stockholders to sell our common stock. Registration of the sale of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. For a further description of these rights, see "Description of Capital Stock—Registration Rights."

**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS
FOR NON-U.S. HOLDERS OF OUR CLASS B COMMON STOCK**

This section summarizes the material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of our Class B common stock by “non-U.S. holders” (as defined below) pursuant to this offering. This summary does not provide a complete analysis of all potential U.S. federal income tax considerations relating thereto. The information provided below is based upon provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations promulgated thereunder, administrative rulings and judicial decisions currently in effect. These authorities may change at any time, possibly retroactively, or the Internal Revenue Service (IRS), might interpret the existing authorities differently. In either case, the tax considerations of owning or disposing of our Class B common stock could differ from those described below. As a result, we cannot assure you that the tax consequences described in this discussion will not be challenged by the IRS or will be sustained by a court if challenged by the IRS.

This summary does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction, the potential application of the Medicare contribution tax, or tax considerations arising under U.S. federal gift and estate tax laws, except to the limited extent provided below. In addition, this discussion does not address tax considerations applicable to an investor’s particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- corporations that accumulates earnings to avoid U.S. federal income tax;
- persons subject to the alternative minimum tax;
- tax-exempt organizations or tax-qualified retirement plans;
- real estate investment trusts or regulated investment companies;
- controlled foreign corporations or passive foreign investment companies;
- persons who acquired our Class B common stock as compensation for services;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our Class B common stock as a position in a hedging transaction, “straddle,” “conversion transaction” or other risk reduction transaction;
- persons who do not hold our Class B common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); or
- persons deemed to sell our Class B common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes is a beneficial owner of our Class B common stock, the tax treatment of a partner in the partnership or an owner of the entity will depend upon the status of the partner or other owner and the activities of the partnership or other entity. Accordingly, this summary does not address tax considerations applicable to partnerships that hold our Class B common stock, and partners in such partnerships should consult their tax advisors.

INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS B COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF OUR CLASS B COMMON STOCK UNDER ANY FOREIGN, STATE OR LOCAL LAWS OR UNDER ANY APPLICABLE TAX TREATIES.

Non-U.S. Holder Defined

For purposes of this summary, a “non-U.S. holder” is any holder of our Class B common stock, other than a partnership, that is not:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state therein or the District of Columbia;
- a trust if it (i) is subject to the primary supervision of a U.S. court and one of more U.S. persons have authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate whose income is subject to U.S. income tax regardless of source.

If you are a non-U.S. citizen that is an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens. Such an individual is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership or disposition of our Class B common stock.

Dividends

We do not expect to declare or make any distributions on our Class B common stock in the foreseeable future. If we do pay dividends on shares of our Class B common stock, however, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a non-U.S. holder’s adjusted tax basis in shares of our Class B common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of our Class B common stock. See “—Sale of Class B Common Stock.”

Any dividend paid to a non-U.S. holder on our Class B common stock that is not effectively connected with a non-U.S. holder’s conduct of a trade or business in the United States will generally be subject to U.S. withholding tax at a 30% rate. The withholding tax might not apply, however, or might apply at a reduced rate, under the terms of an applicable income tax treaty between the United States and the non-U.S. holder’s country of residence. You should consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing a Form W-8BEN (or any successor form) or appropriate substitute form to us or our paying agent. If the

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non-U.S. holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS in a timely manner.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder, and if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are not subject to U.S. withholding tax. To obtain this exemption, a non-U.S. holder must provide us or our paying agent with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition to being taxed at graduated tax rates, dividends received by corporate non-U.S. holders that are effectively connected with a U.S. trade or business of the corporate non-U.S. holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

Sale of Class B Common Stock

Subject to the discussion below regarding the Foreign Account Tax Compliance Act, non-U.S. holders will generally not be subject to U.S. federal income tax on any gains realized on the sale, exchange or other disposition of our Class B common stock unless:

- the gain (i) is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business and (ii) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment (or, in certain cases involving individual holders, a fixed base) maintained by the non-U.S. holder in the United States (in which case the special rules described below apply);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition of our Class B common stock and certain other requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States); or
- the rules of the Foreign Investment in Real Property Tax Act (FIRPTA) treat the gain as effectively connected with a U.S. trade or business.

The FIRPTA rules may apply to a sale, exchange or other disposition of our Class B common stock if we are, or were within the shorter of the five-year period preceding the disposition and the non-U.S. holder's holding period, a "U.S. real property holding corporation," or USRPHC. In general, we would be a USRPHC if interests in U.S. real estate comprised at least half of the value of our business assets. We do not believe that we are a USRPHC and we do not anticipate becoming one in the future. Even if we become a USRPHC, as long as our Class B common stock is regularly traded on an established securities market, such Class B common stock will be treated as U.S. real property interests only if beneficially owned by a non-U.S. holder that actually or constructively owned more than 5% of our outstanding Class B common stock at some time within the five-year period preceding the disposition.

If any gain from the sale, exchange or other disposition of our Class B common stock, (i) is effectively connected with a U.S. trade or business conducted by a non-U.S. holder and (ii) if required

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by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment (or, in certain cases involving individuals, a fixed base) maintained by such non-U.S. holder in the United States, then the gain generally will be subject to U.S. federal income tax at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If the non-U.S. holder is a corporation, under certain circumstances, that portion of its earnings and profits that is effectively connected with its U.S. trade or business, subject to certain adjustments, generally would be subject also to a "branch profits tax." The branch profits tax rate is 30%, although an applicable income tax treaty between the United States and the non-U.S. holder's country of residence might provide for a lower rate.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our Class B common stock will be U.S. situs property and therefore will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise.

Backup Withholding and Information Reporting

The Code and the Treasury regulations require those who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by "backup withholding" rules. These rules require the payors to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by failing to provide his taxpayer identification number to the payor, furnishing an incorrect identification number, or failing to report interest or dividends on his returns. The backup withholding tax rate is currently 28%. The backup withholding rules do not apply to payments to corporations, whether domestic or foreign, provided they establish such exemption.

Payments to non-U.S. holders of dividends on Class B common stock generally will not be subject to backup withholding, and payments of proceeds made to non-U.S. holders by a broker upon a sale of Class B common stock will not be subject to information reporting or backup withholding, in each case so long as the non-U.S. holder certifies its nonresident status (and we or our paying agent do not have actual knowledge or reason to know the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied) or otherwise establishes an exemption. The certification procedures to claim treaty benefits described under "—Dividends" will generally satisfy the certification requirements necessary to avoid the backup withholding tax. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to these dividends. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

Under the Treasury regulations, the payment of proceeds from the disposition of shares of our Class B common stock by a non-U.S. holder made to or through a U.S. office of a broker generally will be subject to information reporting and backup withholding unless the beneficial owner certifies, under penalties of perjury, among other things, its status as a non-U.S. holder (and the broker does not have actual knowledge or reason to know the holder is a U.S. person) or otherwise establishes an exemption. The payment of proceeds from the disposition of shares of our Class B common stock by a non-U.S. holder made to or through a non-U.S. office of a broker generally will not be subject to backup withholding and information reporting, except as noted below. Information reporting, but not

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backup withholding, will apply to a payment of proceeds, even if that payment is made outside of the United States, if you sell our Class B common stock through a non-U.S. office of a broker that is:

- a U.S. person (including a foreign branch or office of such person);
- a “controlled foreign corporation” for U.S. federal income tax purposes;
- a foreign person 50% or more of whose gross income from certain periods is effectively connected with a U.S. trade or business; or
- a foreign partnership if at any time during its tax year (a) one or more of its partners are U.S. persons who, in the aggregate, hold more than 50% of the income or capital interests of the partnership or (b) the foreign partnership is engaged in a U.S. trade or business;

unless the broker has documentary evidence that the beneficial owner is a non-U.S. holder and certain other conditions are satisfied, or the beneficial owner otherwise establishes an exemption (and the broker has no actual knowledge or reason to know to the contrary).

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of Class B common stock under the backup withholding rules can be credited against any U.S. federal income tax liability of the holder and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act, or FATCA, will impose a U.S. federal withholding tax of 30% on certain “withholdable payments” (including U.S. source dividends and the gross proceeds from the sale or other disposition of U.S. stock) to foreign financial institutions and other non-U.S. entities that fail to comply with certain certification and information reporting requirements. The obligation to withhold under FATCA is currently expected to apply to, among other items, (i) dividends on our Class B common stock that are paid after June 30, 2014 and (ii) gross proceeds from the disposition of our Class B common stock paid after December 31, 2016.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR CLASS B COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Morgan Stanley & Co. LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Morgan Stanley & Co. LLC	
Allen & Company LLC	
Stifel, Nicolaus & Company, Incorporated	
Canaccord Genuity Inc.	
Raymond James & Associates, Inc.	
Total	

The underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters will have an option to buy up to an additional _____ shares from us. They may exercise this option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by Us	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

We will agree with the underwriters that for a period of 180 days after the date of this prospectus, we will not (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any class of our common stock or any of our securities that are substantially similar to our common stock, including but not limited to any options or warrants to purchase shares of common stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of our common stock or such other securities, in cash or otherwise, without the prior written consent of the representatives; provided, however, that these restrictions do not apply to:

- (i) the shares of our Class B common stock to be sold in this offering;
- (ii) our issuance of shares of our Class A or Class B common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus;

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- (iii) our issuance of shares of our Class A or Class B common stock or other securities convertible into or exercisable for shares of our Class A or Class B common stock, in each case pursuant to our employee benefit or equity incentive plans described in this prospectus;
- (iv) the filing of a registration statement on Form S-8 or any successor form thereto with respect to the registration of securities to be offered under any of our employee benefit or equity incentive plans; or
- (v) the issuance of shares of our Class A or Class B common stock or other securities convertible into or exercisable for shares of our Class A or Class B common stock in connection with transactions that include a commercial relationship (including without limitation, joint ventures, marketing or distribution arrangements, collaboration agreements or intellectual property license agreements) or any acquisition by us or any of our subsidiaries of the securities, business, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by us in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement; provided that, in the case of this clause (v), the aggregate number of shares issued shall not exceed 5% of the total aggregate number of outstanding shares of our Class A and Class B common stock immediately following the closing of this offering and we shall cause each recipient of such securities to execute and deliver to the underwriters, on or prior to the issuance of such securities, a lock-up letter, and enter stop transfer instructions with our transfer agent and registrar on such securities, which we will not waive or amend without the prior written consent of the representatives, in their sole discretion.

In addition, our officers, directors and holders of substantially all of our common stock, and securities convertible into or exchangeable for our common stock, have agreed or will agree with the underwriters that for a period of 180 days after the date of this prospectus, they will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of (or engage in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of), or publicly disclose an intention to take any such actions with respect to, any shares of any class of our common stock, or any options or warrants to purchase any shares of any class of our common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of any class of our common stock (including without limitation shares of our Class A common stock), whether now owned or hereinafter acquired, owned directly or with respect to which the director, officer or stockholder has beneficial ownership within the rules and regulations of the SEC. Notwithstanding the foregoing, these officers, directors and stockholders may transfer shares of any class of our common stock or securities convertible into or exchangeable for shares of any class of our common stock:

- (i) as a bona fide gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the lock-up restrictions;
- (ii) to any member of their immediate family or any trust for their or their immediate family's direct or indirect benefit, provided that the transferee agrees to be bound in writing by the lock-up restrictions, and provided further that any such transfer shall not involve a disposition for value;
- (iii) in transactions relating to shares of our common stock or securities convertible into or exercisable for shares of common stock acquired in open market transactions after the completion of this offering;
- (iv) in connection with the exercise of options, warrants or other rights to acquire shares of our common stock or any security convertible into or exercisable for shares of our common stock in accordance with their terms (including the settlement of restricted stock units and

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including, in each case, by way of net exercise and/or to cover withholding tax obligations in connection with such exercise, but for the avoidance of doubt, excluding all manners of exercise that would involve a sale of any securities, whether to cover the applicable aggregate exercise price, withholding tax obligations or otherwise) pursuant to an employee benefit plan, option, warrant or other right disclosed in this prospectus, provided that any such shares issued upon exercise of such option, warrant or other right shall be subject to the lock-up restrictions;

- (v) by will or intestate succession upon the death of the director, officer or stockholder, provided that the legatee, heir or other transferee, as the case may be, agrees to be bound in writing by the lock-up restrictions;
- (vi) pursuant to a court order or settlement agreement related to the distribution of assets in connection with the dissolution of a marriage or civil union, provided that the transferee agrees to be bound in writing by the lock-up restrictions;
- (vii) to us pursuant to agreements under which we have the option to repurchase such shares or a right of first refusal with respect to transfers of such shares upon termination of service of the director, officer or stockholder;
- (viii) the conversion of our outstanding shares of preferred stock into shares of our common stock, provided that the shares of common stock received upon conversion shall be subject to the lock-up restrictions; and
- (ix) with the prior written consent of the representatives on behalf of the underwriters;
provided that in the case of clauses (i) through (vi) above, no filing under the Exchange Act, or any other public filing or disclosure of such transfer by or on behalf of the director, officer or stockholder shall be required or voluntarily made during the 180-day period (other than a filing on a Form 5 made after the expiration of the 180-day period and, with respect to clause (vi), other than a filing required to be made on a Form 4). In addition:
- (x) such directors, officers and stockholders may establish a trading plan pursuant to Rule 10b5-1 promulgated under the Exchange Act; provided, however, that (A) such plan does not provide for the transfer of their shares during the 180-day period, (B) no public filing or disclosure of such transfer by or on behalf of them shall be required or voluntarily made during the first 120 days following the date of this prospectus and (C) to the extent a public announcement or filing regarding the establishment of such plan shall be made during the last 60 days of the 180-day period, such public announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the 180-day period; and
- (xi) any stockholder that is a corporation, partnership, limited liability company or other business entity may transfer its shares to (A) a direct or indirect affiliate (within the meaning set forth in Rule 405 as promulgated by the SEC under the Securities Act, including any wholly-owned subsidiary or parent entity) and (B) limited partners, members or stockholders of the stockholder; provided, however, that in any such case, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding such capital stock subject to the provisions of the lock-up agreement and there shall be no further transfer of such capital stock except in accordance with the lock-up agreement, and provided further that any such transfer shall not involve a disposition for value.

At least two business days before the release or waiver of any lock-up restriction on the transfer of our shares by any of our directors or officers, the representatives will notify us of the impending release or waiver and we will announce the impending release or waiver through a major news service, except where the release or waiver is effected solely to permit a transfer of securities that is not for consideration and where the transferee has agreed in writing to be bound by the same lock-up agreement terms in place for the transferor.

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Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class B common stock on the New York Stock Exchange under the symbol “CSLT.”

In connection with the offering, the underwriters may purchase and sell shares of our Class B common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class B common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of our Class B common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our Class B common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our Class B common stock. As a result, the price of our Class B common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$. We have agreed to reimburse the underwriters for certain FINRA-related and other expenses incurred by them in connection with this offering in an amount up to \$.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities that we have relationships with. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Notice to Prospectus Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by our company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Notice to Prospectus Investors in the United Kingdom

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to our company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Notice to Prospectus Investors in Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospectus Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospectus Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

The validity of the shares of Class B common stock offered by this prospectus will be passed upon for us by Fenwick & West LLP, Mountain View, California. Certain legal matters relating to the offering will be passed upon for the underwriters by Cooley LLP, Palo Alto, California.

EXPERTS

The consolidated financial statements of Castlight Health, Inc. at December 31, 2012 and 2013, and for each of the three years in the period ended December 31, 2013, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class B common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and our Class B common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of that website is www.sec.gov.

We currently do not file periodic reports with the SEC. Upon the closing of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above.

We also maintain a website at www.castlighthealth.com. Upon completion of this offering, you may access these materials at our website free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

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CASTLIGHT HEALTH, INC.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Castlight Health, Inc.

We have audited the accompanying consolidated balance sheets of Castlight Health, Inc. as of December 31, 2012 and 2013, and the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Castlight Health, Inc. at December 31, 2012 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Francisco, California
February 7, 2014

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CASTLIGHT HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	As of December 31,		Pro Forma Stockholders'
	<u>2012</u>	<u>2013</u>	Equity as of December 31, <u>2013</u> (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 42,534	\$ 25,154	
Marketable securities	77,612	42,017	
Accounts receivable, net	2,362	5,065	
Deferred commissions	1,807	3,648	
Prepaid expenses and other current assets	1,331	1,583	
Total current assets	125,646	77,467	
Property and equipment, net	1,136	2,631	
Restricted cash, noncurrent	101	101	
Deferred commissions, noncurrent	1,244	1,821	
Other assets	21	1,497	
Total assets	<u>\$128,148</u>	<u>\$ 83,517</u>	
Liabilities, convertible preferred stock and stockholders' equity (deficit)			
Current liabilities:			
Accounts payable	\$ 2,223	\$ 2,536	
Accrued expenses and other current liabilities	783	4,998	
Accrued compensation	5,648	8,064	
Deferred revenue	1,603	6,925	
Total current liabilities	10,257	22,523	
Deferred revenue, noncurrent	2,602	4,548	
Other liabilities, noncurrent	254	373	
Total liabilities	13,113	27,444	
Commitments and contingencies			
Convertible preferred stock, \$0.0001 par value; 64,475,662 shares authorized as of December 31, 2012 and 2013; 64,475,633 shares issued and outstanding as of December 31, 2012 and 2013 with liquidation preference of \$181,000 as of December 31, 2012 and 2013; no shares authorized or issued and outstanding pro forma (unaudited)	180,423	180,423	\$ —

CASTLIGHT HEALTH, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(In thousands, except share and per share data)

	As of December 31,		Pro Forma Stockholders' Equity as of December 31, 2013 (unaudited)
	2012	2013	
Stockholders' equity (deficit):			
Class A common stock, \$0.0001 par value; 88,000,000 and 95,000,000 shares authorized as of December 31, 2012 and 2013; 9,897,997 and 10,994,074 shares issued and outstanding as of December 31, 2012 and 2013 (including 887,626 and 185,000 shares subject to repurchase, legally issued and outstanding as of December 31, 2012 and 2013); 95,000,000 shares authorized pro forma (unaudited); 75,469,707 shares issued and outstanding pro forma (unaudited) (including 185,000 shares subject to repurchase)	1	1	7
Class B common stock, \$0.0001 par value; 88,000,000 and 95,000,000 shares authorized as of December 31, 2012 and 2013; no shares issued and outstanding as of December 31, 2012 and 2013; no shares authorized or issued and outstanding pro forma (unaudited)	—	—	—
Additional paid-in capital	3,631	6,885	187,302
Accumulated other comprehensive income	34	—	—
Accumulated deficit	(69,054)	(131,236)	(131,236)
Total stockholders' equity (deficit)	(65,388)	(124,350)	56,073
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	<u>\$128,148</u>	<u>\$ 83,517</u>	<u>\$</u>

See Notes to Consolidated Financial Statements.

CASTLIGHT HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2011	2012	2013
Revenue:			
Subscription	\$ 1,569	\$ 3,395	\$ 11,655
Professional services	306	759	1,318
Total revenue	<u>1,875</u>	<u>4,154</u>	<u>12,973</u>
Cost of revenue:			
Cost of subscription(1)	1,210	3,242	6,246
Cost of professional services(1)	1,068	5,286	11,058
Total cost of revenue	<u>2,278</u>	<u>8,528</u>	<u>17,304</u>
Gross loss	<u>(403)</u>	<u>(4,374)</u>	<u>(4,331)</u>
Operating expenses:			
Sales and marketing(1)	5,978	15,829	33,742
Research and development(1)	10,157	9,718	15,219
General and administrative(1)	3,563	5,212	9,047
Total operating expenses	<u>19,698</u>	<u>30,759</u>	<u>58,008</u>
Operating loss	<u>(20,101)</u>	<u>(35,133)</u>	<u>(62,339)</u>
Other income, net	181	129	157
Net loss	<u>\$ (19,920)</u>	<u>\$ (35,004)</u>	<u>\$ (62,182)</u>
Net loss per share, basic and diluted	<u>\$ (3.27)</u>	<u>\$ (4.44)</u>	<u>\$ (6.28)</u>
Weighted-average shares used to compute basic and diluted net loss per share	<u>6,093</u>	<u>7,885</u>	<u>9,895</u>
Pro forma net loss per share, basic and diluted (unaudited)			<u>\$ (0.84)</u>
Weighted-average shares used to compute basic and diluted pro forma net loss per share (unaudited)			<u>74,371</u>

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2011	2012	2013
Cost of revenue:			
Cost of subscription	\$ 3	\$ 2	\$ 5
Cost of professional services	9	105	120
Sales and marketing	335	551	919
Research and development	302	242	603
General and administrative	333	411	780

See Notes to Consolidated Financial Statements.

CASTLIGHT HEALTH, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		
	2011	2012	2013
Consolidated Statement of Comprehensive Loss:			
Net loss	\$ (19,920)	\$(35,004)	\$(62,182)
Other comprehensive income (loss):			
Net change in unrealized gains (loss) on available-for-sale marketable securities	10	27	(34)
Reclassification adjustments for net realized gains on available-for-sale marketable securities	(8)	—	—
Other comprehensive income (loss)	2	27	(34)
Comprehensive loss	<u>\$ (19,918)</u>	<u>\$(34,977)</u>	<u>\$(62,216)</u>

See Notes to Consolidated Financial Statements.

CASTLIGHT HEALTH, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK
AND STOCKHOLDERS' DEFICIT
(In thousands, except share data)

	Convertible Preferred Stock		Common Stock			Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Amount				
Balances as of January 1, 2011	47,909,912	\$ 80,572	8,099,237	\$ 1	\$ 747	\$ (14,130)	\$ 5	\$ (13,377)	
Vesting of early exercised stock options and restricted common stock	—	—	—	—	4	—	—	4	
Exercise of stock options	—	—	719,771	—	243	—	—	243	
Stock-based compensation	—	—	—	—	982	—	—	982	
Comprehensive loss:	—	—	—	—	—	(19,920)	2	\$ (19,918)	
Balances as of December 31, 2011	47,909,912	\$ 80,572	8,819,008	\$ 1	\$ 1,976	\$ (34,050)	\$ 7	\$ (32,066)	
Issuance of Series D preferred stock for cash, net of issuance costs	16,565,721	99,851	—	—	—	—	—	—	
Vesting of early exercised stock options and restricted common stock, net	—	—	—	—	112	—	—	112	
Issuance of restricted stock	—	—	22,727	—	—	—	—	—	
Exercise of stock options, net	—	—	1,056,262	—	232	—	—	232	
Stock-based compensation	—	—	—	—	1,311	—	—	1,311	
Comprehensive loss:	—	—	—	—	—	(35,004)	27	(34,977)	
Balances as of December 31, 2012	64,475,633	\$180,423	9,897,997	\$ 1	\$ 3,631	\$ (69,054)	\$ 34	\$ (65,388)	
Vesting of early exercised stock options and restricted common stock	—	—	—	—	128	—	—	128	
Exercise of stock options, net	—	—	1,036,077	—	564	—	—	564	
Early exercise of warrant issued to third party	—	—	60,000	—	—	—	—	—	
Stock-based compensation	—	—	—	—	2,427	—	—	2,427	
Expense related to issuance of warrant	—	—	—	—	135	—	—	135	
Comprehensive loss:	—	—	—	—	—	(62,182)	(34)	(62,216)	
Balances as of December 31, 2013	<u>64,475,633</u>	<u>\$180,423</u>	<u>10,994,074</u>	<u>\$ 1</u>	<u>\$ 6,885</u>	<u>\$ (131,236)</u>	<u>\$ —</u>	<u>\$ (124,350)</u>	

See Notes to Consolidated Financial Statements.

CASTLIGHT HEALTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2011	2012	2013
Operating activities:			
Net loss	\$ (19,920)	\$ (35,004)	\$ (62,182)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	179	231	633
Stock-based compensation	982	1,311	2,427
Amortization of deferred commissions	—	10	2,541
Accretion and amortization of marketable securities	766	558	714
Gain on sale of marketable securities	(8)	—	—
Expense related to issuance of warrant	—	—	135
Changes in operating assets and liabilities:			
Accounts receivable	(134)	(2,228)	(2,703)
Deferred commissions	(12)	(3,048)	(4,959)
Prepaid expenses and other current assets	(98)	(696)	(252)
Other assets	(6)	5	(109)
Accounts payable	239	1,075	868
Accrued expenses and other current liabilities	(205)	397	2,892
Deferred revenue	815	3,340	7,268
Accrued compensation	963	4,619	2,544
Other liabilities, noncurrent	(169)	105	119
Net cash used in operating activities	<u>(16,608)</u>	<u>(29,325)</u>	<u>(50,064)</u>
Investing activities:			
Restricted cash	—	129	—
Purchase of property and equipment, net	(139)	(458)	(2,587)
Purchase of marketable securities	(33,841)	(103,552)	(42,288)
Sales of marketable securities	23,861	19,181	5,000
Maturities of marketable securities	39,321	33,196	72,135
Net cash provided by (used in) investing activities	<u>29,202</u>	<u>(51,504)</u>	<u>32,260</u>
Financing activities:			
Proceeds from the exercise of stock options and warrants	243	232	864
Payments of deferred offering costs	—	—	(440)
Proceeds from issuance of convertible preferred stock	—	99,851	—
Net cash provided by financing activities	<u>243</u>	<u>100,083</u>	<u>424</u>
Net increase (decrease) in cash and cash equivalents	12,837	19,254	(17,380)
Cash and cash equivalents at beginning of period	10,443	23,280	42,534
Cash and cash equivalents at end of period	<u>\$ 23,280</u>	<u>\$ 42,534</u>	<u>\$ 25,154</u>
Noncash investing and financing activity:			
Vesting of early exercised stock options and restricted common stock	\$ (4)	\$ (112)	\$ (128)
Purchase of property and equipment, accrued but not paid	—	(581)	(122)
Deferred offering costs accrued but not paid	—	—	(927)

See Notes to Consolidated Financial Statements .

**CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1. Organization and Description of Business

Castlight Health, Inc. (Castlight) is a pioneer in a new category of cloud-based software that enables enterprises to gain control over their rapidly escalating health care costs. Our Enterprise Healthcare Cloud allows our customers to conquer the complexity of the existing health care system by providing personalized, actionable information to their employees, implementing technology-enabled benefit designs and integrating disparate systems and applications. Our comprehensive technology offering aggregates complex, large-scale data and applies sophisticated analytics to make health care cost and quality data transparent and useful. We were incorporated in the State of Delaware in January 2008 as Maria Health, Inc. In November 2008, we changed our name to Ventana Health Services, and in April 2010, we changed our name to Castlight Health, Inc. Our principal executive offices are located in San Francisco, California.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The consolidated financial statements include the results of Castlight and its wholly owned U.S. subsidiary.

On December 30, 2013, our board of directors and stockholders authorized a one-for-one exchange of all outstanding Class B common stock to Class A common stock. The Class B common stock is designated for issuance as part of our initial public offering. All share, per share and related information presented in these financial statements and accompanying footnotes have been retroactively adjusted to reflect the impact of this exchange.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. These estimates include, but are not limited to, the determination of the relative selling prices for our services and certain assumptions used in the valuation of our common stock and equity awards. Actual results could differ from those estimates, and such differences could be material to our consolidated financial position and results of operations.

Unaudited Pro Forma Stockholders' Equity and Net Loss Per Share

In November 2013, our board of directors approved the filing of a registration statement relating to an initial public offering of our Class B common stock. Upon the effectiveness of the Registration Statement, all of the outstanding shares of convertible preferred stock (Preferred Stock) will automatically convert into shares of Class A common stock. The December 31, 2013 unaudited pro forma stockholders' equity data has been prepared assuming the conversion of the Preferred Stock outstanding into 64,475,633 shares of Class A common stock. Unaudited pro forma net loss per share for the year ended December 31, 2013 has been computed to give effect to the automatic conversion of the Preferred Stock (using the if-converted method) into Class A common stock as though the conversion had occurred on the original dates of issuance.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Segment Information

Our chief operating decision maker, our CEO, reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating our financial performance. Accordingly, we have determined that we operate in a single reporting segment, cloud applications.

Revenue Recognition

We derive our revenue from sales of cloud-based subscription service contracts, including support, and professional services contracts. We sell subscriptions to our cloud-based subscription service through contracts that are generally three years in length.

Our cloud-based subscription service contracts do not provide customers with the right to take possession of the software supporting the cloud-based service and, as a result, are accounted for as service contracts.

We commence revenue recognition for our cloud-based subscription service and professional services when all of the following criteria are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- collection of the fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

Our subscription and professional service arrangements do not contain refund provisions for fees earned related to services performed.

Subscription Revenue. Subscription revenue recognition commences on the date that our cloud-based service is made available to the customer, which is considered the launch date, provided all of the other criteria described above are met. Revenue is recognized based on the terms in our customer contracts, which can provide for (a) a variable periodic fee based upon the actual or contractual number of users that is recognized to revenue based on the actual or contractual number of users or (b) a fixed fee that is recognized to revenue on a straight-line basis over the contractual term of the arrangement.

Certain of our cloud-based subscription arrangements include performance incentives that are generally based upon employee engagement. Fees for performance incentives are considered contingent revenue, and are recognized over the remaining term of the related subscription arrangement commencing at the time they are earned.

Professional Services Revenue. Professional services revenue is comprised of implementation services related to our cloud-based subscription service, as well as follow-on professional services to assist our customers in further adopting our cloud-based subscription service, and communications services. Nearly all of our professional services contracts are sold on a fixed-fee basis. We do not have standalone value for our implementation services. Accordingly, we recognize implementation services revenue in the same manner as the associated cloud-based subscription service, beginning on the launch date, provided all other criteria described above have been met. For follow-on professional services that are sold separately from the cloud-based subscription service, we recognize revenue as the services are delivered. Communication services revenue is recognized over the contractual term, generally one year, commencing when the revenue recognition criteria have been met.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Multiple Deliverable Arrangements. To date, we have generated substantially all our revenue from multiple deliverable arrangements consisting of multi-year cloud-based subscription services and professional services, including implementation services and communication services. For arrangements with multiple deliverables, we evaluate whether the individual deliverables qualify as separate units of accounting. In order to treat deliverables in a multiple deliverable arrangement as separate units of accounting, the deliverables must have standalone value upon delivery. If the deliverables have standalone value upon delivery, we account for each deliverable separately and revenue is recognized for the respective deliverables as they are delivered. If one or more of the deliverables do not have standalone value upon delivery, the deliverables that do not have standalone value are generally combined with our cloud-based subscription service, and revenue for the combined unit is recognized over the remaining term of the cloud-based subscription service.

Our deliverables have standalone value if we or any other vendor sells a similar service separately. We have concluded that we have standalone value for our cloud-based subscription service as we sell these services separately through renewals and for our communication services as other vendors sell similar services separately. Conversely, we have concluded that our implementation services do not have standalone value, as we and others do not yet sell these services separately. Accordingly, we consider the separate units of accounting in our multiple deliverable arrangements to be the communication services and a combined deliverable comprised of cloud-based subscription services and implementation services.

When multiple deliverables included in an arrangement are separable into different units of accounting, the arrangement consideration is allocated to the identified separate units of accounting based on their relative selling price. Multiple deliverable arrangements accounting guidance provides a hierarchy to use when determining the relative selling price for each unit of accounting. Vendor-specific objective evidence, or VSOE, of selling price, based on the price at which the item is regularly sold by the vendor on a standalone basis, should be used if it exists. If VSOE of selling price is not available, third-party evidence, or TPE, of selling price is used to establish the selling price if it exists. If TPE does not exist, we estimate the best estimated selling price, or BESP. VSOE does not currently exist for any of our deliverables. Additionally, we do not believe TPE is a practical alternative due to differences in our cloud-based subscription service compared to other parties and the availability of relevant third-party pricing information for our cloud-based subscription service and our other services. Accordingly, for arrangements with multiple deliverables that can be separated into different units of accounting, we allocate the arrangement fee to the separate units of accounting based on our BESP. The amount of arrangement fee allocated is limited by contingent revenue, if any.

We determine BESP for our deliverables by considering our overall pricing objectives and market conditions. This includes evaluating our pricing practices, our list prices, the size of our transactions, historical standalone sales and our go-to-market strategy. The determination of BESP is made through consultation with and approval by management. For financial statement presentation purposes, we allocate the fees from our combined units of accounting to subscription and professional services based upon their relative selling price.

Costs of Revenue

Costs of revenue primarily consist of data fees, employee-related expenses (including salaries, benefits and stock-based compensation) related to hosting costs of our cloud-based service, cost of subcontractors, expenses for service delivery (which includes call center support), allocated overhead, the costs of data center capacity and depreciation of owned computer equipment and software.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less from the date of purchase. Our cash and cash equivalents generally consist of investments in money market funds, U.S. treasury securities and U.S. government-issued obligations. Cash and cash equivalents are stated at fair value.

Marketable Securities

Our marketable securities consist of U.S. agency obligations, U.S. treasury securities and money market funds, with maturities at the time of purchase of greater than three months. Marketable securities with remaining maturities in excess of one year are classified as noncurrent. We classify our marketable securities as available-for-sale at the time of purchase based on our intent and are recorded at their estimated fair value. Unrealized gains and losses for available-for-sale securities are recorded in other comprehensive loss. We evaluate our investments to assess whether those with unrealized loss positions are other than temporarily impaired. We consider impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in other income, net in the consolidated statements of operations.

Restricted Cash

Restricted cash consists of collateral for corporate credit cards. Funds held that are related to restrictions in excess of one year are reported as noncurrent.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts. The allowance for doubtful accounts is based on our assessment of the collectability of accounts. We regularly review the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice and the collection history of each customer to determine whether a specific allowance is appropriate. Accounts receivable deemed uncollectable are charged against the allowance for doubtful accounts when identified. For all periods presented, the allowance for doubtful accounts activity was not significant.

Deferred Commissions

Deferred commissions are the incremental costs that are directly associated with the noncancelable portion of cloud-based subscription service contracts with customers and consist of sales commission paid to our direct sales force. The commissions are deferred and amortized over the noncancelable terms of the related contracts. The deferred commissions amounts are recoverable through the future revenue streams under the noncancelable customer contracts. Amortization of deferred commissions is included in sales and marketing expense in the consolidated statements of operations.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective asset as follows:

Software	3–5 years
Computer equipment	3 years
Furniture and equipment	5–7 years
Leasehold improvements	Shorter of the lease term or the estimated useful lives of the improvements

Maintenance and repairs are charged to expense as incurred, and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of operations for the period realized.

Deferred Revenue

Deferred revenue primarily consists of professional services and cloud-based subscription services that have been billed in advance of revenue being recognized or the services have not been delivered. Additionally, deferred revenue consists of professional services that have been billed and delivered but the revenue is being deferred and recognized together with a cloud-based subscription contract as a single unit of accounting. We invoice our customers for our cloud-based subscription services based on the terms of the contract, which can be annual, quarterly or monthly installments. We invoice our customers for our professional services and the first year of communication services generally at contract execution. Deferred revenue that is anticipated to be recognized during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as noncurrent.

Internal-Use Software

For our development costs related to our cloud-based service, we capitalize costs incurred during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. We did not incur qualifying costs during the application development stage in any of the periods presented.

Stock-based Compensation

All stock-based compensation to employees is measured based on the grant-date fair value of the awards and recognized in our consolidated statements of operations over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award). We estimate the fair value of stock options granted using the Black-Scholes option valuation model. Compensation expense is recognized over the vesting period of the applicable award using the straight-line method.

Compensation expense for non-employee stock options is calculated using the Black-Scholes option-pricing model and is recorded as the options vest. Options subject to vesting are required to be periodically revalued over their service period, which is generally the same as the vesting period.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Income Taxes

We account for income taxes using the liability method, under which deferred tax assets and liabilities are determined based on the future tax consequences attributable to differences between the financial reporting carrying amounts of existing assets and liabilities and their respective tax bases and tax credit and net operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates that are expected to be in effect when the differences are expected to reverse.

We assess the likelihood that deferred tax assets will be recovered from future taxable income, and a valuation allowance is established when necessary to reduce deferred tax assets to the amounts more likely than not expected to be realized.

We recognize and measure uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken by determining if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained in an audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Significant judgment is required to evaluate uncertain tax positions. We evaluate our uncertain tax positions on a regular basis. Our evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of audit and effective settlement of audit issues.

Warranties and Indemnification

Our cloud-based service is generally warranted to be performed in a professional manner and in a manner that will comply with the terms of the customer agreements.

Our arrangements generally include certain provisions for indemnifying customers against liabilities if there is a breach of a customer's data or if our service infringes a third party's intellectual property rights. To date, we have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in the financial statements. We have entered into service-level agreements with certain customers warranting defined levels of performance and response and permitting those customers to receive credits for prepaid amounts related to subscription services in the event that we fail to meet those levels. To date, we have not experienced any significant failures to meet defined levels of performance and response as a result of those agreements, and accordingly, we have not accrued any liabilities in the financial statements.

We have also agreed to indemnify our directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as our director or officer or that person's services provided to any other company or enterprise at our request. We maintain director and officer insurance coverage that would generally enable us to recover a portion of any future amounts paid. We may also be subject to indemnification obligation by law with respect to the actions of our employees under certain circumstances and in certain jurisdictions.

Advertising Expenses

Advertising is expensed as incurred. Advertising expense was \$45,000, \$92,000 and \$437,000 for the years ended December 31, 2011, 2012 and 2013, respectively.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Concentrations of Risk and Significant Customers

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. Although we deposit our cash with multiple financial institutions, our deposits, at times, may exceed federally insured limits.

Revenue from significant customers, those representing 10% or more of total revenue for the respective dates, is summarized as follows:

	Year Ended December 31,		
	2011	2012	2013
Revenue:			
Customer A	80%	30%	*
Customer B	16%	*	*
Customer C	*	13%	*
Customer D	*	10%	*
Customer E	*	*	16%

* Less than 10%

During the years ended December 31, 2011, 2012 and 2013, all of our revenue was generated by customers located in the United States.

Accounts receivable from significant customers, those representing 10% or more of total accounts receivable for the respective periods, is summarized as follows:

	As of December 31,	
	2012	2013
Accounts Receivable:		
Customer E	*	10%
Customer F	37%	17%
Customer G	12%	*

* Less than 10%

We serve our customers and users from outsourced data center facilities located in Texas, Colorado and Arizona. We have internal procedures to restore all our services in the event of disasters at the Arizona facility. Procedures utilizing currently deployed hardware, software and services at our disaster recovery location allow our cloud-based service to be restored within 48 hours without significant interruptions during the implementation of the procedures to restore services.

Recently Issued and Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued guidance regarding the presentation of unrecognized tax benefits when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists. The new guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward when settlement in this manner is available under the tax law. This guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years,

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

beginning after December 15, 2013. Retrospective and early adoption is permitted. We expect to adopt this guidance in our first quarter of 2014. We do not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

In February 2013, the FASB issued guidance on disclosure requirements for items reclassified out of accumulated other comprehensive income. This new guidance requires entities to present (either on the face of the statement of operations or in the notes to the financial statements) the effects on the line items in the statement of operations for amounts reclassified out of accumulated other comprehensive income. The new guidance will be effective for us beginning in the first quarter of 2014. The adoption of the guidance will impact our financial statement presentation and/or our disclosures but will not impact our financial position, results of operations or cash flows.

Note 3. Marketable Securities

At December 31, 2012 and 2013, respectively, marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2012				
U.S. agency obligations	\$ 66,559	\$ 29	\$ —	\$ 66,588
U.S. treasury securities	11,019	5	—	11,024
Money market mutual funds	35,406	—	—	35,406
	<u>112,984</u>	<u>34</u>	<u>—</u>	<u>113,018</u>
Included in cash and cash equivalents	35,406	—	—	35,406
Included in marketable securities	<u>\$ 77,578</u>	<u>\$ 34</u>	<u>\$ —</u>	<u>\$ 77,612</u>

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2013				
U.S. agency obligations	\$ 35,996	\$ 6	\$ (7)	\$35,995
U.S. treasury securities	6,020	2	—	6,022
Money market mutual funds	18,082	—	—	18,082
	<u>60,098</u>	<u>8</u>	<u>(7)</u>	<u>60,099</u>
Included in cash and cash equivalents	18,082	—	—	18,082
Included in marketable securities	<u>\$ 42,016</u>	<u>\$ 8</u>	<u>\$ (7)</u>	<u>\$42,017</u>

Note 4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	As of December 31,	
	2012	2013
Prepaid expenses and advances	\$ 900	\$ 1,242
Security deposit	230	165
Interest receivable on marketable securities	193	156
Other current assets	8	20
Total	<u>\$ 1,331</u>	<u>\$ 1,583</u>

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	<u>As of December 31,</u>	
	<u>2012</u>	<u>2013</u>
Leasehold improvements	\$ 867	\$ 924
Computer equipment	359	2,024
Software	179	263
Furniture and equipment	184	257
Total	<u>1,589</u>	<u>3,468</u>
Accumulated depreciation	<u>(453)</u>	<u>(837)</u>
Property and equipment, net	<u>\$ 1,136</u>	<u>\$ 2,631</u>

Depreciation expense for the years ended December 31, 2011, 2012 and 2013, was \$0.2 million, \$0.2 million and \$0.6 million, respectively, which is recorded on a straight-line basis.

Note 6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	<u>As of December 31,</u>	
	<u>2012</u>	<u>2013</u>
Accrued expenses	\$ 725	\$ 3,845
Other	58	1,153
Total	<u>\$ 783</u>	<u>\$ 4,998</u>

Note 7. Accrued Compensation

Accrued compensation consisted of the following (in thousands):

	<u>As of December 31,</u>	
	<u>2012</u>	<u>2013</u>
Accrued bonuses and commissions	\$ 5,427	\$ 6,800
Other benefits payable	93	1,243
Liability for stock options exercised prior to vesting and restricted Class A common stock subject to repurchase	128	21
Total	<u>\$ 5,648</u>	<u>\$ 8,064</u>

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 8. Deferred Revenue

Deferred revenue consisted of the following (in thousands):

	As of December 31,	
	2012	2013
Subscription	\$ 803	\$ 3,810
Professional services—implementation	671	1,835
Professional services—communications	129	1,280
Total current	<u>1,603</u>	<u>6,925</u>
Subscription services	958	1,489
Professional services—implementation	1,267	2,443
Professional services—communications	377	616
Total noncurrent	<u>2,602</u>	<u>4,548</u>
Total	<u>\$ 4,205</u>	<u>\$ 11,473</u>

Note 9. Other Liabilities, Noncurrent

Other long-term liabilities consisted of the following (in thousands):

	As of December 31,	
	2012	2013
Deferred rent—noncurrent	\$ 233	\$ 352
Other	21	21
Total	<u>\$ 254</u>	<u>\$ 373</u>

Note 10. Fair Value Measurements

We measure our financial assets and liabilities at fair value at each reporting period using a fair value hierarchy that requires that we maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activity.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The fair value of marketable securities included in the Level 2 category is based on observable inputs, such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. These values were obtained from a third-party pricing service and were evaluated using pricing models that vary by asset class and may incorporate available trade, bid and other market information and price quotes from well-established third party pricing vendors and broker-dealers. There have been no changes in valuation techniques in the periods presented. We have no financial assets or liabilities measured using Level 3 inputs. There were no significant transfers between Levels 1 and 2 assets as of December 31, 2012 and 2013. The following tables present information about our assets that are measured at fair value on a recurring basis using the above input categories (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
December 31, 2012			
Cash equivalents:			
Money market mutual funds	\$35,406	\$ —	\$ 35,406
Marketable securities:			
U.S. agency obligations	—	66,588	66,588
U.S. treasury securities	—	11,024	11,024
	<u>\$35,406</u>	<u>\$77,612</u>	<u>\$113,018</u>
December 31, 2013			
Cash equivalents:			
Money market mutual funds	\$18,082	\$ —	\$18,082
Marketable securities:			
U.S. agency obligations	—	35,995	35,995
U.S. treasury securities	—	6,022	6,022
	<u>\$18,082</u>	<u>\$42,017</u>	<u>\$60,099</u>

Gross unrealized gains and losses for cash equivalents and marketable securities as of December 31, 2012 and 2013 were not material. We do not believe the unrealized losses represent other-than-temporary impairments based on our evaluation of available evidence as of December 31, 2013.

Sales of available-for-sale securities resulted in a gain of \$8,000 in the year ended December 31, 2011 and no gains or losses during the years ended December 31, 2012 and 2013. All of our marketable securities as of December 31, 2012 and 2013 mature within one year. Marketable securities on the balance sheets consist of securities with original or remaining maturities at the time of purchase of greater than three months, and the remainder of the securities are reflected in cash and cash equivalents.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Commitments and Contingencies

Leases and Contractual Obligations

We lease office space under noncancelable operating leases in San Francisco, California, Norwell, Massachusetts and Charleston, South Carolina. Contractual obligations relate to our service agreements for our data centers in Colorado and Arizona and other third party service providers. As of December 31, 2013, the future minimum lease payments under non-cancelable operating leases are as follows (in thousands):

	Operating	Contractual
	Leases	Obligations
2014	\$ 1,021	\$ 1,769
2015	1,042	369
2016	1,075	243
2017	600	—
2018 and later	—	—
	<u>\$ 3,738</u>	<u>\$ 2,381</u>

All of the total future minimum lease payments relate to facilities space. The facility lease agreements generally provide for rental payments on a graduated basis and for options to renew, which could increase future minimum lease payments if exercised. We recognize rent expense on a straight-line basis over the lease period and have accrued for rent expense incurred but not paid. Rent expense for the years ended December 31, 2011, 2012 and 2013 was \$0.6 million, \$0.9 million and \$1.0 million, respectively.

Legal Matters

We may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. In addition, we may receive letters alleging infringement of patents or other intellectual property rights. We are not a party to any material legal proceedings, nor are we aware of any pending or threatened litigation that would have a material adverse effect on our business, operating results, cash flows or financial condition should such litigation be resolved unfavorably.

Note 12. Convertible Preferred Stock

At December 31, 2013, our Preferred Stock consisted of the following:

	Shares	Shares	Liquidation
	Authorized	Outstanding	Preference
Series A	8,000,000	8,000,000	\$ 1,000,000
Series A-1	10,000,000	10,000,000	3,000,000
Series B	15,315,314	15,315,314	17,000,000
Series C	14,594,598	14,594,598	60,000,000
Series D	16,565,750	16,565,721	100,000,000
	<u>64,475,662</u>	<u>64,475,633</u>	<u>\$181,000,000</u>

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As of December 31, 2013, the significant terms applicable to our Series A through Series D Preferred Stock were as follows:

Dividend Rights

The holders of Preferred Stock shall be entitled to receive noncumulative dividends, pari passu and prior and in preference to any dividend on the Class A and Class B common stock, at the rate of 8% of the respective original purchase price for each such series of Preferred Stock per annum, when, as and if declared by our board of directors. Any remaining dividends shall be paid to the holders of Preferred Stock and the Class A and Class B common stock on an as-converted basis. We have not declared dividends to date.

Conversion Rights

The holders of Preferred Stock shall have the right to convert at any time into shares of Class A common stock initially at a one-to-one ratio. All shares of the Preferred Stock shall be automatically converted (i) into shares of Class A common stock upon approval of the holders of a majority of the outstanding shares of Preferred Stock (voting as a single class on an as-converted basis) or (ii) into shares of Class A common stock immediately prior to the closing of a firmly underwritten public offering of at least \$50 million (Qualified IPO). The conversion price for each series of Preferred Stock will be subject to an adjustment to reduce dilution in the event that we issue additional equity securities (other than certain excluded issuances) at a purchase price less than the applicable conversion price for such series of Preferred Stock. The conversion price for each series of Preferred Stock will initially be equal to the original purchase price for each such series of Preferred Stock.

Liquidation Rights

In the event of any liquidation, dissolution, or winding up of our company (Liquidation Event), first, the holders of Series D Preferred Stock shall be entitled to receive in preference to the holders of the other series of Preferred Stock and Class A and Class B common stock an amount for each share equal to its original purchase price, plus any declared but unpaid dividends. Next, the holders of Series C Preferred Stock shall be entitled to receive in preference to the holders of the other series of Preferred Stock and Class A and Class B common stock an amount for each share equal to its original purchase price, plus any declared but unpaid dividends. Thereafter, remaining assets shall be distributed to the holders of the Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock pari passu with each such holder and in preference to the holders of Class A and Class B common stock, in an amount equal to the respective original purchase price for each such share of Preferred Stock, plus any declared but unpaid dividends. Thereafter, remaining assets will be distributed to the holders of Class A and Class B common stock and Preferred Stock pro rata on an as-converted basis until such time as each series of Preferred Stock has received an aggregate of three times the original purchase price for each such series of Preferred Stock, with any remaining assets distributed to the Class A and Class B common stock. Unless waived by holders of a majority of the outstanding shares of Preferred Stock, a merger, acquisition, or sale of voting control in which our stockholders do not own a majority of the outstanding shares of the surviving corporation or sale of substantially all of the assets shall be deemed to be a Liquidation Event.

Although Preferred Stock is not mandatorily redeemable, a Liquidation Event would constitute a redemption event outside our management's control. Therefore, all shares of Preferred Stock have been presented outside of permanent stockholders' equity.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Voting Rights

For all matters other than for the Board, protective provisions, and Liquidation Events, the Preferred Stock votes with the Class A and Class B common stock on an as-converted basis. Immediately upon a Qualified IPO and for so long as at least 25% of shares of Class A common stock outstanding immediately prior to the Qualified IPO are still held by the original holders (or their affiliates), each share of Class A common stock shall be entitled to ten votes with respect to any Liquidation Event and one vote with respect to any other matter, and each share of Class B common stock to be issued by us in and following the Qualified IPO shall be entitled to one vote with respect to any matter.

For so long as 2,500,000 shares of Series A Preferred Stock and Series A-1 Preferred Stock remain outstanding, the Series A Preferred Stock and Series A-1 Preferred stock, voting together as a single class, are entitled to elect one director until a Qualified IPO. For so long as 2,500,000 shares of Series B Preferred Stock remain outstanding, the Series B Preferred Stock is entitled to elect one director until a Qualified IPO. For so long as 2,500,000 shares of Series C Preferred Stock remain outstanding, the Series C Preferred Stock is entitled to elect one director until a Qualified IPO. Class A and Class B common stock (voting as one class) are entitled to elect one director. The Series D Preferred Stock does not have a separate right voting as a class to elect a director. Preferred Stock, Class A common stock and Class B common stock, voting as a single class on an as-converted basis, are entitled to elect two independent directors.

“Pay-to-Play” Provision

If a holder of Preferred Stock fails to fully participate in a Mandatory Offering (as defined below) on a pro rata basis, then such holder will have a percentage of each series of Preferred Stock held converted to shares of Class A common stock at the then-applicable conversion price. The percentage converted will equal the percentage of such holder’s pro rata share of the Mandatory Offering not acquired. This pay-to-play feature terminates upon a Qualified IPO or Liquidation Event. A “Mandatory Offering” is any equity offering that our board of directors determines must be purchased pro rata by holders of Preferred Stock. No shares of Preferred Stock have been converted to Class A common stock as a result of this provision, as it has not been enacted to date nor is it anticipated to be enacted.

Protective Provisions

If 2,500,000 shares of Preferred Stock remain outstanding, consent of a majority of Preferred Stock, voting as a single class on an as-converted basis, is required to (i) adversely change the rights, preferences, or privileges of the Preferred Stock; (ii) authorize or issue any new class or series of equity security senior to or on a parity with the Preferred Stock; (iii) declare any dividend or distribution; (iv) consummate a Liquidation Event; (v) redeem, purchase, or acquire any shares of Class A and Class B common stock or Preferred Stock (other than (A) pursuant to certain agreements to repurchase such shares at cost or (B) pursuant to the exercise of a right of first refusal); (vi) increase or decrease the authorized number of shares of Class A and Class B common stock or Preferred Stock; or (vii) amend our Certificate of Incorporation

Redemption

The Preferred Stock is not redeemable.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 13. Class A and Class B Common Stock and Stockholders' Equity (Deficit)

Class A and Class B Common Stock

We may issue both Class A common stock and Class B common stock, subject to approval by our board of directors of any issuance of Class B common stock. The directors that are elected by the Series A Preferred Stock (voting as a single class), Series B Preferred Stock (voting as a single class) and Series C Preferred Stock (voting as a single class) each must affirmatively vote in favor of such issuance of Class B common stock. Upon a Qualified IPO and for so long as at least 25% of shares of Class A common stock outstanding immediately prior to the Qualified IPO are still held by the original holders (or their respective affiliates), each share of Class A common stock shall be entitled to ten votes with respect to any Liquidation Event and one vote on any other matter, and each share of Class B common stock shall be entitled to one vote on any matter. Each share of Class A common stock is automatically converted into one share of Class B common stock upon any transfer, assignment, sale or other disposition (other than transfers to affiliates).

In May 2012, our board of directors approved for an institutional investor to sell 500,000 shares of Class A common stock. These shares were accordingly converted to Class B common stock. On December 30, 2013, our board of directors and stockholders authorized a one-for-one exchange of all outstanding Class B common stock for Class A common stock. Therefore, as of December 31, 2012 and 2013 there were no outstanding shares of our Class B common stock. Please refer to Note 2 of these Notes to the Consolidated Financial Statements for more details.

Restricted Class A Common Stock Purchased by the Founders

In September 2009, one of our founders purchased 1,500,000 shares of Class A common stock from us for a total aggregate purchase price of \$255,000. These shares were restricted and are subject to our repurchase right at the original purchase price. The repurchase right lapses ratably over a 24-month vesting period that commenced in February 2012. We have the right to exercise the repurchase right upon termination of services of the founder.

The consideration received for the purchase of restricted Class A common stock is considered to be a deposit of the purchase price, and the related dollar amount is recorded as a liability. The related liability is reclassified into equity as the repurchase right expires. For the years ended December 31, 2011, 2012 and 2013, \$1,000, \$107,000 and \$128,000 of the related liability were reclassified into equity upon vesting, respectively. As of December 31, 2012 and 2013, we had a liability of \$149,000 and \$21,000, respectively, related to 875,000 and 125,000 shares of restricted Class A common stock, respectively, which are subject to a repurchase right held by us. We recognize compensation expense related to the vesting of shares of Class A common stock over the vesting period.

Stock Plan and Stock Options

The Amended and Restated 2008 Stock Incentive Plan (the Plan) provides for the issuance of incentive and nonstatutory options and restricted stock to our employees and non-employees. Options issued under our stock option plan generally are exercisable for periods not to exceed ten years, generally vest over four years and are generally issued at the fair value of the shares of Class A common stock on the date of grant as determined by our Board, which obtains periodic third-party valuations to assist their determination process.

The Plan provides for the early exercise of stock options for certain individuals as determined by the Board. Any stock options exercised prior to vesting may be repurchased by us at the original option

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

exercise price in the event of the employee's termination. The right to repurchase unvested shares lapses at the rate of the vesting schedule.

Activity under the Plan is as follows (in thousands, except share and per share amounts and years):

	Shares Available for Grant	Number of Shares Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance at January 1, 2011	1,967,107	7,266,989	\$ 0.43	9.2	\$ 2,688
Increase in Plan authorized shares	756,755	—			
Stock option grants	(2,866,043)	2,866,043	\$ 0.82		
Stock options exercised	—	(719,771)	\$ 0.34		
Stock options cancelled	380,762	(380,762)	\$ 0.71		
Balance at December 31, 2011	238,581	9,032,499	\$ 0.55	8.6	\$ 2,981
Increase in Plan authorized shares	4,404,308				
Restricted stock issued	(22,727)				
Stock option grants	(4,422,412)	4,422,412	\$ 1.03		
Stock options exercised	—	(1,056,262)	\$ 0.28		
Stock options cancelled	991,039	(991,039)	\$ 0.57		
Balance at December 31, 2012	1,188,789	11,407,610	\$ 0.76	8.3	\$ 4,125
Increase in Plan authorized shares	7,000,000				
Stock option grants	(8,283,513)	8,283,513	\$ 1.71		
Stock options exercised	—	(1,036,077)	\$ 0.60		
Stock options cancelled	2,199,642	(2,199,642)	\$ 0.96		
Balance at December 31, 2013	<u>2,104,918</u>	<u>16,455,404</u>	\$ 1.22	8.4	\$ 91,192
Vested or expected to vest December 31, 2013		<u>13,751,550</u>	\$ 1.18	8.2	\$ 76,786
Exercisable as of December 31, 2013		<u>5,925,756</u>	\$ 0.70	7.0	\$ 35,926

The total grant-date fair value of stock options granted during the years ended December 31, 2011, 2012 and 2013, was \$1.4 million, \$2.7 million and \$17.0 million, respectively. The total grant-date fair value of stock options vested during the years ended December 31, 2011, 2012 and 2013 was \$1.0 million and \$1.0 million and \$1.7 million, respectively. The total intrinsic value of the options exercised during the years ended December 31, 2011, 2012 and 2013, was \$0.4 million, \$0.9 million and \$1.8 million, respectively. The intrinsic value is the difference of the current fair value of the stock and the exercise price of the stock option.

Stock-Based Compensation to Employees

All stock-based payments to employees are measured based on the grant-date fair value of the awards and are generally recognized in our statement of operations over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

award). We estimate the fair value of stock options granted using the Black-Scholes option-valuation model. Compensation cost is generally recognized over the vesting period of the applicable award using the straight-line method.

Given the absence of a public trading market, our board of directors considered numerous objective and subjective factors to determine the fair value of our Class A common stock at each grant date. These factors included, but were not limited to, (i) contemporaneous valuations of Class A common stock performed by unrelated third-party specialists; (ii) the prices for our Preferred Stock sold to outside investors; (iii) the rights, preferences and privileges of our Preferred Stock relative to our Class A common stock; (iv) the lack of marketability of our Class A common stock; (v) developments in the business; and (vi) the likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of our Company, given prevailing market conditions.

The assumptions used in the Black-Scholes option-valuation model were determined as follows:

Volatility. Since we do not have a trading history for our Class A common stock, the expected volatility was derived from the historical stock volatilities of several unrelated public companies within our industry that we consider to be comparable to our business over a period equivalent to the expected term of the stock option grants.

Risk-Free Interest Rate. The risk-free rate that we used is based on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options.

Expected Life. The expected term represents the period that our stock-based awards are expected to be outstanding. The expected term assumptions were determined based on the vesting terms, exercise terms and contractual lives of the options.

Dividend Yield. We have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, and therefore, we use an expected dividend yield of zero.

Forfeiture rate. We use historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-valuation model with the following assumptions and fair value per share:

	Year Ended December 31,		
	2011	2012	2013
Volatility	60%	60%-63%	58%-60%
Expected life (in years)	5.0-6.2	5.0-6.5	5.0-7.2
Risk-free interest rate	1.5%-2.7%	0.6%-1.1%	0.7%-2.0%
Dividend yield	—	—	—
Weighted-average fair value of underlying common stock	\$ 0.83	\$ 1.05	\$ 3.02

As of December 31, 2013, we had \$13.2 million in unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a weighted-average period of approximately 3.4 years.

Warrants

On December 11, 2013, we issued a warrant to purchase an aggregate of 175,000 shares of Class A common stock at an exercise price of \$5.00 per share to a third-party service provider. The

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

warrant provides for an early exercise right, has a 10 year term with 70% vesting on March 31, 2014 and the remaining 30% on December 31, 2014. Expense for the warrants is calculated using the Black-Scholes-Merton option-pricing model and is recorded over the service performance period, which is the same as the vesting period. We recorded \$0.1 million in expense associated with this warrant. In December 2013, we issued 60,000 shares of our Class A common stock to this third party upon early exercise of a portion of this warrant, and this amount of \$300,000 is classified in short-term other accrued liabilities.

Note 14. Income Taxes

The components of loss from continuing operations before income taxes were generated solely in the United States as follows (in thousands):

	Year Ended December 31,		
	2011	2012	2013
United States	\$(19,920)	\$(35,004)	\$(62,182)

As a result of our history of net operating losses and full valuation allowance against our deferred tax assets, there was no current or deferred income tax provision for the years ended December 31, 2011, 2012 and 2013.

Reconciliations of the statutory federal income tax rate and our effective tax rate consist of the following (in thousands):

	Year Ended December 31,		
	2011	2012	2013
Tax at federal statutory rate	\$(6,772)	\$(11,901)	\$(21,142)
State statutory rate (net of federal benefit)	(1,162)	(2,193)	(1,921)
Non-deductible stock compensation	260	485	619
Change in valuation allowance	7,647	13,384	22,184
Other	27	225	260
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Significant components of our deferred tax assets and liabilities were as follows (in thousands):

	As of December 31,	
	2012	2013
Deferred tax assets:		
Net operating loss carryforwards	\$ 24,762	\$ 45,744
Accrued expenses	67	239
Deferred rent	86	160
Accrued bonus	617	583
Accrued compensation	409	638
Stock-based compensation	162	533
Other reserves and accruals	8	2
Property and equipment	69	88
Deferred revenue	122	616
	<u>26,302</u>	<u>48,603</u>
Valuation allowance	<u>(26,302)</u>	<u>(48,603)</u>
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

We have provided a full valuation allowance for our deferred tax assets at December 31, 2012 and 2013, due to the uncertainty surrounding the future realization of such assets. Therefore, no benefit has been recognized for the net operating loss carryforwards and other deferred tax assets.

The valuation allowance increased by \$13.3 million and \$22.3 million during the years ended December 31, 2012 and 2013, respectively. For the years ended December 31, 2012 and 2013, we recorded no tax benefits related to stock-based compensation.

As of December 31, 2013, we have approximately \$120.7 million of federal and \$97.8 million of state net operating loss carryforwards available to offset future taxable income. If not utilized, the federal and state net operating loss carryforwards begin to expire in 2028.

The deferred tax asset related to our net operating losses include no amounts relating to the tax benefit of stock option exercises, which, when realized, will be recorded as a credit to additional paid-in capital. As of December 31, 2013, we also had approximately \$2.1 million and \$2.3 million of research and development tax credit carryforwards available to reduce future taxable income if any, for federal and California purposes, respectively. The federal credit carryforwards expire beginning in 2028 and the California research credits do not expire and may be carried forward indefinitely.

Our ability to utilize the net operating loss and tax credit carryforwards in the future may be subject to substantial restrictions in the event of past or future ownership changes as defined in Section 382 of the Internal Revenue Code and similar state tax laws. In the event we should experience an ownership change, as defined, utilization of our net operating loss carryforwards and tax credits could be limited.

The American Taxpayer Relief Act of 2012, or the Act, was signed into law on January 2, 2013. The Act retroactively restored several expired business tax provisions, including the federal research tax credit. Because a change in tax law is accounted for in the period of enactment, the retroactive effect of the Act on our U.S. federal research tax credits for 2012 was recognized in the first quarter of 2013.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We evaluate tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information.

A reconciliation of the beginning and ending amount of the gross unrecognized tax benefit is as follows (in thousands):

	Year Ended December 31,		
	2011	2012	2013
Gross unrecognized tax benefits at the beginning of the fiscal year	\$ 799	\$1,823	\$2,445
Increases for tax positions of prior years	5	27	—
Decreases for tax positions of prior years	(4)	(8)	—
Increases for tax positions related to the current year	1,023	603	2,068
Gross unrecognized tax benefits at the end of the fiscal year	<u>\$1,823</u>	<u>\$2,445</u>	<u>\$4,513</u>

At December 31, 2013, all unrecognized tax benefits are subject to a full valuation allowance and, if recognized, will not affect our tax rate.

We do not anticipate that the total amounts of unrecognized tax benefits will significantly increase or decrease in the next 12 months.

Our policy is to include interest and penalties related to unrecognized tax benefits within our provision for income taxes. Due to our net operating loss position, we have not recorded an accrual for interest or penalties related to uncertain tax positions for the years ended December 31, 2011, 2012 or 2013.

Our primary tax jurisdiction is the United States. All of our tax years are open to examination by U.S. federal and state tax authorities.

Note 15. Net Loss per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less the weighted-average unvested common stock subject to repurchase. Diluted net loss per share is computed by giving effect to all potential shares of common stock, including Preferred Stock and outstanding stock options and warrants, to the extent dilutive. Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

When shares of both Class A and Class B common stock are outstanding, net loss is allocated based on the contractual participation rights of the Class A and Class B common stock as if the earnings for the year have been distributed. As the liquidation and dividend rights are identical, the net loss is allocated on a proportionate basis. As of December 31, 2011, 2012 and 2013, only shares of Class A common stock were outstanding and therefore no net loss was allocated.

CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table presents the calculation of basic and diluted net loss per share for our common stock (in thousands, except per share data):

	Year Ended December 31,		
	2011	2012	2013
Net loss	<u>\$(19,920)</u>	<u>\$(35,004)</u>	<u>\$(62,182)</u>
Weighted-average shares used to compute basic and diluted net loss per share	<u>6,093</u>	<u>7,885</u>	<u>9,895</u>
Basic and diluted net loss per share	<u>\$ (3.27)</u>	<u>\$ (4.44)</u>	<u>\$ (6.28)</u>

The following securities were excluded from the calculation of diluted net loss per share for common stock because their effect would have been anti-dilutive for the periods presented (in thousands):

	Year Ended December 31,		
	2011	2012	2013
Convertible preferred stock	47,910	64,476	64,476
Stock options and restricted common stock	10,856	12,295	16,687
Warrants	—	—	175
	<u>58,766</u>	<u>76,771</u>	<u>81,338</u>

Unaudited Pro Forma Net Loss per Share

Pro forma basic and diluted net loss per share were computed to give effect to the conversion of the Preferred Stock into Class A common stock using the if-converted method as though the conversion and reclassification had occurred as of the beginning of the first period presented or the original date of issuance, if later.

The following table presents the calculation of basic and diluted pro forma net loss per share (in thousands, except per share data):

	Year Ended December 31, 2013
Pro forma net loss	<u>\$ (62,182)</u>
Shares:	
Weighted-average shares used to compute basic net loss per share	9,895
Pro forma adjustment to reflect assumed conversion of convertible preferred stock into Class A common stock to occur upon consummation of our expected initial public offering	<u>64,476</u>
Weighted-average shares used to compute basic and diluted pro forma net loss per share	<u>74,371</u>
Pro forma basic and diluted net loss per share	<u>\$ (0.84)</u>

**CASTLIGHT HEALTH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Note 16. 401(k) Plan

We have a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. To date, we have not made any matching contributions to this plan.

Note 17. Subsequent Events

For our consolidated financial statements for the year ended and as of December 31, 2013, we evaluated subsequent events through February 7, 2014, which is the date the financial statements were available to be issued.

Shares

Class B Common Stock



Goldman, Sachs & Co.

Morgan Stanley

Stifel

Allen & Company LLC

Canaccord Genuity

Raymond James

Through and including _____, 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in those securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

**PART II
INFORMATION NOT REQUIRED IN PROSPECTUS**

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of the Class B common stock being registered. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the New York Stock Exchange listing fee:

	Amount Paid or to Be Paid
SEC registration fee	\$ 12,880
FINRA filing fee	15,500
New York Stock Exchange listing fee	*
Blue sky qualification fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous expenses	*
Total	\$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

As permitted by the Delaware General Corporation Law, the Registrant's restated certificate of incorporation to be effective upon the closing of this offering contains provisions that eliminate the personal liability of its directors for monetary damages for any breach of fiduciary duties as a director, except liability for the following:

- any breach of the director's duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases); or
- any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's restated bylaws to be effective upon the closing of this offering, provide that:

- the Registrant is required to indemnify its directors and executive officers to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;

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- the Registrant may indemnify its other employees and agents as set forth in the Delaware General Corporation Law;
- the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions; and
- the rights conferred in the bylaws are not exclusive.

Prior to the closing of this offering, the Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's restated certificate of incorporation and restated bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of the Registrant for which indemnification is sought. Reference is also made to Section 9 of the underwriting agreement to be filed as Exhibit 1.1 to this registration statement, which provides for the indemnification of executive officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's restated certificate of incorporation, restated bylaws and the indemnification agreements entered into or to be entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant currently carries liability insurance for its directors and officers.

Four of the Registrant's directors (Bryan Roberts, Robert Kocher, Ann Lamont and David Singer) are also indemnified by their employers with regard to their service on the Registrant's Board of Directors.

Reference is made to the following documents filed as exhibits to this Registration Statement regarding relevant indemnification provisions described above and elsewhere herein:

Exhibit Document	Number
Form of Underwriting Agreement	1.1
Form of Restated Certificate of Incorporation to be effective upon the closing of this offering	3.2
Form of Restated Bylaws to be effective upon the closing of this offering.	3.4
Amended and Restated Investors' Rights Agreement, dated as of April 26, 2012, by and among the Registrant and certain of its stockholders.	4.2
Form of Indemnification Agreement.	10.1

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2011 and through February 7, 2014, the Registrant has issued and/or sold the following unregistered securities:

(1) Since January 1, 2011 and through February 7, 2014, the Registrant granted to its directors, officers, employees and consultants options to purchase 16,506,328 shares of Class A common stock under its 2008 Stock Incentive Plan with per share exercise prices ranging from \$0.80 to \$6.76 per share. These transactions were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 promulgated under the Securities Act, Section 4(a)(2) of the Securities Act or Regulation D promulgated under the Securities Act.

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(2) Since January 1, 2011 and through February 7, 2014, the Registrant issued to its directors, officers, employees and consultants 3,568,499 shares of Class A common stock upon exercise of options granted by the Registrant under its 2008 Stock Incentive Plan, with exercise prices ranging from \$0.06 to \$2.35 per share. These transactions were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 promulgated under the Securities Act, Section 4(a)(2) of the Securities Act or Regulation D promulgated under the Securities Act.

(3) Since January 1, 2011 and through February 7, 2014, the Registrant issued to its directors, officers, employees and consultants 22,727 shares of Class A common stock upon grants of restricted stock by the Registrant under its 2008 Stock Incentive Plan, with a purchase prices of \$1.08 per share. These transactions were exempt from the registration requirements of the Securities Act in reliance upon Rule 701 promulgated under the Securities Act, Section 4(a)(2) of the Securities Act or Regulation D promulgated under the Securities Act.

(4) In April 2012, the Registrant issued an aggregate of 16,565,721 shares of the Registrant's Series D convertible preferred stock at a purchase price of \$6.03656 per share to 35 purchasers that represented to us that they were sophisticated accredited investors and qualified institutional buyers. The securities issued in this transaction were exempt from the registration requirements of the Securities Act in reliance on Rule 506 promulgated under the Securities Act.

(5) In December 2013, the Registrant issued a warrant to purchase an aggregate of 175,000 shares of the Registrant's Class A common stock at an exercise price of \$5.00 per share to one purchaser that represented to us that it was a sophisticated accredited investor. In December 2013, the Registrant issued to this purchaser 60,000 shares of the Registrant's Class A common stock upon exercise of a portion of this warrant. The securities issued in these transactions were exempt from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) of the Securities Act promulgated under the Securities Act.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Registrant believes each transaction was exempt from the registration requirements of the Securities Act as stated above. All recipients of the foregoing transactions either received adequate information about the Registrant or had access, through their relationships with the Registrant, to such information. Furthermore, the Registrant affixed appropriate legends to the share certificates and instruments issued in each foregoing transaction setting forth that the securities had not been registered and the applicable restrictions on transfer.

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Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation, as amended to date and as currently in effect.
3.2*	Form of Restated Certificate of Incorporation to be effective upon closing of this offering.
3.3	Amended and Restated Bylaws, as currently in effect.
3.4*	Form of Restated Bylaws to be effective upon closing of this offering.
4.1*	Form of Class B Common Stock Certificate.
4.2	Amended and Restated Investors' Rights Agreement, dated as of April 26, 2012, by and among the Registrant and certain of its stockholders.
5.1*	Opinion of Fenwick & West LLP.
10.1*	Form of Indemnification Agreement.
10.2	2008 Stock Incentive Plan and form of stock option agreement thereunder.
10.3*	2014 Equity Incentive Plan, to become effective on the day before the date the registration statement is declared effective, and forms of stock option award agreement, restricted stock agreement, stock appreciation right award agreement, restricted stock unit award agreement, performance shares award agreement and stock bonus agreement.
10.4*	2014 Employee Stock Purchase Plan, to become effective on the day the registration statement is declared effective, and form of subscription agreement.
10.5	Job Offer Letter, dated as of January 27, 2010, by and between the Registrant and Dena Bravata.
10.6	Job Offer Letter, dated as of September 6, 2012, by and between the Registrant and John C. Doyle.
10.7	Job Offer Letter, dated as of September 6, 2013, by and between the Registrant and Michele K. Law.
10.8	Job Offer Letter, dated as of September 28, 2010, by and between the Registrant and Randall J. Womack.
10.9	Double Trigger Acceleration Policy.
10.10	2012 Sublease Agreement by and between National Union Fire Insurance Company of Pittsburgh, Pa. and the Registrant, with Consent to Sublease Agreement, dated as of August 9, 2012.
10.11	Master Services Agreement, dated as of November 28, 2012; First Service Addendum, dated as of November 28, 2012; and Business Associate Agreement, dated as of September 11, 2012, in each case by and between the Registrant and the Administrative Committee of the Wal-Mart Stores, Inc., Associates' Health and Welfare Plan.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
23.2*	Consent of Fenwick & West LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-6 of this registration statement).

* To be filed by amendment.

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† Registrant has omitted portions of the referenced exhibit and filed such exhibit separately with the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 406 promulgated under the Securities Act.

(b) Financial Statement Schedules .

All financial statement schedules are omitted because they are not applicable or the information is included in the Registrant's consolidated financial statements or related notes.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on this 10th day of February, 2014.

C ASTLIGHT H EALTH , I NC .

By: /s/ Giovanni M. Colella
Giovanni M. Colella
Chief Executive Officer, Co-Founder and
Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Giovanni M. Colella and John C. Doyle, and each of them, as his true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him and in his name, place or stead, in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments), and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Giovanni M. Colella</u> Giovanni M. Colella	Chief Executive Officer, Co-Founder and Director <i>(Principal Executive Officer)</i>	February 10, 2014
<u>/s/ John C. Doyle</u> John C. Doyle	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	February 10, 2014
<u>/s/ Bryan Roberts</u> Bryan Roberts	Chairman of the Board of Directors and Co- Founder	February 10, 2014
<u>/s/ David Ebersman</u> David Ebersman	Director	February 10, 2014
<u>/s/ Robert Kocher</u> Robert Kocher	Director	February 10, 2014

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ann Lamont</u> Ann Lamont	Director	February 10, 2014
<u>/s/ Christopher P. Michel</u> Christopher P. Michel	Director	February 10, 2014
<u>/s/ David B. Singer</u> David B. Singer	Director	February 10, 2014

EXHIBIT INDEX

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10.11	Master Services Agreement, dated as of November 28, 2012; First Service Addendum, dated as of November 28, 2012; and Business Associate Agreement, dated as of September 11, 2012, in each case by and between the Registrant and the Administrative Committee of the Wal-Mart Stores, Inc., Associates' Health and Welfare Plan.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.
23.2*	Consent of Fenwick & West LLP (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-6 of this registration statement).

* To be filed by amendment.

† Registrant has omitted portions of the referenced exhibit and filed such exhibit separately with the Securities and Exchange Commission pursuant to a request for confidential treatment under Rule 406 promulgated under the Securities Act.

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
CASTLIGHT HEALTH, INC.**

Castlight Health, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the “*Corporation*”), DOES HEREBY CERTIFY:

FIRST: The Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware on January 31, 2008 under the name Maria Health, Inc. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 4, 2008. Thereafter, an Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 6, 2008, which was amended by a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on July 28, 2009, changing the name of the Corporation to Ventana Health Services, Inc. An Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 21, 2009, which was amended by a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on April 5, 2010, changing the name of the Corporation to Castlight, Inc., and a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on April 23, 2010, changing the name of the Corporation to Castlight Health, Inc. Thereafter, an Amended and Restated Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 7, 2010 (the “*Restated Certificate*”).

SECOND: The Amended and Restated Certificate of Incorporation of the Corporation in the form attached hereto as Exhibit A, which restates, integrates and further amends the Restated Certificate, has been duly adopted in accordance with the provisions of Sections 228, 245 and 242 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation.

THIRD: The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, Castlight Health, Inc. has caused this Certificate to be signed by its President and Chief Executive Officer this 25th day of April, 2012.

By /s/ Giovanni Colella

Giovanni Colella
President and Chief Executive Officer

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

CASTLIGHT HEALTH, INC.

ARTICLE I.

The name of this Corporation is Castlight Health, Inc.

ARTICLE II.

The address of the registered office of the Corporation in the State of Delaware and the County of New Castle is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 and the name of the registered agent at that address is Corporation Service Company.

ARTICLE III.

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV.

A. Classes of Stock.

1. Authorized Shares. This Corporation is authorized to issue preferred stock (“***Preferred Stock***”), Class A common stock (“***Class A Common Stock***”) and Class B common stock (“***Class B Common Stock***”) and together with the Class A Common Stock, “***Common Stock***”). The total number of shares of capital stock that this Corporation is authorized to issue is Two Hundred Forty Million Four Hundred Seventy Five Thousand Six Hundred Sixty Two (240,475,662) shares. The total number of shares of Preferred Stock this Corporation has authority to issue is Sixty-Four Million Four Hundred Seventy Five Thousand Six Hundred Sixty Two (64,475,662) shares. The total number of shares of Class A Common Stock this Corporation has authority to issue is Eighty Eight Million (88,000,000) shares. The total number of shares of Class B Common Stock this Corporation has authority to issue is Eighty Eight Million (88,000,000) shares. The Preferred Stock shall have a par value of \$0.0001 per share and the Common Stock shall have a par value of \$0.0001 per share.

2. Classes of Common Stock. Notwithstanding anything to the contrary set forth in this Amended and Restated Certificate of Incorporation:

a. at no time shall the number of shares of Common Stock issued and outstanding exceed, in the aggregate, Eighty Eight Million (88,000,000) shares of Common Stock (assuming full conversion and exercise of all outstanding convertible and exercisable

securities and including shares of Common Stock reserved for issuance but not yet issued under stock option or other equity compensation plans or agreements on terms approved by the Board);

b. prior to the consummation of the sale of the Corporation's Common Stock in a firm commitment, underwritten public offering registered under the Securities Act of 1933, as amended (the "**Securities Act**"), on the New York Stock Exchange or NASDAQ, which results in gross aggregate proceeds to the Corporation (before payment of any underwriters' discounts and expenses relating to the issuance) of at least \$50,000,000 (a "**Qualified IPO**"), this Corporation shall have authority to issue shares of Class A Common Stock and shares of Class B Common Stock; provided, however, that any shares of Class B Common Stock issued prior to the consummation of a Qualified IPO shall require the approval of the Board of Directors of the Company (the "**Board of Directors**"), including the approval of each director designated and then serving pursuant to Section C.4(d), (e) or (f) below, unless such shares are issued in accordance with Section C.5(g) or Section C.6; and

c. at, upon and after the consummation of a Qualified IPO (but, for the avoidance of doubt, not immediately prior to the consummation of such Qualified IPO), this Corporation shall have authority to issue shares of Class B Common Stock and shall have no authority to issue any additional shares of Class A Common Stock.

3. **Series of Preferred Stock.** The Preferred Stock shall be divided into series. Eight Million (8,000,000) shares of Preferred Stock shall be designated "**Series A Preferred Stock**," Ten Million (10,000,000) shares of Preferred Stock shall be designated "**Series A-1 Preferred Stock**," Fifteen Million Three Hundred Fifteen Thousand Three Hundred Fourteen (15,315,314) shares of Preferred Stock shall be designated "**Series B Preferred Stock**," Fourteen Million Five Hundred Ninety-Four Thousand Five Hundred Ninety-Eight (14,594,598) shall be designated "**Series C Preferred Stock**" and Sixteen Million Five Hundred Sixty Five Thousand Seven Hundred Fifty (16,565,750) shares of Preferred Stock shall be designated "**Series D Preferred Stock**."

B. [Intentionally Omitted.]

C. The powers, preferences, privileges, rights, restrictions, limitations, qualifications, and other matters relating to the Preferred Stock are as follows:

1. **Dividends.**

a. The holders of the Series A Preferred Stock, the holders of the Series A-1 Preferred Stock, the holders of the Series B Preferred Stock, the holders of the Series C Preferred Stock and the holders of the Series D Preferred Stock shall be entitled to receive dividends on a pari passu basis at the rate of \$0.01 per share, \$0.024 per share, \$0.0888 per share, \$0.32888888 per share and \$0.4829248 per share, respectively, per annum (each as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like), payable out of funds legally available therefor (payable other than in Common Stock) prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock) on the Common Stock of this Corporation. Such dividends shall be payable only when, as, and if declared by the Board of Directors and shall be non-cumulative.

b. After the holders of the Preferred Stock have received their full dividend preferences as set forth above, any additional dividends or distributions declared by the Board of Directors out of funds legally available therefor (payable other than in Common Stock) shall be distributed ratably among all holders of Common Stock and Preferred Stock (on an as-converted to Common Stock basis) as of the record date fixed for determining those entitled to receive such distribution.

c. In the event the Corporation shall declare a distribution (other than a distribution described in Section C.2) payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights to purchase any such securities or evidences of indebtedness, then, in each such case the holders of the Preferred Stock shall be entitled to a proportionate share of any such distribution as though the holders of the Preferred Stock were the holders of the number of shares of Common Stock into which their respective shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock entitled to receive such distribution.

2. Liquidation Preference .

a. In the event of any Liquidation Event (as defined below), whether voluntary or involuntary, the holders of the Series D Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or any type of consideration or funds of the Corporation available for distribution or payment to the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Common Stock by reason of their ownership thereof, the amount of \$6.03656 per share of Series D Preferred Stock (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) plus an amount equal to all declared but unpaid dividends on such share for each share of Series D Preferred Stock then held by them. If the assets, consideration and funds thus distributed among the holders of the Series D Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amount, then the entire assets, consideration and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series D Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive under this Section C.2(a).

b. After payment in full of the liquidation preference with respect to the Series D Preferred Stock as provided in Section C.2(a), the holders of the Series C Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or any type of consideration or funds of the Corporation available for distribution or payment to the holders of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock and Common Stock by reason of their ownership thereof, the amount of \$4.11111 per share of Series C Preferred Stock (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) plus an amount equal to all declared but unpaid dividends on such share for each share of Series C Preferred Stock then held by them. If the assets, consideration and funds thus distributed among the holders of the Series C Preferred Stock shall be insufficient to permit the payment to

such holders of the full aforesaid preferential amount, then the entire assets, consideration and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series C Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive under this Section C.2(b).

c. After payment in full of the liquidation preference with respect to the Series D Preferred Stock and Series C Preferred Stock as provided in Sections C.2(a) and C.2(b), the holders of the Series A Preferred Stock, the holders of the Series A-1 Preferred Stock and the holders of the Series B Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or any type of consideration or funds of the Corporation available for distribution or payment to the holders of the Common Stock by reason of their ownership thereof, the amount of \$0.125 per share of Series A Preferred Stock, \$0.30 per share of Series A-1 Preferred Stock and \$1.11 per share of Series B Preferred Stock, respectively (each as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like), on a pari passu basis, plus an amount equal to all declared but unpaid dividends on such share for each share of Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock, as applicable, then held by them. If the assets, consideration, and funds thus distributed among the holders of the Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amount, then the entire assets, consideration and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive under this Section C.2(c).

d. After payment in full of the liquidation preferences with respect to the Preferred Stock as provided in Sections C.2(a), (b) and (c), the entire remaining assets, consideration, or funds of the Corporation legally available for distribution, if any, shall be distributed ratably among the holders of Preferred Stock and Common Stock based on the number of shares of Common Stock (including shares of Common Stock issued or issuable upon conversion of the Preferred Stock) then held by each, until such time as the holders of Preferred Stock have each received in the aggregate (including the amounts set forth in Sections C.2(a), (b) and (c) above) an amount equal to \$0.375 per share of Series A Preferred Stock, \$0.90 per share of Series A-1 Preferred Stock, \$3.33 per share of Series B Preferred Stock, \$12.33333 per share of Series C Preferred Stock and \$18.10968 per share of Series D Preferred Stock, respectively (each as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like), on a pari passu basis, plus an amount equal to all declared but unpaid dividends on such share for each share of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, as applicable, then held by them. Thereafter, all remaining assets, consideration and funds legally available therefor shall be distributed ratably among the holders of Common Stock based on the number of shares of Common Stock then held by each.

Notwithstanding the foregoing paragraphs of this Section C.2, for purposes of determining the amount the holders of shares of a particular series of Preferred Stock are entitled to receive with respect to a Liquidation Event, each holder of shares of a series of Preferred Stock shall receive an amount per share equal to the amount such holder would receive had such

holder converted such holder's shares of such series of Preferred Stock into shares of Common Stock immediately prior to the Liquidation Event if, as a result of an actual conversion, such holder would receive, in the aggregate for all distributions of proceeds of such Liquidation Event that qualify as Initial Consideration (as defined below), an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of Preferred Stock into shares of Common Stock (an "*Alternative Payment*"). In the event of an Alternative Payment, all shares of Preferred Stock subject to such Alternative Payment shall be treated solely as Common Stock, and shall not be entitled to any preferential distributions that would otherwise have been made in respect of such shares of Preferred Stock pursuant to the foregoing paragraphs of this Section C.2.

e. For purposes of this Amended and Restated Certificate of Incorporation, unless otherwise agreed in writing by (x) the holders of at least a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis and (y) the holders of at least a majority of the outstanding shares of Series D Preferred Stock, voting together as a single class, "*Liquidation Event*" shall mean (i) any acquisition of the Corporation by means of merger or other form of corporate reorganization, in a single transaction or in a series of related transactions, in which outstanding shares of the Corporation are exchanged for, converted into or otherwise represent the right to receive securities or other consideration issued, or caused to be issued, by the acquiring entity or its subsidiary and in which the holders of capital stock of the Corporation hold less than 50% of the voting power of the surviving or resulting entity (or, if the surviving entity is a wholly owned subsidiary and such holders hold less than 50% of the voting power of its parent) (other than a mere reincorporation transaction), (ii) a direct or indirect sale, lease, transfer, exclusive license or other disposition in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, (iii) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of this Corporation's securities), of this Corporation's then outstanding securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of this Corporation, or (iv) a liquidation, dissolution or winding up of the Corporation. Notwithstanding the foregoing, a bona fide equity financing for primarily capital raising purposes shall not be deemed a Liquidation Event, provided, that (i) the Corporation receives cash and/or cancels or converts debt in exchange for equity securities of the Corporation in such financing, (ii) the Corporation is the surviving corporation of such financing, and (iii) investors in such financing who were not previously equityholders of the Corporation are not provided the right to nominate or elect, or the right to cause the election or nomination of, a majority of the members of the Board of Directors following such financing.

f. Subject to the stockholder waiver right set forth in Section C.2(e), the Corporation shall not have the power to effect a Liquidation Event referred to in Section C.2(e) unless the agreement or plan of merger or consolidation for such transaction provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Sections C.2(a)-(d).

g. Whenever the distribution provided for in this Section C.2 shall be payable in securities or property other than cash, the value of such distribution shall be the fair market value of such securities or other property as determined in good faith by the Board of Directors (taking into account, if applicable, any restrictions on the free marketability of such assets, securities or other property, arising under applicable securities laws or otherwise, other than restrictions arising solely by virtue of a stockholder's status as an affiliate of the Corporation) (such determination, the "**Board Valuation**"). Notwithstanding the foregoing, if a distribution provided for in this Section C.2 is payable in non-cash consideration other than securities traded on a securities exchange or over-the-counter (such distribution an "**Illiquid Distribution**"), then the Corporation shall, within ten (10) business days of the intended date of such Illiquid Distribution (the "**Closing Date**"), notify in writing the holders of Series D Preferred Stock of the Board Valuation of such non-cash consideration (or the formula or method by which such Board Valuation will be determined), which Board Valuation (or formula or method) shall be binding upon and deemed approved by the holders of Series D Preferred Stock unless the Corporation receives, within five (5) business days prior to the Closing Date, written notification by the holders of a majority of the shares of Series D Preferred Stock then outstanding (the "**Requisite Series D Holders**") containing a reasonable good faith dispute of the Board Valuation (a "**Dispute Notice**"). If the Corporation receives a Dispute Notice within the time period specified in the immediately preceding sentence, then the fair market value of such non-cash consideration shall be determined by an independent appraiser jointly selected by the Board of Directors and the Requisite Series D Holders (the "**Appraiser**"); provided, that, if the Board of Directors and the Requisite Series D Holders are unable to jointly select an Appraiser within two (2) days of the Corporation's receipt of such Dispute Notice, then the Board of Directors and the Requisite Series D Holders shall each select an independent appraiser (a "**Second Appraiser**") (and notify the other party(ies) in writing of such selection), and within one (1) day thereafter and the Second Appraisers shall jointly select the Appraiser; and provided, further, that if either the Board of Directors or the Requisite Series D Holders fails to select a Second Appraiser in the two (2) day period described in the immediately preceding proviso, then the Second Appraiser that was selected by the Board of Directors or the Requisite Series D Holders (as applicable) shall be entitled to and shall act as the Appraiser. The Corporation shall make reasonably available to the Appraiser sufficient information regarding the non-cash consideration for the Appraiser to conduct a fair market value determination (the "**Appraiser Valuation**"), and to provide reasonable and appropriate access to the Corporation's directors, officers and key employees. The Appraiser Valuation shall be final and binding. In the event the Appraiser Valuation is less than the Board Valuation, the Corporation shall pay the fees and expenses of the Appraiser. In the event that the Appraiser Valuation is equal to or greater than the Board Valuation, the Requisite Series D Holders participating in such appraisal process shall pay the fees and expenses of the Appraiser (and such Requisite Series D Holders shall allocate such fees and expenses amongst themselves based on their respective ownership of shares of Series D Preferred Stock). No Illiquid Distribution shall be consummated until a Board Valuation or Appraiser Valuation, as applicable, has been completed in accordance with this Section C.2(g).

h. Notwithstanding any other provision set forth in this Section 2, in the event that any consideration payable to the Corporation or its stockholders in connection with any Liquidation Event is contingent upon the occurrence of any event or the passage of time (including, without limitation, any deferred purchase price payments, installment payments,

payments made in respect of any promissory note issued in such transaction, payments from escrow, purchase price adjustment payments or payments in respect of “earnouts” or holdbacks), (i) such consideration shall not be deemed received by the Corporation or its stockholders or available for distribution to such stockholders unless and until such consideration is indefeasibly received by the Corporation or its stockholders in accordance with the terms of such Liquidation Event, (ii) the portion of such consideration that is not subject to any contingencies (the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Sections C.2(a), C.2(b), C.2(c) and C.2(d) as if the Initial Consideration were the only consideration payable in connection with such Liquidation Event, and (iii) any additional consideration which becomes payable to the stockholders of the Corporation upon satisfaction of contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Sections C.2(a), C.2(b), C.2(c) and C.2(d) after taking into account the previous payment of the Initial Consideration as part of the same transaction.

i. The Corporation shall not consummate any Liquidation Event before the expiration of the applicable notice period set forth in Section C.5(i); provided that any such notice period may be shortened or eliminated upon written consent of the holders of at least a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis. In the event the requirements of this Section C.2(i) are not complied with, the Corporation shall either (i) cause the closing of any such Liquidation Event to be postponed until such time as the requirements of C.5(i) have been complied with, or (ii) cancel such transaction, in which event the respective rights, preferences and privileges of the holders of Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the notice contemplated by C.5(i). Unless otherwise agreed upon by the holders of at least a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, the Corporation shall effect a dissolution of the Corporation under the General Corporation Law within 180 days after the consummation of a Liquidation Event.

3. Redemption. The Preferred Stock shall not be redeemable at the option of the holder or holders thereof or the Corporation.

4. Voting Rights; Directors.

a. Each holder of shares of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Preferred Stock could then be converted and shall have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise expressly provided herein or as required by law, voting together with the Common Stock as a single class on an as-converted to Common Stock basis) and shall be entitled to notice of any stockholders’ meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be then converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

b. Except as otherwise provided herein or required by law, each holder of shares of Class A Common Stock or Class B Common Stock shall be entitled to one (1)

vote for each share of Common Stock held and the Class A Common Stock and the Class B Common Stock shall vote together as a single class. Notwithstanding anything to the contrary contained herein, upon and after the consummation of a Qualified IPO, for so long as twenty-five (25) percent is less than or equal to the percentage determined by multiplying one hundred (100) by the quotient obtained by dividing (i) the number of shares of Class A Common Stock then outstanding by (ii) the number of shares of Class A Common Stock outstanding immediately prior to the consummation of such Qualified IPO, including shares of Class A Common Stock issued pursuant to the automatic conversion provisions of Section C.5(b) and excluding any shares of Class A Common Stock converted into shares of Class B Common Stock prior to the consummation of such Qualified IPO pursuant to this Amended and Restated Certificate of Incorporation, including, without limitation, Section C.6(c) (the “**Twenty-Five Percent Condition**”), each holder of shares of Class A Common Stock shall be entitled to ten (10) votes for each share of Class A Common Stock held on any matter submitted to the stockholders of the Corporation requesting approval of a Liquidation Event.

c. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding plus such amount as is sufficient to effect the conversion of all outstanding Convertible Securities (as such term is defined in Section C.5(d))) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by this Amended and Restated Certificate of Incorporation) the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

d. For so long as at least 2,500,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) of Series A Preferred Stock and Series A-1 Preferred Stock remain outstanding, the holders of Series A Preferred Stock and Series A-1 Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect one (1) member of the Board of Directors at any election of directors, whether at a meeting or otherwise.

e. For so long as at least 2,500,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) of Series B Preferred Stock remain outstanding, the holders of Series B Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect one (1) member of the Board of Directors at any election of directors, whether at a meeting or otherwise.

f. For so long as at least 2,500,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) of Series C Preferred Stock remain outstanding, the holders of Series C Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect one (1) member of the Board of Directors at any election of directors, whether at a meeting or otherwise.

g. The holders of the Common Stock, voting together as a single class, shall be entitled to elect one (1) member of the Board of Directors at any election of directors, whether at a meeting or otherwise.

h. The holders of the Preferred Stock and Common Stock, voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect the remaining members of the Board of Directors at any election of directors, whether at a meeting or otherwise.

5. Conversion of Preferred Stock. The holders of the Preferred Stock shall have conversion rights as follows.

a. Right to Convert. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, and without the payment of additional consideration by the holder thereof, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing the Original Issue Price for the relevant series of Preferred Stock by the Conversion Price applicable to such share, determined as hereinafter provided, in effect at the time of conversion. The “*Original Issue Price*,” as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like, shall be (i) \$0.125 per share of Series A Preferred Stock, (ii) \$0.30 per share of Series A-1 Preferred Stock, (iii) \$1.11 per share of Series B Preferred Stock, (iv) \$4.11111 per share of Series C Preferred Stock and (v) \$6.03656 per share of Series D Preferred Stock. The “*Conversion Price*” shall initially be (i) \$0.125 per share of Series A Preferred Stock, (ii) \$0.30 per share of Series A-1 Preferred Stock, (iii) \$1.11 per share of Series B Preferred Stock, (iv) \$4.11111 per share of Series C Preferred Stock and (v) \$6.03656 per share of Series D Preferred Stock. Such initial Conversion Price shall be adjusted as hereinafter provided.

b. Automatic Conversion. Each share of Preferred Stock shall automatically be converted into shares of Class A Common Stock at the then-effective Conversion Price applicable to such share upon the earlier of (i) the date specified by written consent or agreement of (A) the holders of at least a majority of the shares of Preferred Stock then outstanding, voting together as a single class on an as-converted to Common Stock basis, and (B) the holders of at least a majority of the shares of Series D Preferred Stock then outstanding, or (ii) immediately prior, and subject, to the consummation of a Qualified IPO.

c. Mechanics of Conversion.

(i) Before any holder of Preferred Stock shall be entitled voluntarily to convert the same into shares of Class A Common Stock, or upon the occurrence of an automatic conversion of the Preferred Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such stock (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and a bond or an agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), and shall, in the event of an

optional conversion pursuant to Section C.5(a), give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued, and, if applicable, any event on which such conversion is contingent. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, (1) a certificate or certificates for the number and class of shares of Common Stock to which such holder shall be entitled as aforesaid and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (2) cash in lieu of any fraction of a share, and (3) payment for any declared but unpaid dividends on any shares of Preferred Stock so converted. In the event of an optional conversion pursuant to Section C.5(a), such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(ii) If the conversion is in connection with an underwritten offering of securities pursuant to the Securities Act, the conversion may, at the option of any holder tendering shares of Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities. If the conversion is in connection with automatic conversion provisions of Section C.5(b)(i), all holders of record of shares of Preferred Stock shall be provided a written notice by the Corporation regarding such automatic conversion and such conversion shall be deemed to have been made on the conversion date described in the stockholder consent approving such conversion, and the persons entitled to receive shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Common Stock as of such date.

d. Adjustments to Conversion Price for Certain Diluting Issuances.

(i) Special Definitions. For purposes of this Section C.5(d), the following definitions apply:

(1) “**Options**” shall mean rights, options, or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities (defined below).

(2) “**Original Issue Date**” shall mean the first date on which a share of Series D Preferred Stock was issued by the Corporation.

(3) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable or exercisable for Common Stock, but excluding options.

(4) “ ***Additional Shares of Common Stock*** ” shall mean all shares of Common Stock issued (or, pursuant to Section C.5(d)(iii), deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable:

(A) upon the exercise, exchange, or conversion of Options or Convertible Securities outstanding as of the Original Issue Date, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(B) upon the conversion of shares of Preferred Stock;

(C) to directors, officers, employees, consultants, advisors or contractors of the Corporation pursuant to stock option or other equity compensation plans or agreements on terms approved by the Board of Directors;

(D) in connection with equipment lease financings, bank credit arrangements, real estate leases or similar transactions entered into primarily for non-equity financing purposes approved by the Board of Directors;

(E) as a dividend or distribution on the Preferred Stock;

(F) in connection with a partnering or licensing transaction or a bona fide acquisition of a business or any assets or properties or technology of or by the Corporation, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, pursuant to agreements approved by the Board of Directors;

(G) in a firm commitment underwritten Qualified Public Offering or upon exercise of warrants or rights granted to underwriters in connection with such Qualified Public Offering;

(H) for which adjustment of the Conversion Price of any series of Preferred Stock is made pursuant to Section C.5(e) or C.5(f); or

(I) as a result of an adjustment of the Conversion Price of any series of Preferred Stock pursuant to this Section C.4 or Section C.5 or C.6.

(ii) No Adjustment of Conversion Price. Any provision herein to the contrary notwithstanding, no adjustment in the Conversion Price of a particular series of Preferred Stock shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share (determined pursuant to Section C.5(d)(v) hereof) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Conversion Price for that series of Preferred Stock in effect on the date of, and immediately prior to, such issue.

(iii) Deemed Issue of Additional Shares of Common Stock. In the event the Corporation at any time or from time to time after the Original Issue Date

shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities then entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto and assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability (including, without limitation, the passage of time) but without regard to any provisions contained therein designed to protect against dilution) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustments in the Conversion Price of a particular series of Preferred Stock shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, or are amended or otherwise modified to provide for any increase or decrease in the consideration payable to the Corporation, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price of a particular series of Preferred Stock computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities (provided, however, that no such adjustment of the Conversion Price shall affect Common Stock previously issued upon conversion of the Preferred Stock);

(3) if the terms of any Option or Convertible Security, the issuance of which did not result in an adjustment to a Conversion Price of a particular series of Preferred Stock pursuant to the terms of Section C.5(d)(iv) (either because the consideration per share of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Prices then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security to provide for any decrease in the consideration payable to the Corporation, or increase in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in this Section C.5(d)(iii)) shall be deemed to have been issued effective upon such increase or decrease becoming effective;

(4) upon the expiration of any such Options or rights, the termination of any such rights to convert or exchange or the expiration of any Options or rights related to such Convertible Securities or exchangeable securities, the Conversion Price of a particular series of Preferred Stock, to the extent in any way affected by or computed using

such Options, rights or Convertible Securities or Options or rights related to such Convertible Securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such Options or rights, upon the conversion or exchange of such Convertible Securities or upon the exercise of the Options or rights related to such Convertible Securities;

(5) if the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to a Conversion Price that would result under the terms of this Section C.5(d)(iii) at the time of such issuance or amendment shall instead be effected at the time such number of shares or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the respective Conversion Price that such issuance or amendment took place at the time such calculation can first be made; and

(6) no readjustment pursuant to clause (2), (3), or (4) above shall have the effect of increasing the Conversion Price of a particular series of Preferred Stock to an amount which exceeds the lower of (a) the Conversion Price on the original adjustment date of such series, or (b) the Conversion Price of such series that would have resulted from any issuance of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event this Corporation, at any time after the Original Issue Date, shall issue Additional Shares of Common Stock without consideration or for a consideration per share less than the Conversion Price of a particular series of Preferred Stock in effect on the date of and immediately prior to such issue, then and in such event, the Conversion Price of that series shall be reduced, concurrently with such issue, to a price (calculated to the nearest thousandth of a cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at such Conversion Price in effect immediately prior to such issuance, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued. For the purpose of the above calculation, the "number of shares of Common Stock outstanding" shall be deemed to include all shares of Common Stock issuable upon exercise, conversion or exchange of all outstanding Options, Preferred Stock and other Convertible Securities.

(v) Determination of Consideration. For purposes of this Section C.5(d), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property: Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation excluding amounts paid or payable for accrued interest or accrued dividends;

(B) insofar as it consists of non-cash property or securities, be computed at the fair value thereof at the time of such issue, as determined through Board Valuation; provided, that to the extent that such non-cash consideration does not consist of securities traded on a securities exchange or over-the-counter, then the Corporation shall, within ten (10) business days of the intended date of such issuance of Additional Shares of Common Stock (the “**Issuance Date**”), notify in writing the holders of Series D Preferred Stock of the Board Valuation of such non-cash consideration (or the formula or method by which such Board Valuation will be determined), which Board Valuation (or formula or method) shall be binding upon and deemed approved by the holders of Series D Preferred Stock unless the Corporation receives, within five (5) business days prior to the Issuance Date, a Dispute Notice from the Requisite Series D Holders. If the Corporation receives a Dispute Notice within the time period specified in the immediately preceding sentence, then the fair market value of such non-cash consideration shall be determined by an Appraiser in the manner set forth in Section C.2(f). The Corporation shall make reasonably available to the Appraiser sufficient information regarding the non-cash consideration for the Appraiser to conduct an Appraiser Valuation and to provide reasonable and appropriate access to the Corporation’s directors, officers and key employees. The Appraiser Valuation shall be final and binding. In the event the Appraiser Valuation is less than the Board Valuation, the Corporation shall pay the fees and expenses of the Appraiser. In the event that the Appraiser Valuation is equal to or greater than the Board Valuation, the Requisite Series D Holders participating in such appraisal process shall pay the fees and expenses of the Appraiser (and such Requisite Series D Holders shall allocate such fees and expenses amongst themselves based on their respective ownership of shares of Series D Preferred Stock).

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section C.5(d)(iii), relating to Options and Convertible Securities shall be determined by dividing:

(A) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein designed to protect against dilution) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against dilution) issuable upon the exercise of such Options or conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

e. Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock . In the event that this Corporation at any time or from time to time after the Original Issue Date shall declare or pay, without consideration, or fix a record date for the determination of holders of Common Stock entitled to receive, any dividend or other distribution on the Common Stock payable in Common Stock or in any right to acquire Common Stock for no consideration, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or in the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price of a particular series of Preferred Stock in effect immediately prior to such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. In the event that this Corporation shall declare or pay, without consideration, or fix a record date for the determination of holders of Common Stock entitled to receive, any dividend or other distribution on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Corporation shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

f. Adjustments for Reclassifications and Reorganizations . If the Class A Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, or the right to receive cash or other property, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section C.5(e) above or a merger or other reorganization referred to in Section C.2(d) above), provision shall be made so that, concurrently with the effectiveness of such reorganization or reclassification, the Preferred Stock remaining outstanding thereafter, if any, shall be convertible into, in lieu of the number of shares of Class A Common Stock which the holders would otherwise have been entitled to receive, a number of shares of such other class or classes of stock or cash or other property equivalent to the number of shares of Class A Common Stock or amount of cash or other property that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

g. Special Mandatory Conversion .

(i) In the event:

(1) the Board of Directors determines that it is in the best interests of this Corporation for the holders of Preferred Stock of this Corporation to participate in an equity financing (in which case such financing will be deemed a “ *Mandatory*”

Offering”) and determines the aggregate dollar amount to be invested by all holders of Preferred Stock (the “**Aggregate Investment Amount**”), which amount may be more or less than the amount such holders may have the right to invest in such financing pursuant to a right of first offer, if any;

(2) this Corporation delivers at least ten (10) business days’ prior notice (“**Notice**”) to the holders of Preferred Stock (A) stating this Corporation’s bona fide intention to consummate such financing, (B) indicating the number of securities to be offered, (C) indicating the price and terms upon which it proposes to offer such securities, (D) identifying the Pro Rata Share (as defined below) of each holder of Preferred Stock of the Aggregate Investment Amount, and (E) offering each holder of Preferred Stock the right to purchase such holder’s Pro Rata Share of the Aggregate Investment Amount within the time periods set forth in the Notice; and

(3) a holder or an affiliate or designee of such holder of Preferred Stock (a “**Non-Participating Holder**”) does not acquire at least its Pro Rata Share of the Aggregate Investment Amount (regardless of the total amount actually raised in such Mandatory Offering) within the time periods set forth in the Notice;

then that percentage of each Non-Participating Holder’s shares of Preferred Stock equal to the percentage of such Non-Participating Holder’s Pro Rata Share of the Aggregate Investment Amount not acquired by such Non-Participating Holder shall automatically and without further action on the part of such Non-Participating Holder be converted, effective upon, subject to and concurrently with the consummation of the Mandatory Offering (the “**Mandatory Offering Date**”), into shares of Class B Common Stock of this Corporation at the Conversion Price then in effect and applicable. The “**Pro Rata Share**” shall be a fraction, the numerator of which shall be the number of shares of Common Stock issued or issuable upon conversion of all of the Preferred Stock held by the holder immediately prior to the Mandatory Offering Date, and the denominator of which shall be the total number of shares of Common Stock issued or issuable upon conversion of the Preferred Stock outstanding immediately prior to the Mandatory Offering Date (including, for avoidance of doubt, (i) shares held by natural persons or entities and (ii) shares of Series D Preferred Stock, in each case as described in Section C.5(g)(iv)); provided, that, (i) in connection with the first equity offering of Preferred Stock following the date of original filing of this Amended and Restated Certificate of Incorporation, the Pro Rata Share shall in no event be greater than that amount which the holder of Preferred Stock has the right to invest in such offering pursuant to a right of first offer, if any, and (ii) in any event, the Pro Rata Share shall not exceed the number of shares actually offered to the holder of Preferred Stock by the Board of Directors for purchase in the Mandatory Offering. Notwithstanding the foregoing, a holder may assign the right to participate in any future Mandatory Offering to one or more of such holder’s affiliates or designees, and such holder’s Pro Rata Share shall be reduced to the extent any of such affiliates or designees participate in such Mandatory Offering.

(ii) The holder of any shares of Preferred Stock converted pursuant to this Section C.5(g) shall deliver to this Corporation during regular business hours at the office of any transfer agent of this Corporation for the Preferred Stock, or at such other place as may be designated by this Corporation, the certificate or certificates for the shares so converted, duly endorsed or assigned in blank or to this Corporation (or, if such holder alleges

that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and a bond or an agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate). As promptly as practicable thereafter, this Corporation shall issue and deliver to such holder, at the place designated by such holder, a certificate or certificates for the number of full shares of Class B Common Stock to be issued and such holder shall be deemed to have become a stockholder of record of Class B Common Stock on the Mandatory Offering Date, unless the transfer books of this Corporation are closed on that date, in which event such holder shall be deemed to have become a stockholder of record of Class B Common Stock on the next succeeding date on which the transfer books are open.

(iii) In the event that a holder of Preferred Stock converts any Preferred Stock into Class A Common Stock pursuant to Section C.5(a) within ninety (90) days prior to the date of closing of a Mandatory Offering, such shares of Class A Common Stock shall automatically, and without further action on the part of the holder thereof, be converted, effective upon, subject to and concurrently with the consummation of the Mandatory Offering, into an equal number of shares of Class B Common Stock.

(iv) Notwithstanding the foregoing, this Section C.5(g) does not apply to (x) natural persons or entities held solely by a natural person or the family or estate of such natural person or (y) holders of shares of Series D Preferred Stock (but only with respect to such shares of Series D Preferred Stock).

(v) This Section C.5(g) shall terminate, and be of no further force or effect, upon the earlier of a Qualified IPO and a Liquidation Event.

h. Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section C.5, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Preferred Stock a certificate executed by the Corporation's President or Chief Financial Officer setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Preferred Stock.

i. Notices of Record Date. In the event that the Corporation shall propose at any time: (i) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus; (ii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or (iii) to effect a Liquidation Event; then, in connection with each such event, the Corporation shall send to the holders of Preferred Stock: (1) at least twenty (20) days' prior written notice of the date on which a record shall be taken for such dividend, distribution rights (and specifying the date on which the holders of Common Stock shall be entitled thereto) or for determining rights to vote, if

any, in respect of the matters referred to in (ii) and (iii) above; and (2) in the case of the matters referred to in (ii) and (iii) above, at least twenty (20) days' prior written notice of the date when the same shall take place (and specifying the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

j. Issue Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder in connection with any such conversion.

k. Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued (i) shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Stock; and (ii) shares of Class B Common Stock, solely for the purpose of effecting the conversion of the shares of the Class A Common Stock, such number of its shares of Class B Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Class A Common Stock. If at any time the number of authorized but unissued shares of Class A Common Stock or Class B Common Stock, as the case may be, shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock or the Class A Common Stock, as applicable, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock or Class B Common Stock, as applicable, to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Amended and Restated Certificate of Incorporation.

l. Fractional Shares. No fractional share shall be issued upon the conversion of any share or shares of Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the fair market value of such fraction on the date of conversion (as determined in good faith by the Board of Directors).

m. Notices. Any notice required by the provisions of this Section C.5 to be given to the holders of shares of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, or by overnight courier, and addressed to each holder of record at such holder's address appearing on the books of the Corporation. The notice provisions set forth in this section may be shortened or waived prospectively or retrospectively by the vote or written consent of the holders of a majority of the Preferred Stock, voting together as a single class on an as-converted to Common Stock basis.

6. Conversion of Class A Common Stock. Shares of Class A Common Stock shall be converted into shares of Class B Common Stock as follows.

a. Right to Convert. Any holder of shares of Class A Common Stock, at the option of such holder, may convert any share of Class A Common Stock held by such holder at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into one (1) share of Class B Common Stock.

b. Twenty-Five Percent Condition. All shares of Class A Common Stock shall automatically be converted into shares of Class B Common Stock, on a one-to-one basis, on the date the Twenty-Five Percent Condition is first no longer satisfied after the consummation of a Qualified IPO.

c. Transfers to Non-Affiliates. Any share of Class A Common Stock shall automatically be converted into one (1) share of Class B Common Stock upon the transfer, assignment, sale or other disposition of such share by the holder (or any of its Affiliates) to which such share of Class A Common Stock was originally issued by the Corporation to a person that is not then an Affiliate of such original holder. “**Affiliate**” shall mean, (i) in the case of a natural person or entity held solely by a natural person or the family or estate of such natural person, any spouse, grandchild or member of the immediate family (including adopted children) of such person, any custodian, trustee (including a trustee of a voting trust), executor or other fiduciary for the account of any spouse, grandchild or member of the immediate family (including adopted children) of such person or any trust for the benefit of such person; or (ii) in the case of an institutional, private equity, hedge or venture capital investment fund, any partner, limited partner, retired partner, member or retired member of such holder, any affiliated fund, any fund which is controlled by or under common control with one or more general partners of such holder, any fund that is managed and governed by the same management company as such holder, any fund that controls such holder or any fund that is controlled by, under common control with, managed or advised by the same management company or registered investment advisor that controls, is under common control with, manages or advises the fund that controls such holder. For purposes of this Amended and Restated Certificate of Incorporation, the mutual funds, other pooled vehicles and client accounts on whose behalf Morgan Stanley Investment Management Inc. and its investment advisory affiliates (“**MSIM**”), Fidelity Management & Research Company and its investment advisory affiliates (“**Fidelity**”), T. Rowe Price Associates, Inc. and its investment advisory affiliates (“**T.Rowe**”) or Redmile Group, LLC and its investment advisory affiliates (“**Redmile**”), as applicable, purchase shares of Series C Preferred Stock and/or Series D Preferred Stock, and for which MSIM, Fidelity, T.Rowe or Redmile, as applicable, exercises investment discretion with respect to such shares of Series C Preferred Stock and/or Series D Preferred Stock, shall be considered Affiliates and Affiliated entities of MSIM, Fidelity, T.Rowe or Redmile, as applicable.

d. Mechanics of Conversion. Before any holder of Class A Common Stock shall be entitled voluntarily to convert the same into shares of Class B Common Stock, or upon the occurrence of an automatic conversion of the Class A Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for such stock, and shall, in the event of an optional conversion pursuant to Section C.6(a), give written notice to the Corporation at such office that

such holder elects to convert the same and shall state therein the name or names in which such holder wishes the certificate or certificates for shares of Class B Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Class B Common Stock to which such holder shall be entitled as aforesaid. In the event of an optional conversion pursuant to Section C.6(a), such conversion shall be deemed to have been made immediately prior to the close of business on the date of surrender of the shares of Class A Common Stock to be converted, and the person or persons entitled to receive the shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class B Common Stock on such date. If the conversion is in connection with the automatic conversion provisions set forth in Section C.6(b) or C.6(c), such conversion shall be deemed to have been made, in the case of Section C.6(b), on the date the Twenty-Five Percent Condition is first no longer satisfied or, in the case of Section C.6(c), the applicable date of transfer, and the persons entitled to receive shares of Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holders of such shares of Class B Common Stock as of the applicable date.

7. Restrictions and Limitations .

a. For so long as at least 2,500,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) of Preferred Stock remain outstanding, the Corporation shall not (either directly or indirectly, whether by amendment, merger, consolidation or otherwise), without the vote or written consent by the holders of at least a majority of the then outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, in addition to any other vote required by law:

(i) adversely alter or change the rights, preferences or privileges of the Preferred Stock in any material respect (other than an alteration or change pursuant to the special mandatory conversion pursuant to Section C.5(g));

(ii) authorize or create (by reclassification, merger or otherwise), issue, or obligate itself to issue, any new class or series of equity security (including any security convertible into or exercisable or exchangeable for any equity security) ranking senior to or on a parity with the Preferred Stock in right of redemption, liquidation preference, voting or dividends or any increase in the authorized or designated number of any such new class or series;

(iii) declare or pay any dividend or distribution on any shares of Common Stock or Preferred Stock (other than a dividend or distribution payable solely in shares);

(iv) consummate a Liquidation Event;

(v) redeem, purchase or otherwise acquire (or pay into or set aside for a sinking fund for such purpose), any shares of Common Stock or Preferred Stock, provided, however, that this restriction shall not apply to the repurchase of shares of Common

Stock (A) from directors, officers, employees, consultants, advisors or other persons performing services for the Corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares at cost (or the lesser of cost or fair market value) upon the occurrence of certain events, such as the termination of employment or services, or (B) pursuant to the exercise of a right of first refusal of the Corporation;

(vi) increase or decrease the authorized number of shares of Common Stock or Preferred Stock, or any series thereof (except for decreases of the authorized number of shares of Preferred Stock caused by the conversion of Preferred Stock into Common Stock); or

(vii) amend or waive this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation.

b. Without in any way limiting the ability of the Corporation to authorize or create, issue, or obligate itself to issue, any new series of Preferred Stock on any terms (subject to the restrictions and limitations of Section C.7(a) above), the Corporation shall not (either directly or indirectly, whether by amendment, merger, consolidation or otherwise) amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation in a manner that adversely affects the powers, preferences, privileges, or rights of any series of existing Preferred Stock and that disproportionately affects such series of Preferred Stock relative to other series of Preferred Stock without the vote or written consent by the holders of at least (i) in the case of the Series A Preferred Stock, the majority of the then-outstanding shares of Series A Preferred Stock, (ii) in the case of the Series A-1 Preferred Stock, the majority of the then-outstanding shares of Series A-1 Preferred Stock, (iii) in the case of the Series B Preferred Stock, the majority of the then-outstanding shares of Series B Preferred Stock, (iv) in the case of the Series C Preferred Stock, the majority of the then-outstanding shares of Series C Preferred Stock and (v) in the case of the Series D Preferred Stock, the majority of the then-outstanding shares of Series D Preferred Stock.

c. Without the vote or written consent by the holders of at least a majority of the then-outstanding shares of Series D Preferred Stock, the Corporation shall not (either directly or indirectly, whether by amendment, merger, consolidation or otherwise) amend or waive any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation if such amendment or waiver would alter or change the powers, preferences or special rights of the Series D Preferred Stock, provided, however, that neither (a) the authorization or issuance of any equity security (including any other security convertible into or exercisable for any such equity security) and/or (b) the inclusion of such equity security in the definition of "Preferred Stock" in the Amended and Restated Certificate of Incorporation or any amendment thereto, shall in and of itself not be deemed to alter or change the powers, preferences or special rights of the Series D Preferred Stock or otherwise require the affirmative vote or written consent of the holders of the Series D Preferred Stock pursuant to this Section C.7(c).

8. No Reissuance of Preferred Stock. No share or shares of Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise

shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

D. Common Stock.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are as set forth herein, subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Redemption. The Common Stock shall not be redeemable at the option of the holder or holders thereof.

3. No Reissuance of Class A Common Stock. No share or shares of Class A Common Stock converted into a share or shares of Class B Common Stock shall be reissued, and all such shares of Class A Common Stock shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

ARTICLE V.

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the General Corporation Law of the State of Delaware; or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law of the State of Delaware is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

Any repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE VI.

Subject to Section C.7 of Article IV, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE VII.

Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VIII.

The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by, or in the manner provided in, the Bylaws of the Corporation or in an amendment thereof duly adopted by the Board of Directors or by the stockholders of the Corporation.

ARTICLE IX.

Meetings of stockholders of the Corporation may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE X.

Except as otherwise provided in this Amended and Restated Certificate of Incorporation including Section C.7 of Article IV, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

ARTICLE XI.

The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An “*Excluded Opportunity*” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock (or any partner, member, director, stockholder, employee or agent of any such holder) who is not an employee of the Corporation or any of its subsidiaries (collectively, “*Covered Persons*”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of the Corporation.

CERTIFICATE OF AMENDMENT OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
CASTLIGHT HEALTH, INC.

Castlight Health, Inc., a Delaware corporation (the “*Corporation*”), does hereby certify that the following amendment to the Corporation’s Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, with the approval of such amendment by the Corporation’s stockholders having been given by written consent without a meeting in accordance with Sections 228(d) and 242 of the Delaware General Corporation Law:

1. Section (A)(1) of Article IV of the Corporation’s Amended and Restated Certificate of Incorporation, relating to the authorized capital stock of the Corporation, is hereby amended and restated to read in its entirety as follows:

“(1) Authorized Shares. This Corporation is authorized to issue preferred stock (“*Preferred Stock*”), Class A common stock (“*Class A Common Stock*”) and Class B common stock (“*Class B Common Stock*”) and together with the Class A Common Stock, “*Common Stock*”). The total number of shares of capital stock that this Corporation is authorized to issue is Two Hundred Fifty-Two Million Four Hundred Seventy Five Thousand Six Hundred Sixty Two (254,475,662) shares. The total number of shares of Preferred Stock this Corporation has authority to issue is Sixty-Four Million Four Hundred Seventy Five Thousand Six Hundred Sixty Two (64,475,662) shares. The total number of shares of Class A Common Stock this Corporation has authority to issue is Ninety-Five Million (95,000,000) shares. The total number of shares of Class B Common Stock this Corporation has authority to issue is Ninety-Five Million (95,000,000) shares. The Preferred Stock shall have a par value of \$0.0001 per share and the Common Stock shall have a par value of \$0.0001 per share.”

2. Section (A)(2)(a) of Article IV of the Corporation’s Amended and Restated Certificate of Incorporation, relating to the authorized shares of the Corporation’s common stock that may be issued by the Corporation, is hereby amended and restated to read in its entirety as follows:

“a. at no time shall the number of shares of Common Stock issued and outstanding exceed, in the aggregate, Ninety-Five Million (95,000,000) shares of Common Stock (assuming full conversion and exercise of all outstanding convertible and exercisable securities and including shares of Common Stock reserved for issuance but not yet issued under stock option or other equity compensation plans or agreements on terms approved by the Board);”

IN WITNESS WHEREOF, said corporation has caused this Certificate of Amendment to be signed by its duly authorized officer this 13th day of December, 2013, and the foregoing facts stated herein are true and correct.

Castlight Health, Inc.

By: /s/ Giovanni Colella
Giovanni Colella
Chief Executive Officer

CERTIFICATE OF AMENDMENT OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
CASTLIGHT HEALTH, INC.

Castlight Health, Inc., a Delaware corporation (the “*Corporation*”), does hereby certify that the following amendment to the Corporation’s Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, with the approval of such amendment by the Corporation’s stockholders having been given by written consent without a meeting in accordance with Sections 228(d) and 242 of the Delaware General Corporation Law:

3. Section (A)(2) of Article IV of the Corporation’s Amended and Restated Certificate of Incorporation, relating to the Classes of Common Stock of the Corporation, is hereby amended to add a new paragraph d. which shall read in its entirety as follows:

“d. Effective upon the filing of this Certificate of Amendment, each one (1) outstanding share of Class B Common Stock of the Corporation will be reclassified, reconstituted and converted into and automatically become one (1) outstanding share of Class A Common Stock of the Corporation.”

IN WITNESS WHEREOF, said corporation has caused this Certificate of Amendment to be signed by its duly authorized officer this 30th day of December, 2013, and the foregoing facts stated herein are true and correct.

Castlight Health, Inc.

By: /s/ Giovanni Colella
Giovanni Colella
Chief Executive Officer

STATE OF DELAWARE

CERTIFICATE OF CORRECTION

Castlight Health, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware.

DOES HEREBY CERTIFY:

1. The name of the corporation is Castlight Health, Inc. (the “*Corporation*”).
2. That a Certificate of Amendment of Amended and Restated Certificate of Incorporation (the “*Certificate*”) was filed by the Secretary of State of Delaware on December 13, 2013 and that said Certificate requires correction as permitted by Section 103 of the General Corporation Law of the State of Delaware.
3. The inaccuracy or defect of said Certificate is:
The second sentence of paragraph 1 incorrectly spells out the total number of shares of capital stock that the Corporation is authorized to issue as “Two Hundred Fifty-Two Million Four Hundred Seventy Five Thousand Six Hundred Sixty Two”, when such number of shares should be spelled out as “Two Hundred Fifty-Four Million Four Hundred Seventy-Five Thousand Six Hundred Sixty-Two”.
4. The second sentence of paragraph 1 of the Certificate is hereby corrected to read in its entirety as follows:
“The total number of shares of capital stock that this Corporation is authorized to issue is Two Hundred Fifty-Four Million Four Hundred Seventy-Five Thousand Six Hundred Sixty-Two (254,475,662) shares.”

IN WITNESS WHEREOF, said corporation has caused this Certificate of Correction to be signed by its duly authorized officer this 4th day of February, 2014.

Castlight Health, Inc.

By: /s/ John Doyle
John Doyle
Chief Financial Officer

AMENDED AND RESTATED BYLAWS**OF**

CASTLIGHT HEALTH, INC.,
(formerly known as Maria Health, Inc. and Ventana Health Services, Inc.)
a Delaware corporation

**ARTICLE I.
OFFICES**

Section 1. Registered Office. The registered office shall be at the office of the Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

**ARTICLE II.
MEETINGS OF STOCKHOLDERS**

Section 1. Annual Meeting. An annual meeting of the stockholders for the election of directors shall be held at such place, if any, either within or without the State of Delaware, as shall be designated on an annual basis by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, if any, either within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Any other proper business may be transacted at the annual meeting.

Section 2. Notice of Annual Meeting. Written notice of the annual meeting stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Voting List. The officer who has charge of the stock ledger of the corporation shall prepare and make, or cause a third party to prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is

present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 4. Special Meetings. Special meetings of the stockholders of this corporation, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, shall be called by the Chief Executive Officer, President or Secretary at the request in writing of a majority of the members of the Board of Directors or holders of at least ten percent (10%) of the total voting power of all outstanding shares of stock of this corporation then entitled to vote, and may not be called absent such a request. Such request shall state the purpose or purposes of the proposed meeting.

Section 5. Notice of Special Meetings. As soon as reasonably practicable after receipt of a request as provided in Section 4 of this Article II, written notice of a special meeting, stating the place, if any, date (which shall be not less than ten nor more than sixty days from the date of the notice) and hour of the special meeting, the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such special meeting, and the purpose or purposes for which the special meeting is called, shall be given to each stockholder entitled to vote at such special meeting.

Section 6. Scope of Business at Special Meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the chairman of the meeting or the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting as provided in Section 5 of this Article II.

Section 8. Qualifications to Vote. The stockholders of record on the books of the corporation at the close of business on the record date as determined by the Board of Directors and only such stockholders shall be entitled to vote at any meeting of stockholders or any adjournment thereof.

Section 9. Record Date. The Board of Directors may fix a record date for the determination of the stockholders entitled to notice of or to vote at any stockholders' meeting and at any adjournment thereof, or to express consent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or

entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action. The record date shall not be more than sixty nor less than ten days before the date of such meeting, and not more than sixty days prior to any other action. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 10. Action at Meetings. When a quorum is present at any meeting, the vote of the holders of a majority of the shares of stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of applicable law or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 11. Voting and Proxies. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless it is coupled with an interest sufficient in law to support an irrevocable power.

Section 12. Action by Stockholders Without a Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action that may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware (by hand or by certified or registered mail, return receipt requested), to its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded; provided, however, that action by written consent to elect directors, if less than unanimous, shall be in lieu of holding an annual meeting only if all the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the corporation by delivery to its registered office in the State of Delaware (by hand or by certified or registered mail, return receipt requested), to its principal place of business, or to an officer or agent of the

corporation having custody of the book in which proceedings or meetings of stockholders are recorded.

An electronic transmission consenting to an action to be taken and transmitted by a stockholder or by a person authorized to act for a stockholder, shall be deemed to be written, signed and dated for the purposes of this Section 12, provided that such electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the electronic transmission was transmitted by the stockholder or by a person authorized to act for the stockholder and (ii) the date on which such stockholder or authorized person transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to its registered office in Delaware (by hand or by certified or registered mail, return receipt requested), to its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Notwithstanding the foregoing limitations on delivery, consents given by electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner in which the Board of Directors may from time to time determine. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 13. Meeting by Remote Communication . If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders not physically present at a meeting of stockholders may, by means of remote communication participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at such meeting by means of remote communication is a stockholder, (ii) the corporation shall implement reasonable measures to provide such stockholders a reasonable opportunity to participate in such meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of such meeting substantially concurrently with such proceedings, and (iii) if any stockholder votes or takes other action at such meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

Section 14. Nominations for Board of Directors . Nominations for election to the Board of Directors must be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Nominations, other than those made by the Board of Directors of the corporation, must be preceded by notification in writing in fact received by the Secretary of the corporation not less than sixty days prior to any meeting of stockholders called for the election of directors. Such notification shall contain the written consent of each proposed nominee to serve as a director if

so elected and the following information as to each proposed nominee and as to each person, acting alone or in conjunction with one or more other persons as a partnership, limited partnership, syndicate or other group, who participates or is expected to participate in making such nomination or in organizing, directing or financing such nomination or solicitation of proxies to vote for the nominee:

- (a) the name, age, residence, address, and business address of each proposed nominee and of each such person;
- (b) the principal occupation or employment, the name, type of business and address of the corporation or other organization in which such employment is carried on of each proposed nominee and of each such person;
- (c) the amount of stock of the corporation owned beneficially, either directly or indirectly, by each proposed nominee and each such person; and
- (d) a description of any arrangement or understanding of each proposed nominee and of each such person with each other or any other person regarding future employment or any future transaction to which the corporation will or may be a party.

The presiding officer of the meeting shall have the authority to determine and declare to the meeting that a nomination not preceded by notification made in accordance with the foregoing procedure shall be disregarded.

ARTICLE III. DIRECTORS

Section 1. Powers. The business of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by applicable law or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number; Election; Tenure and Qualification. Unless otherwise provided in the Certificate of Incorporation, the number of directors which shall constitute the whole board shall be fixed from time to time by resolution of the Board of Directors or by the Stockholders at an annual meeting of the Stockholders (unless the directors are elected by written consent in lieu of an annual meeting as provided in Article II, Section 12), provided that, to the extent that the size of the board is set forth in, or limited by the terms of, that certain Amended and Restated Voting Agreement, dated August 21, 2009, by and among the corporation and certain of its stockholders, as amended from time to time (the “**Voting Agreement**”), the size of the board shall not be increased or decreased without an amendment to the Voting Agreement or a waiver of the applicable terms thereof. With the exception of the first Board of Directors, which shall be elected by the incorporator, and except as provided in the corporation’s Certificate of Incorporation or in Section 3 of this Article III, the directors shall be elected at the annual meeting of the stockholders by a plurality vote of the shares represented in person or by proxy and each director elected shall hold office until his successor is elected and qualified

unless he shall resign, become disqualified, disabled, or otherwise removed. Directors need not be stockholders.

Section 3. Vacancies and Newly Created Directorships. Unless otherwise provided in the Certificate of Incorporation, vacancies and newly-created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. The directors so chosen shall serve until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by applicable law. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 4. Location of Meetings. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Meeting of Newly Elected Board of Directors. The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of stockholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of such location.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chief Executive Officer or President on two days' notice to each director by mail, overnight courier service, electronic mail or facsimile; special meetings shall be called by the Chief Executive Officer, President or Secretary in a like manner and on like notice on the written request of two directors unless the Board of Directors consists of only one director, in which case special meetings shall be called by the Chief Executive Officer, President or Secretary in a like manner and on like notice on the written request of the sole director. Notice may be waived in accordance with Section 229 of the General Corporation Law of the State of Delaware.

Section 8. Quorum and Action at Meetings. At all meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically

provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 10. Telephonic Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Committees. The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 12. Committee Authority. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to (a) approving, adopting or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the State of Delaware to be submitted to stockholders for approval, or (b) adopting, amending or repealing any Bylaw of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required to do so by the Board of Directors.

Section 14. Directors Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 15. Resignation. Any director or officer of the corporation may resign at any time. Each such resignation shall be made in writing or by electronic transmission and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by either the Board of Directors, the Chief Executive Officer, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

Section 16. Removal. Unless otherwise restricted by the Certificate of Incorporation, these Bylaws or applicable law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV. NOTICES

Section 1. Notice to Directors and Stockholders. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given (i) by electronic transmission when such director or stockholder has consented to the delivery of notice in such form, and such notice shall be deemed to be given when directed to the proper facsimile number, electronic mail address or other proper electronic destination or (ii) in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the corporation that the notice has been given shall in the absence of fraud, be prima facie evidence of the facts stated therein. Notice to directors may also be given by telephone (with confirmation of receipt).

Section 2. Waiver. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a written waiver thereof, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. The written or electronic waiver need not specify the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of

any business because the meeting is not lawfully called or convened. Attendance at the meeting is not a waiver of any right to object to the consideration of matters required by the Delaware General Corporation Law to be included in the notice of the meeting but not so included, if such objection is expressly made at the meeting.

ARTICLE V. OFFICERS

Section 1. Enumeration. The officers of the corporation shall be chosen by the Board of Directors and shall include a Chief Executive Officer, a President, a Secretary, a Treasurer or Chief Financial Officer and such other officers with such other titles as the Board of Directors shall determine. The Board of Directors may elect from among its members a Chairman or Chairmen of the Board and a Vice Chairman of the Board. The Board of Directors may also choose one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 2. Election. The Board of Directors at its' first meeting after each annual meeting of stockholders shall elect a Chief Executive Officer, a President, a Secretary, a Treasurer or Chief Financial Officer and such other officers with such other titles as the Board of Directors shall determine.

Section 3. Appointment of Other Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 4. Compensation. The salaries of all officers of the corporation shall be fixed by the Board of Directors or a committee thereof. The salaries of agents of the corporation shall, unless fixed by the Board of Directors, be fixed by the Chief Executive Officer, President or any Vice-President of the corporation.

Section 5. Tenure. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the directors of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

Section 6. Chairman of the Board and Vice-Chairman of the Board. The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which the Chairman shall be present. The Chairman shall have and may exercise such powers as are, from time to time, assigned to the Chairman by the Board of Directors and as may be provided by law. In the absence of the Chairman of the Board, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which the Vice Chairman shall be present. The Vice Chairman shall have and may exercise such powers as are, from time to time, assigned to such person by the Board of Directors and as may be provided by law.

Section 7. Chief Executive Officer; President. The President shall be the Chief Executive Officer of the corporation unless such title is assigned to another officer of the corporation. In the absence of a Chairman and Vice Chairman of the Board, the President or the Chief Executive Officer, should there be such a person, shall preside as the chairman of meetings of the stockholders and the Board of Directors; and the President and/or the Chief Executive Officer, should there be such a person, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President and/or the Chief Executive Officer, should there be such a person, or any Vice President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

Section 8. Vice-President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President, if any (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, Chief Executive Officer or President, under whose supervision the Secretary shall be subject. The Secretary shall have custody of the corporate seal of the corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the Secretary's signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by such officer's signature.

Section 10. Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, President or Chief Executive Officer, taking proper vouchers for such

disbursements, and shall render to the President, Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all such transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, the Treasurer shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the Treasurer's office and for the restoration to the corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the possession or under the control of the Treasurer that belongs to the corporation.

Section 12. Assistant Treasurer. The Assistant Treasurer, or if there be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI. CAPITAL STOCK

Section 1. Certificates. The shares of the corporation shall be represented by a certificate, unless and until the Board of Directors adopts a resolution permitting shares to be uncertificated. Certificates shall be signed by, or in the name of the corporation by, (a) the Chairman of the Board, the Vice-Chairman of the Board, the Chief Executive Officer, the President or a Vice-President, and (b) the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by such stockholder in the corporation. Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be specified.

Section 2. Class or Series. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of the State of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the Delaware Corporation Law or a statement that the corporation will furnish without charge, to each stockholder who so requests, the powers, designations, preferences and relative participating,

optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 3. Signature. Any of or all of the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 4. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 5. Transfer of Stock.

Section 5.1 Restrictions on Transfer.

(a) No holder (" **Holder** ") of shares of the common stock of the corporation, par value \$0.0001 per share, including without limitation the Class A common stock and Class B common stock (" **Subject Shares** "), may transfer, sell, assign, pledge, encumber, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, or otherwise in any manner dispose of or encumber, whether voluntarily or by operation of law, or by gift or otherwise (" **transfer** "), Subject Shares or any right or interest therein without the prior written consent of the corporation, upon resolutions duly approved by the Board of Directors (which consent may be withheld in its sole discretion), and such holder otherwise complying with the requirements of this Section 5 and the terms of any agreements then in effect between the corporation and any Holder (the " **Holder Agreements** "). If any provision of a Holder Agreement conflicts with this Section 5, then this Section 5 shall govern, and the non-conflicting remainder of such Holder Agreement shall continue in full force and effect.

(b) The restriction contained in subsection 5.1(a) shall not apply to the following transactions:

(i) any repurchase of Subject Shares by the corporation (A) from directors, officers, employees, consultants, advisors or other persons performing services for the corporation or any subsidiary pursuant to agreements under which the corporation has the option to repurchase such shares at cost (or the lesser of cost or fair market value) upon the occurrence of certain events, such as the termination of employment or services, (B) that are otherwise approved by the Board of Directors, or (C) pursuant to the exercise

of a right of first refusal of the corporation;

(ii) any transfer by a Holder to a trust or other legal entity for the benefit of Holder or Holder's spouse or Spousal Equivalent (as defined below); provided, however, that other members of Holder's Immediate Family (as defined below) may also be or become beneficiaries of the trust or other legal entity upon the death of Holder and Holder's spouse or Spousal Equivalent;

(iii) any transfer(s) to members of a Holder's Immediate Family, or a trust or legal entity for the benefit of Holder's Immediate Family, that in the aggregate (inclusive of any previous transfer(s) by a Holder pursuant to this Section 5.1(b)(iii)) represent less than twenty five percent (25%) of the aggregate Subject Shares held by the Holder; and

(iv) any transfer to a Holder's Immediate Family, or a trust or legal entity for the benefit of Holder's Immediate Family, effected pursuant to the Holder's will or the laws of intestate succession.

(c) In the case of any transfer to which the corporation has consented or that is described in subsection (b) above, the transferee, assignee, or other recipient shall receive and hold the Subject Shares subject to the provisions of this Section 5, and there shall be no further transfer of such stock except in accordance with this Section 5.

(d) As a condition to any transfer, the corporation may, in its sole discretion, (i) require in connection with such transfer or Subject Shares delivery to the corporation of a written opinion of legal counsel, in form and substance satisfactory to it or its legal counsel in their respective discretion, that such transfer is exempt from applicable federal, state or other securities laws and regulations (a "**Legal Opinion**"), (ii) charge the transferor, transferee or both an aggregate transfer fee equal to such amount as the corporation may reasonably determine in order to recoup its internal and external costs of processing such transfer as determined by the corporation's management), due and payable to the corporation prior to or upon effectiveness of such transfer, and/or (iii) require such transfer to be effected pursuant to a standard form of transfer agreement in such customary and reasonable form as may be determined by the corporation's management from time to time in its discretion.

(e) For purposes of this Section 5, the following definitions shall apply:

(i) Term "**Immediate Family**" means a Holder's spouse or Spousal Equivalent, the lineal descendant or antecedent, brother or sister, of such Holder or such Holder's spouse or Spousal Equivalent, or the spouse or Spousal Equivalent of any lineal descendant or antecedent, brother or sister of such Holder, or such Holder's spouse or Spousal Equivalent, whether or not any of the above are adopted.

(ii) A person is deemed to be a "**Spousal Equivalent**" of a Holder if either (A) the person is a registered domestic partner under applicable state law or (B) provided the following circumstances are true: (i) irrespective of whether or not the relevant person and the Spousal Equivalent are the same sex, they are the sole spousal equivalent of the other for the last twelve (12) months, (ii) they intend to remain so indefinitely, (iii) neither are

married to anyone else, (iv) both are at least 18 years of age and mentally competent to consent to contract, (v) they are not related by blood to a degree of closeness that which would prohibit legal marriage in the state in which they legally reside, (vi) they are jointly responsible for each other's common welfare and financial obligations, and (vii) they reside together in the same residence for the last twelve (12) months and intend to do so indefinitely.

5.2 Termination of Restriction; Legend; Waiver .

(a) The restrictions on transfer in Section 5.1 shall terminate upon the earlier to occur of (i) the consummation of the sale of the Company's common stock in a firm commitment, underwritten public offering registered under the Securities Act of 1933, as amended, on the New York Stock Exchange or NASDAQ, or (ii) a Liquidation Event (as such term is defined in the corporation's Certificate of Incorporation, as amended from time to time). Upon termination of such restrictions, a new certificate or certificates representing the Subject Shares not repurchased shall be issued, on request, without the legend referred to in subsection 5.2(b) below and delivered to each Holder.

(b) The certificates representing the Subject Shares shall bear on their face the following legend (as well as any legends required by applicable state and federal corporate and securities laws):

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

(c) The provisions of Section 5.1 may be waived, with respect to any transaction subject thereto, by the by the corporation upon resolutions duly approved by the Board; *provided, however*, that such restrictions shall continue to apply to the Subject Shares subsequent to such transaction.

5.3 Certificates . Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

Section 6. Record Date . In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholder or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or

to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 7. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII. GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the applicable provisions, if any, of the Certificate of Incorporation, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the Board of Directors shall think conducive to the interest of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 4. Seal. The Board of Directors may adopt a corporate seal having inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 5. Loans. The Board of Directors of this corporation may, without stockholder approval, authorize loans to, or guaranty obligations of, or otherwise assist, including, without limitation, the adoption of employee benefit plans under which loans and guarantees may be made, any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the Board of Directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of

Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation.

ARTICLE VIII. INDEMNIFICATION

Section 1. Scope. The corporation may, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as that Section may be amended and supplemented from time to time, indemnify any director, officer, employee or agent of the corporation, against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement and/or other matters referred to in or covered by that Section, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 2. Advancing Expenses. Expenses (including attorneys' fees) incurred by a present or former director or officer of the corporation in defending a civil, criminal, administrative or investigative action, suit or proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the corporation (or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized by relevant provisions of the General Corporation Law of the State of Delaware; provided, however, the corporation shall not be required to advance such expenses to a director (i) who commences any action, suit or proceeding as a plaintiff unless such advance is specifically approved by a majority of the Board of Directors, or (ii) who is a party to an action, suit or proceeding brought by the corporation and approved by a majority of the Board of Directors which alleges willful misappropriation of corporate assets by such director, disclosure of confidential information in violation of such director's fiduciary or contractual obligations to the corporation, or any other willful and deliberate breach in bad faith of such director's duty to the corporation or its stockholders.

Section 3. Liability Offset. The corporation's obligation to provide indemnification under this Article VIII shall be offset to the extent the indemnified party is indemnified by any other source including, but not limited to, any applicable insurance coverage under a policy maintained by the corporation, the indemnified party or any other person.

Section 4. Continuing Obligation. The provisions of this Article VIII shall be deemed to be a contract between the corporation and each director of the corporation who serves in such capacity at any time while this bylaw is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 5. Nonexclusive. The indemnification and advancement of expenses provided for in this Article VIII shall (i) not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) continue as to a person who has ceased to be a director and (iii) inure to the benefit of the heirs, executors and administrators of such a person.

Section 6. Other Persons. In addition to the indemnification rights of directors, officers, employees, or agents of the corporation, the Board of Directors in its discretion shall have the power on behalf of the corporation to indemnify any other person made a party to any action, suit or proceeding who the corporation may indemnify under Section 145 of the General Corporation Law of the State of Delaware.

Section 7. Definitions. The phrases and terms set forth in this Article VIII shall be given the same meaning as the identical terms and phrases are given in Section 145 of the General Corporation Law of the State of Delaware, as that Section may be amended and supplemented from time to time.

ARTICLE IX. AMENDMENTS

Except as otherwise provided in the Certificate of Incorporation, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the holders of a majority of the outstanding voting shares or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

CERTIFICATE OF SECRETARY OF
CASTLIGHT HEALTH, INC.

The undersigned certifies:

1. That the undersigned is the duly elected and acting Secretary of Castlight Health, Inc., a Delaware corporation (the “ **Corporation** ”);
and
2. That the foregoing Bylaws constitute the Bylaws of the Corporation as duly adopted by resolution of the Board of Directors of Castlight Health, Inc., as of July 26, 2012.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation as of this 24th day of September, 2012.

/s/ Giovanni Colella
Giovanni Colella
Secretary

CASTLIGHT HEALTH, INC.
AMENDED AND RESTATED
INVESTORS' RIGHTS AGREEMENT
APRIL 26, 2012

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CASTLIGHT HEALTH, INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**") is made as of the 26th day of April, 2012, by and among Castlight Health, Inc., a Delaware corporation (the "**Company**"), and the investors listed on Exhibit A hereto (the "**Investors**").

RECITALS

WHEREAS, the Company and certain of the Investors are parties to that certain Series D Preferred Stock Purchase Agreement dated as of April 26, 2012 (the "**Purchase Agreement**");

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce certain of the Investors to purchase shares of Series D Preferred Stock of the Company (the "**Series D Preferred Stock**") pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register certain shares of Common Stock issuable to the Investors and certain other matters as set forth herein; and

WHEREAS, the Company and certain of the Investors are parties to that certain Amended and Restated Investors' Rights Agreement dated as of June 7, 2010 (the "**Prior Agreement**"), and the undersigned satisfy the requirements set forth in Section 3.7 of the Prior Agreement for amendments thereto and desire to amend and restate the Prior Agreement in its entirety as set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below.

(a) The term "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(b) The term "**Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(c) The term "**Common Stock**" means the Company's common stock, par value \$0.0001 per share, including Class A common stock and Class B common stock.

(d) The term "**Fidelity**" means "Fidelity Management & Research Company and its investment advisory affiliates.

(e) The term “**Form S-3**” means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC (as defined below) that permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) The term “**Holder(s)**” means any Investor who holds Registrable Securities (as defined below) and any holder of Registrable Securities to whom the registration rights conferred by this Agreement have been assigned in accordance with Section 1.13 hereof. MSIM shall be considered a Holder so long as MSIM holds, on behalf of its Discretionary Accounts (as defined below), any Registrable Securities.

(g) The term “**Initial Offering**” means the initial underwritten public offering by the Company of shares of Common Stock registered under the Act.

(h) The term “**MSIM**” means Morgan Stanley Investment Management Inc. and its investment advisory affiliates. For purposes of this Agreement, the mutual funds, other pooled vehicles and client accounts on whose behalf MSIM, Fidelity, T. Rowe or Redmile exercises investment discretion (such funds, pooled vehicles and client accounts collectively, the “**Discretionary Accounts**”) shall be considered affiliates and affiliated entities of MSIM, Fidelity, T. Rowe or Redmile, respectively.

(i) The term “**Preferred Stock**” means the Company’s Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock.

(j) The term “**Public Offering**” means a firm commitment underwritten public offering by the Company of shares of Common Stock registered under the Act on the New York Stock Exchange or NASDAQ,

(k) The term “**Redmile**” means Redmile Group, LLC and its investment advisory affiliates.

(l) The terms “**register**,” “**registered**” and “**registration**” refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(m) The term “**Registrable Securities**” means: (i) any shares of Common Stock issuable or issued upon conversion of the Preferred Stock; and (ii) any shares of Common Stock issued as (or issuable upon the conversion, exchange or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange or upon exercise for, or in replacement of, such shares of Preferred Stock or Common Stock referenced in (i) above; excluding in all cases, however, (x) any Registrable Securities sold by a person in a transaction in which such person’s rights under this Section 1 are not assigned and (y) any shares of Common Stock issued upon special mandatory conversion of Preferred Stock pursuant to Section 5(g) of Article IV(C) (or any successor provision) of the Company’s then existing Amended and Restated Certificate of Incorporation (any shares of Common Stock described in (y), “**Special Mandatory Conversion Shares**”). Notwithstanding the foregoing,

securities shall only be treated as Registrable Securities if and for so long as they have not been (A) sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction, or (B) sold in a transaction exempt from the registration and prospectus delivery requirements of the Act under Section 4(1) thereof so that all transfer restrictions, and restrictive legends with respect thereto, if any, are removed upon the consummation of such sale.

(n) The number of shares of “ **Registrable Securities then outstanding** ” means the number of shares of Common Stock that are Registrable Securities and (i) are then issued and outstanding or (ii) are then issuable pursuant to the exercise, exchange or conversion of then outstanding and then exercisable, exchangeable or convertible shares of Preferred Stock, options, warrants or other convertible securities.

(o) The term “ **Restated Certificate** ” means the Company’s Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on or about the date hereof.

(p) The term “ **SEC** ” means the Securities and Exchange Commission.

(q) The term “ **T. Rowe** ” means T. Rowe Price Associates, Inc. and its investment advisory affiliates.

1.2 Request for Registration .

(a) If the Company shall receive, at any time subsequent to one hundred eighty (180) days following the completion of the Initial Offering, a written request from the Holders of at least a majority of the Registrable Securities then outstanding (the “ **Initiating Holders** ”) that the Company file a registration statement under the Act covering the registration of Registrable Securities which would yield an aggregate offering price to the public of at least \$10,000,000, then the Company shall:

(i) within twenty (20) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) subject to the limitations set forth in Section 1.2(b), use its commercially reasonable best efforts to effect, as soon as practicable, the registration under the Act of all Registrable Securities that the Holders request to be registered, including any Registrable Securities specified in a written notice delivered by any Holder, other than the Initiating Holders, to the Company within twenty (20) days after receipt by such Holder of the Company’s notice referred to in Section 1.2(a)(i) above.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 1.2(a) and the Company shall include such information in the written notice referred to in Section 1.2(a)(i). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder’s Registrable Securities in such registration shall be conditioned upon such Holder’s participation

in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall (together with the Company as provided in Section 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Company and the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; provided, however, that the number of shares of Registrable Securities held by Holders to be included in such underwriting shall not be reduced unless all securities other than Registrable Securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Company shall furnish to the Initiating Holders a certificate signed by an officer of the Company stating that in the good faith judgment of the Board of Directors of the Company (the "**Board**"), it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed because such action would (i) materially interfere with a significant acquisition, corporate reorganization or other similar transaction involving the Company, (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential information, or (iii) render the Company unable to comply with requirements of the 1934 Act, the Company shall have the right to defer taking action with respect to such filing for a period not to exceed one hundred twenty (120) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided, further, that the Company shall not register any securities for the account of itself or any other stockholder during such one hundred twenty (120) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under SEC Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered).

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2 :

(i) after the Company has effected two (2) registrations pursuant to this Section 1.2 and such registrations have been declared or ordered effective;

(ii) during the period starting with the date ninety (90) days prior to the Company's good faith estimate of the date of filing, and ending on a date one hundred and eighty (180) days after the effective date, of any other registration by the Company under the Act (other than a registration relating solely to the sale of securities of participants in a

Company stock plan, a registration relating to a corporate reorganization or transaction under SEC Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), provided that the Company is actively employing, in good faith, reasonable efforts to cause such registration statement to become effective and the Company delivers notice of such intent to the Initiating Holders within thirty (30) days of the registration request; or

(iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 1.12 below.

1.3 Company Registration. If (but without any obligation to do so) the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its capital stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under SEC Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. The Company shall, subject to the provisions of Section 1.8, use its commercially reasonable best efforts to cause to be registered under the Act all of the Registrable Securities that any Holder requests to be registered pursuant to a written notice delivered to the Company within twenty (20) days after mailing of the notice referred to above in this Section 1.3 by the Company in accordance with Section 3.6.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities); and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, such one hundred twenty (120) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold or become eligible for sale under Rule 144, as such may be amended from time to time, promulgated by the SEC pursuant to the Act (“**Rule 144**”) by the applicable Holders without notice or restriction

(including, without limitation, any restriction relating to the availability of current public information about the Company and any volume restrictions), provided that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis; provided, further, that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment that (x) includes any prospectus required by Section 10(a)(3) of the Act or (y) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (x) and (y) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request to facilitate the disposition of Registrable Securities owned by them.

(d) Use its commercially reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, except as may be required by the Act.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) In the event any Holder registering Registrable Securities hereunder notifies the Company in writing that such Holder and its counsel have reasonably determined that such Holder may be deemed, under applicable law, an underwriter or controlling person of the Company in relation to the applicable registration and such determination does not require the Company to effect such registration on a form under the Act other than the form otherwise applicable hereunder in relation to such registration, allow such Holder to participate in the preparation of the applicable registration statement and include in such registration

statement any information such Holder reasonably requests in writing be included in such registration statement; provided, however, that (i) the Registrable Securities of such Holder be excluded from the applicable registration if the holders of at least a majority of the Registrable Securities to be registered in such registration or the underwriters, if applicable, so request in writing; (ii) such included information shall be deemed “furnished by such Holder expressly for use in connection with such registration” as such phrase, or equivalent language thereof, is used in the indemnification provisions set forth in Section 1.10 hereof in relation to such Holder; (iii) solely in relation to losses, claims, damages or liabilities to be indemnified by such Holder pursuant to Section 1.10 hereof, the term “Violation” shall include any losses, claims, damages or liabilities arising out of such Holder being deemed an underwriter or controlling person or any investigation, defense, proceeding, litigation or settlement in relation thereto; (iv) such Holder shall be solely responsible for all expenses and fees of such registration incurred as a result of this Section 1.4(g) which would not otherwise have been incurred in relation to such registration; and (v) such Holder shall enter, and be bound by, any underwriting or other agreement, including provisions usual and customary for the situation described in this Section 1.4(g), which the Company, any underwriter or any other Holder registering Registrable Securities in such registration shall reasonably request such Holder enter.

(h) Cause all such Registrable Securities registered hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(i) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(j) Furnish, at the request of a majority in interest of the Holders requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

1.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder’s Registrable Securities.

1.6 Expenses of Demand Registration. All expenses (other than underwriting discounts and commissions, blue sky fees and stock transfer taxes) incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including, without limitation, all registration, filing and qualification fees, printers’ and accounting fees, fees and

disbursements of counsel for the Company and the reasonable fees and expenses of one special counsel for the selling stockholders (not to exceed \$25,000) shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of at least a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2 (except in the event that, at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall not be deemed to have exercised their demand rights pursuant to Section 1.2).

1.7 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder (which right may be assigned as provided in Section 1.13), including, without limitation, all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and expenses of one special counsel for the selling stockholders (not to exceed \$25,000), but excluding underwriting discounts and commissions, blue sky fees and stock transfer taxes.

1.8 Underwriting Requirements. If a registration statement for which the Company gives notice pursuant to Section 1.3 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any Holder's Registrable Securities to be included in a registration pursuant to Section 1.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares (including Registrable Securities) from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated first, to the Company, and second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based upon the total number of Registrable Securities then held by each such Holder; provided, however, that no exclusion of such Holders' Registrable Securities shall be made unless all securities of all stockholders that are not Holders are first excluded; provided, further, that in any underwriting that is not in connection with an Initial Offering, the number of shares of Registrable Securities included in such underwriting shall not be reduced below twenty five (25%) percent of the total number of securities included in such underwriting. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least twenty (20) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be

excluded and withdrawn from the registration. For any Holder that is an institutional fund, private equity fund, hedge fund, venture capital fund, mutual fund, partnership or corporation, the affiliated funds, other pooled vehicles and discretionary client accounts, any fund which is controlled by or under common control with one or more general partners of such Holder, any fund that is managed and governed by the same management company as such Holder, any fund that controls such Holder or any fund or, in the case of MSIM, Fidelity, T. Rowe or Redmile, any Discretionary Account that is controlled by, under common control with, managed or advised by the same management company or registered investment advisor (or an affiliate of such management company or registered investment advisor) as such Holder, and the partners, retired partners, members, former members and stockholders of such Holder, or the estates and family members of any such partners, retired partners, members, former members or stockholders, and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, the partners, members, officers, directors and stockholders of each selling Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively, a "**Violation**"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any document incorporated by reference therein, any preliminary prospectus or final prospectus contained therein or any issuer free writing prospectus, offering circular or other document filed or made available in connection therewith or any amendments or supplements thereto; (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act, the 1934 Act or any state securities law; and the Company will promptly pay to each such Holder, underwriter, controlling person or other aforementioned person any legal or other expenses (including, without limitation, any settlement of litigation) reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred (provided that such person shall promptly reimburse the Company for any such expenses paid by the Company to such person in the event it is finally determined by a court of competent jurisdiction that the provisions of this Section 1.10(a) do not apply to the applicable losses, claims, damages or

liabilities); provided, however, that the indemnity agreement contained in this Section 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld, delayed or conditioned), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation that occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act or 1934 Act, any underwriter (as defined in the Act), any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will promptly pay any legal or other expenses (including, without limitation, any settlement of litigation) reasonably incurred by any person intended to be indemnified pursuant to this Section 1.10(b) in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred (provided that such person shall promptly reimburse such Holder for any such expenses paid by the Holder to such person in the event it is finally determined by a court of competent jurisdiction that the provisions of this Section 1.10(b) do not apply to the applicable losses, claims, damages or liabilities); provided, however, that the indemnity agreement contained in this Section 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such Holder, which consent shall not be unreasonably withheld, conditioned or delayed; provided, further, that in no event shall any indemnity by any Holder under this Section 1.10(b) exceed the net proceeds from the offering received by such Holder, except in the case of fraud by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the

indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10. Each indemnified party shall furnish such information regarding itself or the claim in question as any indemnifying party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations; provided, however, that no contribution by any Holder, when combined with any amounts paid by such Holder pursuant to Section 1.10(b), shall exceed the net proceeds from the offering received by such Holder, except in the case of fraud by such Holder, and the Holders shall be severally, and not jointly, liable under this Section 1.10(d). The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Subject to Section 1.10(e) hereof, the obligations of the Company and Holders under this Section 1.10 shall survive (i) the completion of any offering of Registrable Securities pursuant to a registration statement filed by the Company under this Section 1, and (ii) in relation to any registration in which any Holder includes Registrable Securities pursuant to this Section 1, the termination of this Agreement.

1.11 Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents filed under the 1934 Act by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to such form.

1.12 Form S-3 Registration .

(a) If the Company shall receive from any Holders a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(i) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(ii) use its commercially reasonable best efforts to effect, as soon as practicable, such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request delivered by such Holder to the Company within fifteen (15) days after receipt of such written notice from the Company referred to in (i) above; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.12: (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than \$1,000,000; (iii) if the Company shall furnish to the Holders a certificate signed by an officer of the Company stating that, in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, the Company shall have the right to defer the filing of the Form S-3 registration statement for a period not to exceed one hundred twenty (120) days after receipt by the Company of the request of the Holder or Holders under this Section 1.12, provided that the Company shall not utilize this right more than once in

any twelve (12) month period and shall not register any securities for the account of itself or any other stockholder during such one hundred twenty (120) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under SEC Rule 145 of the Act, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered); (iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected one (1) registration pursuant to this Section 1.12; or (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(b) If the Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 1.12 and the Company shall include such information in the written notice referred to in Section 1.12(a)(i). The provisions of Section 1.2(b) shall be applicable to such registration and underwritten offering (with the substitution of Section 1.12 for references to Section 1.2).

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders made pursuant to this Section 1.12. All expenses incurred in connection with all registrations requested pursuant to Section 1.12, including, without limitation, all registration, filing, qualification, printers' and accounting fees and the reasonable fees and disbursements of one special counsel for the selling stockholders (not to exceed \$25,000), but excluding any underwriters' discounts or commissions, blue sky fees and stock transfer taxes, shall be borne by the Company. Registrations effected pursuant to this Section 1.12 shall not be counted as registrations effected pursuant to Section 1.2 or 1.3.

1.13 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities, provided that (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including, without limitation, the provisions of Section 1.15 below; (c) the transfer involves a transfer of at least 1,000,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) of Registrable Securities (provided, however, that transfers or assignments shall be without restriction as to the minimum number of shares to be transferred (i) to affiliated venture funds, mutual funds, any fund which is controlled by or under common control with one or more general partners of such Holder, any fund that is managed and governed by the same management company as such Holder, any fund that controls such Holder or any fund or, in the case of MSIM, Fidelity, T. Rowe or Redmile, any Discretionary Account that is controlled by, under common control with, managed or advised by

the same management company or registered investment advisor (or an affiliate of such management company or registered investment advisor) as such Holder, (ii) to partners, limited partners, retired partners, stockholders, members or retired members, parents, children, spouses, trusts, affiliates or majority-owned subsidiaries of a Holder, (iii) between Discretionary Accounts; (iv) between U.S. registered mutual funds pursuant to mergers or reorganizations; or (v) to any successor trustee of The Wellcome Trust, any entity established as the successor of The Wellcome Trust or any entity controlled by The Wellcome Trust or any permitted assignee of The Wellcome Trust hereunder); and (d) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2, 1.3 or 1.12 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such holder's securities will not reduce the amount of the Registrable Securities of the Holders that is included, or (b) to make a demand registration.

1.15 "Market Stand-Off" Agreement. Each Investor hereby agrees (and the Company shall use commercially reasonable efforts to ensure that any underwriter complies with this Section 1.15) that, for one hundred eighty (180) days (or such longer period as described below) following the effective date of the registration statement of the Company filed under the Act in connection with the Initial Offering, it shall not directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held immediately prior to the commencement of such period, except shares of Common Stock included in such registration; provided, however, that:

(a) all executive officers and directors of the Company and holders of at least 1% of the outstanding capital stock of the Company enter into similar agreements;

(b) such market stand-off time period shall not exceed one hundred eighty (180) days (or such other period, not to exceed thirty (30) days after the expiration of the market stand-off period, as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, without limitation, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto); and

(c) if there is any release from market stand-off restrictions of any Investor's shares subject to such restrictions, at any time during the market stand-off time period, then each other Investor may sell, transfer or otherwise dispose of an equal percentage of such Investor's shares originally subject to the market stand-off restrictions; provided, however,

that this Section 1.15(c) shall not apply to releases not exceeding 50,000 shares (as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like) in the aggregate during the market stand-off time period with respect to any single Investor (for purposes of this Section 1.15(c), an Investor does not include any partners, members, affiliates and affiliated funds of an Investor).

Each Investor hereby agrees that it will enter into the underwriter's standard lock-up agreement containing restrictions similar to those set forth in this Section 1.15, provided that such lock-up agreement shall not apply to any securities included in the Initial Offering or purchased by an Investor in the Initial Offering or on the open market following the Initial Offering. In addition, in order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to all securities held by each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

1.16 Termination of Registration Rights. No Holder shall be entitled to exercise any right provided for in this Section 1 after the earlier of (a) three (3) years following the consummation of the Initial Offering; and (b) as to any Holder, such time as (i) the Company has completed its Initial Offering, and (ii) all Registrable Securities held by such Holder (together with any affiliates of such Holder with whom such Holder must aggregate its sales under Rule 144) can be sold in any three (3) month period without registration under Rule 144; provided, however, notwithstanding the foregoing, no Holder shall be entitled to exercise any right provided for in this Section 1 with respect to any Special Mandatory Conversion Shares.

2. Covenants of the Company.

2.1 Delivery of Financial Statements.

(a) The Company shall deliver to each Investor, for so long as such Investor, together with its affiliates, holds at least 1,700,000 shares of Preferred Stock, as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like (each such Investor, a "**Major Investor**") (provided that, notwithstanding anything to the contrary in the foregoing, for so long as The Cleveland Clinic Foundation (the "**Cleveland Clinic**"), together with its affiliates, holds at least 480,000 shares of Preferred Stock, as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like, the Cleveland Clinic shall be deemed a Major Investor hereunder; (ii) for so long as any Investor acquiring Series D Preferred Stock pursuant to the Purchase Agreement (a "**Series D Investor**"), together with its affiliates, holds at least 100,000 shares of Preferred Stock, as adjusted for any stock dividends, combinations, reclassifications, recapitalizations, stock splits, reverse stock splits and the like, such Investor shall be deemed a Major Investor solely for purposes of this Section 2.1 and Section 2.2 hereunder, and (iii) for the avoidance of doubt, Section 3.10 hereof shall apply in determining the rights of any Stockholder under this Agreement, including, without limitation, this Section 2):

(i) (x) within 120 days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company as of the end of such year, a statement of stockholder's equity as of the end of such year and a

statement of cash flows for such fiscal year, such year-end financial reports to be unaudited, in reasonable detail and prepared in accordance with United States generally accepted accounting principles (“**GAAP**”) consistently applied (collectively, “**Annual Financial Statements**”), and (y) as soon as practicable after the end of each fiscal year of the Company, Annual Financial Statements that are audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(ii) as soon as practicable, but in any case within forty-five (45) days, after the end of each fiscal quarter, an unaudited income statement, balance sheet and statement of cash flows for and as of the end of such quarter, such unaudited financial statements to be in reasonable detail; and

(iii) as soon as practicable prior to the end of each fiscal year of the Company, a budget and business plan for the next fiscal year.

(b) In the event the accounts of any subsidiary of the Company are consolidated with the accounts of the Company during any applicable period, any financial statements delivered in respect of such period pursuant to this Section 2.1 shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

2.2 Inspection and Audit Rights.

(a) The Company shall permit each Major Investor, at such Major Investor’s expense and upon reasonable notice from such Major Investor, to visit and inspect the Company’s properties, to examine its minutes, books of account and records and to discuss the Company’s affairs, finances and accounts with its officers, all at such reasonable times as may be requested by such Major Investor; provided, however, that the Company shall not be obligated under this Section 2.2 to provide information that it deems in good faith to be a trade secret or similar confidential or proprietary information.

(b) The Company shall reasonably promptly and accurately respond, and (to the extent applicable) shall use its commercially reasonable efforts to cause its transfer agent to promptly respond, to requests for information made on behalf of any Major Investor affiliated with T. Rowe Price Associates, Inc. or Fidelity with respect to (a) accounting or securities law matters required in connection with the Company’s annual audit or (b) the actual holdings of the T. Rowe or Fidelity accounts, including in relation to the total outstanding shares of the Company’s capital stock; provided however, that the Company shall not be obligated to provide any such information that could reasonably result in a violation of applicable law or, to the extent applicable, conflict with the Company’s insider trading policy or any confidentiality obligations of the Company. The foregoing rights shall expire when no Major Investor advised by T. Rowe or Fidelity, as applicable, holds any securities of the Company that are restricted under the Act.

2.3 Right of First Offer.

(a) Subject to the terms and conditions specified in this Section 2.3, the Company hereby grants to each Investor, for so long as such Investor (together with its

affiliates) holds shares of Preferred Stock (a “**Preferred Investor**”), a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Agreement, “**affiliate**” includes (i) any fund which is controlled by or under common control with one or more general partners of such Preferred Investor, any fund that is managed and governed by the same management company as such Preferred Investor, any fund that controls such Preferred Investor or any fund or, in the case of MSIM, Fidelity, T. Rowe or Redmile, any Discretionary Account that is controlled by, under common control with, managed or advised by the same management company or registered investment advisor (or an affiliate of such management company or registered investment advisor) as such Preferred Investor, (ii) any partners, retired partners, members, former members, affiliates and affiliated funds of such Preferred Investor, (iii) any Discretionary Account or (iv) any entity controlled by The Wellcome Trust or any permitted assignee of The Wellcome Trust hereunder. A Preferred Investor shall be entitled to apportion the right of first offer hereby granted to it under this Section 2.3 among itself and its affiliates in such proportions as it deems appropriate.

(b) Each time the Company proposes to offer any shares of, or securities convertible into or exercisable or exchangeable for any shares of, any class of its capital stock (“**Shares**”), the Company shall first make an offering of such Shares to each Preferred Investor in accordance with the following provisions.

(i) The Company shall deliver a written notice (the “**Notice**”) to the Preferred Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(ii) Within twenty (20) days after delivery by the Company of the Notice, each Preferred Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Notice, up to such Preferred Investor’s Pro Rata Share (as defined below) of such Shares.

(iii) The “**Pro Rata Share**” shall be a fraction, the numerator of which shall be the number of shares of Preferred Stock (on an as-converted basis) then held by the Preferred Investor immediately prior to the offering of such Shares, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the offering of such Shares (assuming full conversion and exercise of all outstanding convertible and exercisable securities and including shares of Common Stock reserved for issuance but not yet issued under stock option or other equity compensation plans or agreements on terms approved by the Board).

(iv) Upon the expiration of such twenty (20) day period, the Company shall promptly, in writing, inform each Preferred Investor that elects to purchase all the Shares available to it under this Section 2.3 (each, a “**Fully-Exercising Investor**”) of any other Preferred Investor’s failure to do likewise. Within the ten (10)-day period commencing after receipt of such information, each Fully-Exercising Investor may elect to purchase or otherwise acquire that portion of the Shares for which Preferred Investors were entitled to subscribe but which were not subscribed for by the Preferred Investors that is equal to the proportion that the number of shares of Preferred Stock (on an as-converted basis) then held by

such Fully-Exercising Investor bears to the total number of shares of Preferred Stock (on an as-converted basis) then held by all Fully-Exercising Investors who wish to purchase or otherwise acquire any of the unsubscribed shares.

(c) If all Shares that Preferred Investors are entitled to purchase or otherwise acquire pursuant to Section 2.3(b) are not elected to be purchased or otherwise acquired as provided in Section 2.3(b) hereof, the Company may, during the ninety (90) day period following the expiration of the ten (10) day period provided in Section 2.3(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such ninety (90) day period, or if such agreement is not consummated within ninety (90) days of the execution of such agreement, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Preferred Investors in accordance herewith.

(d) The right of first offer in this Section 2.3 shall not be applicable (i) to the issuance of securities pursuant to the conversion, exchange or exercise of convertible, exchangeable or exercisable securities outstanding immediately following the date of this Agreement, provided that any such issuance is pursuant to the terms of such convertible, exchangeable or exercisable securities; (ii) to the issuance or sale of shares of Series D Preferred Stock pursuant to the Purchase Agreement; (iii) to the issuance of Common Stock (or options therefor) to directors, officers, employees, consultants, advisors or contractors of the Company pursuant to stock option or other equity compensation plans or agreements on terms approved by the Board; (iv) to the issuance of securities in connection with equipment lease financings, bank credit arrangements, real estate leases or similar transactions entered into primarily for non-equity financing purposes approved by the Board; (v) to the issuance of securities as a dividend or distribution on the Preferred Stock; (vi) to the issuance of securities in connection with a partnering or licensing transaction or a bona fide acquisition of a business or any assets or properties or technology of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, pursuant to agreements approved by the Board; (vii) to the issuance of securities pursuant to, or after the consummation of, a bona fide underwritten public offering of shares of Common Stock, registered under the Act pursuant to a registration statement or upon the exercise of warrants or rights granted to underwriters in connection with such offering; or (viii) to the issuance of securities in connection with a stock split, subdivision or similar transaction.

(e) The right of first offer set forth in this Section 2.3 may not be assigned or transferred, except that such right is assignable (i) by each Preferred Investor to any wholly owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Preferred Investor; (ii) between and among any of the Preferred Investors; (iii) by a Preferred Investor that is an institutional fund, private equity fund, hedge fund, mutual fund or venture capital fund to any affiliated fund or partner, retired partner, member or former member of such fund, any fund which is controlled by or under common control with one or more general partners of such Preferred Investor, any fund that is managed and governed by the same management company as such Preferred Investor, any fund that controls such Preferred Investor or any fund or, in the case

of MSIM, Fidelity, T. Rowe or Redmile, any Discretionary Account that is controlled by, under common control with, managed or advised by the same management company or registered investment advisor (or an affiliate of such management company or registered investment advisor) as such Preferred Investor; (iv) between Discretionary Accounts; or (v) to any successor trustee of The Wellcome Trust, any entity established as the successor of The Wellcome Trust or any entity controlled by The Wellcome Trust or any permitted assignee of The Wellcome Trust hereunder.

2.4 Reimbursement of Director Expenses. The Company shall reimburse reasonable, documented travel and other customary out-of-pocket expenses incurred by directors of the Company in connection with their service on the Board (and only for the Company's portion of such expenses in the event such expenses are allocable to other business matters of a director of the Company), including attendance at Board meetings (or committees thereof) and other meetings or events on behalf of the Company.

2.5 Director and Officer Insurance. To the extent available on commercially reasonable terms, the Company (i) shall obtain and maintain customary directors' and officers' liability insurance, with coverage amounts to be determined by the Board (including the directors elected by the holders of Preferred Stock) and (ii) shall not cancel any such insurance without the prior approval of the Board (including the directors elected by the holders of Preferred Stock).

2.6 Proprietary Information and Inventions Agreements. All employees and consultants of the Company shall, as a condition to the commencement and continuation of their employment with the Company or rendering of services to the Company, respectively, execute the Company's standard form proprietary information and inventions agreements for employees and consultants, or an agreement containing substantially similar terms, providing for the protection of the Company's proprietary or confidential information and the assignment of intellectual property rights to the Company.

2.7 Stock Issuances. Unless otherwise approved by the Board (or any duly authorized committee thereof), all stock, stock options and other stock equivalents (each, an "*Option*" and together, the "*Options*") issued on or after the date of this Agreement shall be subject to vesting as follows:

(a) to employees of the Company: (i) twenty percent (20%) of such Options shall vest at the end of the first year following the earlier of the date of issuance thereof or such person's services commencement date with the Company, provided that such person continues in the service of the Company (the date on which such 20% shall vest, the "*Cliff Date*"), (ii) twenty percent (20%) of such Options shall vest over the next year in equal increments on a monthly basis upon the completion of each month of service measured from the Cliff Date, and (iii) the remaining sixty percent (60%) of such Options shall vest over the remaining two (2) years in equal increments on a monthly basis upon the completion of each month of service thereafter; and

(b) to consultants, advisors and directors of the Company: twenty five percent (25%) of such Options shall vest at the end of each of four years following

the earlier of the date of issuance thereof or such person's services commencement date with the Company, in each case provided that such person continues in the service of the Company.

With respect to clauses (a) and (b) above, upon such person's termination of employment or service with the Company, the Company shall have the right to repurchase at the lesser of cost or fair market value any unvested shares of stock held by such person.

2.8 Severance. The Company shall not, without the prior approval of the Board (including the directors elected by the holders of Preferred Stock), provide any cash severance payment in connection with the termination of services for the Company by directors, officers, employees, consultants and other service providers.

2.9 Certificated Shares. Company shall issue stock certificates for Preferred Stock and Common Stock (upon conversion as applicable) to Holders affiliated with T. Rowe Price Associates, Inc. or Fidelity in physical certificated form, until such time as the Registrable Securities become eligible for sale under Rule 144 by the applicable Holders without notice or restrictions (including, without limitation, any restriction relating to the availability of current public information and volume restrictions).

2.10 Termination of Covenants. The covenants of the Company set forth in this Section 2 (other than (x) Section 2.2(b) with respect to clauses (i), (ii), (iii) or (v) of this Section 2.10 and (y) Section 2.9) shall terminate and be of no further force or effect (i) upon a Public Offering, (ii) upon a Liquidation Event (as such term is defined in the Company's then existing Amended and Restated Certificate of Incorporation), unless the treatment of such occurrence as a Liquidation Event under such Amended and Restated Certificate of Incorporation is waived pursuant to the terms of such Amended and Restated Certificate of Incorporation, (iii) when the Company first reports pursuant to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act; (iv) upon mutual agreement of such parties as would be required to amend this Agreement pursuant to Section 3.7 hereof, whichever event shall first occur; or at such time as the Company is required to report on Form 10 under the 1934 Act

3. Miscellaneous.

3.1 Confidentiality, Publicity, and Certain Acknowledgements.

(a) The Company shall not, without the consent of the Investors holding in the aggregate at least a majority of outstanding shares of Preferred Stock (calculated on an as-converted basis), publicize or disclose to any other entity or person the existence and terms of any Related Agreement (as such term is defined in the Purchase Agreement), related discussions and negotiations, and the financing contemplated by the Purchase Agreement; provided, however, the Company may disclose such information (i) to the Company's directors, officers, employees, agents, affiliates, counsel, accountants or other professional advisors, each of whom agrees to hold in confidence and trust such information or owes a duty of confidentiality to the Company, in order to allow the Company to comply with its obligations and arrangements under the Related Agreements, and (ii) pursuant to federal or state securities laws or as otherwise required by law. Such consent need only be obtained once

initially with respect to reusable, boilerplate statements, such as those used in press releases and other promotional materials, in substantially the form in which it was approved. Notwithstanding anything to the contrary herein, each of the Company and the Investors acknowledges and consents that (a) each of athenahealth, Inc., a Delaware corporation (“*athenahealth*”), and MSIM may disclose the existence and basic financial terms of its investment in the Company to the extent required by applicable securities laws; and (b) MSIM may disclose the existence and basic financial terms of its investment in the Company, and applicable terms of the Related Agreements, to any Discretionary Account client on whose behalf MSIM exercises investment discretion in relation to any shares of capital stock of the Company, provided that such person agrees to hold in confidence and trust such information or owes a duty of confidentiality to MSIM, in order to allow MSIM to comply with its obligations and arrangements under the Related Agreements.

(b) Each of athenahealth and the Company hereby acknowledges and consents, represents, and warrants to the following:

(i) Todd Park and Ann H. Lamont have each served as a member of the board of directors of, and has held or holds securities in, each of athenahealth and the Company and may from time to time provide advisory or other services to the Company; and

(ii) As of the date hereof, to the best knowledge of athenahealth and the Company, (A) notwithstanding the fact that each of Todd Park, Annie Lamont and Anshul Amar possess Confidential Information (as defined below) of each of athenahealth and the Company, none have violated their respective obligations with respect to such Confidential Information, athenahealth does not possess any Confidential Information of the Company, and the Company does not possess any Confidential Information of athenahealth; (B) athenahealth has not infringed, misappropriated or otherwise violated the Intellectual Property (as such term is defined in the Purchase Agreement) of the Company, and the Company has not infringed, misappropriated or otherwise violated the Intellectual Property of athenahealth; and (C) none of athenahealth’s employees, consultants, or agents has violated any of her, his or its obligations to athenahealth by providing, agreeing to provide, or soliciting others to provide services to the Company and none of the Company’s employees, consultants, or agents has violated her, his or its obligations to the Company by providing, agreeing to provide, or soliciting others to provide services to the Company.

(c) Subject to Section 3.1(e), no Investor shall use Confidential Information of the Company for its own use or for any purpose except to evaluate and enforce its equity investment in the Company. Each Investor shall undertake to treat any Confidential Information of the Company in a manner consistent with the treatment of its own information of such proprietary nature and agrees that it shall protect the confidentiality of, and use reasonable best efforts to prevent disclosure of, such Confidential Information to prevent it from falling into the public domain or the possession of unauthorized persons as provided for in this Section 3.1. Each transferee of any Investor who receives Confidential Information of the Company shall be bound by the provisions of this Section 3.1; provided, however, that no Investor party to this Agreement that transfers all of its shares of capital stock of the Company to such transferee in compliance with the provisions of the Purchase Agreement, this Agreement and the other

Related Agreements shall be subject to any liability arising from any breach of Section 3.1 of this Agreement by such transferee.

(d) Subject to applicable securities laws, written contractual obligations and fiduciary obligations, if any, the Company and each of the Investors acknowledge and consent that the obligation of any Investor to refrain from using or disclosing Confidential Information as provided in this Section 3.1 shall not prohibit any such Investor from disclosing such Confidential Information: (i) to members of such Investor's investment committee, partners, employees, investment advisers, attorneys, accountants, consultants and other professionals (and those of its affiliates) to the extent necessary to obtain their services in connection with its or its affiliates' internal investment analyses, provided that such persons agree to hold such information confidential as provided herein; (ii) to any prospective purchaser of any shares of the Company owned by such Investor or any of its respective affiliates, provided that prior to any such disclosure such Investor shall obtain the prior written consent of the Company, not to be unreasonably withheld, to make such disclosure and that any such prospective purchaser agrees in writing to be bound by the confidentiality provisions as provided in this Section 3.1; (iii) to any general partner, member, subsidiary or other affiliate of such Investor or other entity which acts as an investment adviser for such Investor or its affiliates (and their respective representatives), or, in the case of MSIM, Fidelity, T. Rowe or Redmile, any Discretionary Account client, as long as (A) such general partner, member, subsidiary, person or other affiliate or entity agrees to comply with this Section 3.1; (B) such Investor uses its reasonable efforts to ensure that such general partner, member, subsidiary or other affiliate or entity holds such information in confidence and trust and will not disclose any information provided to or learned by it except as required by law; and (C) such Investor shall be responsible for any disclosure of the Company's Confidential Information in violation of this Agreement by such general partner, member, subsidiary or other affiliate or entity; or (iv) as required by applicable law or regulation, regulatory body, stock exchange, court or administrative order, or any listing or trading agreement concerning such Investor, any of its affiliates or the Company, provided that (A) prior to any such disclosure such Investor will, where permitted by law, provide written notice to the Company that provides the Company a reasonable opportunity to seek a protective order or other appropriate legal relief, and (B) such Investor makes a reasonable effort to cooperate with the Company's efforts to seek a protective order or similar appropriate relief. Furthermore, nothing in this Section 3.1 shall restrict such Investor's ability to disclose the existence or basic nature of its relationship with the Company, the basic nature or amount of such Investor's or its affiliates' investment in securities of the Company or to provide its affiliates with quarterly, annual or other reports and such other information about the Company prepared by such Investor in the ordinary course of its business, provided that such Investor takes reasonable measures to ensure that any such affiliates protect the Company's Confidential Information as provided for herein. Each Investor shall be severally and not jointly responsible (except that affiliated investors shall be jointly responsible) for any disclosure of the Company's Confidential Information in violation of this Agreement by any of the persons or entities to whom such Investor discloses such Confidential Information.

(e) The Company and each of the Investors acknowledges and consents that:

(i) at least some of the Investors, including affiliated entities which act as investment advisors for such Investors or affiliates of such Investors, regularly engage in venture capital investing (each such Investor, a “ **VC Investor** ”) and review the business plans and related proprietary information of many enterprises, including, without limitation, enterprises which may have products or services which compete directly or indirectly with those of the Company;

(ii) each VC Investor is or may be engaged in the investment management business and that each such VC Investor may, subject to applicable securities laws, written contractual obligations and fiduciary obligations, if any, use information provided as a result of its investment in the Company in connection with its evaluation of actual or proposed investment positions as well as the purchase or sale of securities on behalf of itself, any affiliate or any investment fund or other investor advised by it or by its respective affiliates, provided that it will maintain such information in strict confidence and will not disclose such information except as in accordance with the terms of this Section 3.1;

(iii) provided that a VC Investor has not disclosed the Company’s Confidential Information in contravention of the terms of this Section 3.1, the investment of such VC Investor or any of its affiliates in the Company shall not, except as limited by applicable securities laws, written contractual obligations and fiduciary obligations, if any, in any way limit the activities, current or future, of such VC Investor, any affiliate or any investment fund or other investor advised by it or by their respective affiliates, regardless of whether such activities or those of any entity in which any such person may invest are competitive, or become competitive, with the Company, and neither the Company nor any stockholder of the Company shall be entitled, solely because of such investment, to (A) any interest in such other activities or investments, (B) claim for injunctive relief or damages in respect of such other activities or investments, or (C) prohibit any person from proceeding with such activities or investments;

(iv) provided that a VC Investor has not disclosed the Company’s Confidential Information in contravention of the terms of this Section 3.1, such VC Investor shall not, except as limited by applicable securities laws, written contractual obligations and fiduciary obligations, if any, be liable to the Company or to any holder of capital stock of the Company for any claim arising out of or based upon any actions taken by any affiliate, officer or other representative of such VC Investor to assist any such competitive company, whether or not such action was taken as a board member of such competitive company or otherwise and whether or not such action has a detrimental effect on the Company (notwithstanding anything to the contrary herein, to the extent that a designee of such VC Investor acts as a member of the Board or any committee thereof, nothing herein shall be deemed to limit such individual’s obligations with respect to fiduciary duties to the Company or its interest holders arising from such participation as a director of the Company);

(v) athenahealth may from time to time invest in, acquire or otherwise participate in enterprises which offer, or athenahealth may develop internally, products or services that compete directly or indirectly with those of the Company;

(vi) MSIM may from time to time invest in companies that compete directly or indirectly with the Company; and

(vii) the Company may from time to time invest in, acquire, or otherwise participate in enterprises which offer, or the Company may develop internally, products or services that compete directly or indirectly with those of athenahealth or enterprises advised by or receiving investments from any of the Investors (for purposes of clarity, nothing in this Agreement shall preclude or in any way restrict the Company from investing in, acquiring or otherwise participating in any particular enterprise, whether or not such enterprise has products or services which compete with those of the Investor or its advisees or investments, or from developing internally any such product or service), provided that nothing in this Agreement shall be construed as a waiver by athenahealth of its rights to its Intellectual Property or its Confidential Information.

(f) “ **Confidential Information** ” means any proprietary information that is disclosed by one party (“ **Disclosing Party** ”) to the other party (“ **Receiving Party** ”) which relates to the Disclosing Party’s business (including, without limitation, business plans, financial data, customer information and marketing plans), technology (including, without limitation, technical drawings, designs, schematics, algorithms, code, technical data, product plans, research plans, software, web design or architecture and the like), products, services, trade secrets, know-how, formulas, processes, ideas and inventions (whether or not patentable) and which should be reasonably understood by the Receiving Party as the confidential or proprietary information of the Disclosing Party. Confidential Information shall not include any information that (i) is or falls into the public domain without fault of the Receiving Party; (ii) the Receiving Party can show by written documentation was in its possession without any obligation of confidentiality prior to receipt thereof from the Disclosing Party; (iii) is independently developed by the Receiving Party without the benefit of any Confidential Information of the Disclosing Party; or (iv) is lawfully obtained by the Receiving Party from a third party without any obligation of confidentiality to the Disclosing Party.

3.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to conflicts of law principles.

3.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

3.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.6 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) two (2) days after being sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; provided, however, that notices sent internationally, if sent by registered or certified mail or internationally recognized carrier, shall be deemed effectively given six (6) business days after being sent. All communications shall be sent to the address as set forth on the signature page hereof or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto pursuant to this Section 3.6.

3.7 Amendments and Waivers. Any term of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding; provided, however, that no such written consent shall be required to add any party who becomes an "Investor" under the Purchase Agreement (through or in connection with any amendment thereto) as an "Investor" to this Agreement. Notwithstanding the foregoing, (i) no amendment or waiver may treat one Investor or group of Investors more adversely and disproportionately than any other Investor or group of Investors without the written consent of such Investor or the consent of the holders of at least a majority of the Registrable Securities of the group of Investors adversely and disproportionately affected by such amendment or waiver (and this clause (i) may not be amended without the consent of the holders of at least a majority of the shares of the Series D Preferred Stock), (ii) none of Section 2.1 or 2.2, this clause (ii) or clause (iv) below may be amended so as to deny a Series D Investor its rights thereunder or hereunder without the consent of such Series D Investor, (iii) no amendment or waiver of Section 2.1 or Section 2.2 may treat one Major Investor or group of Major Investors more adversely and disproportionately than any other Major Investor or group of Major Investors without the written consent of such Major Investor or the consent of the holders of a majority of the Registrable Securities of the group of Major Investors adversely and disproportionately affected by such amendment or waiver (it being agreed that an amendment increasing the minimum share threshold in the definition of "Major Investor" resulting in, with respect to any Investor then deemed a Major Investor, the exclusion of such Investor from the definition of Major Investor, shall be deemed to treat such Major Investor more adversely and disproportionately than any other Major Investor), and (iv) no Investor shall participate in the sale of Shares by the Company following a waiver of the right of first offer contained in Section 2.3 unless such waiver includes the holders of at least a majority of the then outstanding shares of Series D Preferred Stock. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each Investor and each future holder of all such Registrable Securities and the Company.

3.8 Severability. If any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect.

3.9 Delays or Omissions; Remedies Cumulative. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement, shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any party's part of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

3.10 Aggregation of Stock. All shares of Registrable Securities, Preferred Stock or Common Stock held or acquired by affiliated entities or persons (including, in the case of MSIM, Fidelity, T. Rowe or Redmile, Discretionary Accounts) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.11 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled (other than any duly executed and delivered waiver of rights and benefits hereunder by any party or parties to this Agreement). Upon the effectiveness of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

3.12 The Wellcome Trust. With respect to its signatory capacity and liability as the trustee of The Wellcome Trust, The Wellcome Trust Limited (the "**Trustee**") enters into this Agreement solely in its capacity as the current trustee of The Wellcome Trust, and it is hereby agreed and declared that notwithstanding anything to the contrary contained or implied in this Agreement: (a) the obligations incurred by the Trustee under or in consequence of this Agreement shall be enforceable against it or any successor trustee of The Wellcome Trust; and (b) the liabilities of the Trustee (or such other trustees as are referred to in (a) above) in respect of such obligations shall be limited to such liabilities as can, and may lawfully and properly, be met out of the assets of The Wellcome Trust in the possession, or under the control, of the Trustee or such other trustees

3.13 Massachusetts Business Trust. A copy of the Agreement and Declaration of Trust of each Investor affiliated with Fidelity or any affiliate thereof is on file with the Secretary of State of the Commonwealth of Massachusetts and notice is hereby given that this Agreement is executed on behalf of the trustees of such Investor or any affiliate thereof as trustees and not individually and that the obligations of this Agreement are not binding on any

of the trustees, officers or stockholders of such Investor or any affiliate thereof individually but are binding only upon such Investor or any affiliate thereof and its assets and property.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

CASTLIGHT HEALTH, INC. ,
a Delaware corporation

By: /s/ Giovanni Colella
Giovanni Colella
President and Chief Executive Officer

Address: 685 Market Street, Suite 300
San Francisco, CA, 94105

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

ATHENAHEALTH, INC. ,
a Delaware corporation

By: /s/ Tim Adams
Tim Adams
Chief Financial Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of date first above written.

INVESTORS:

**MAVERICK USA PRIVATE INVESTMENTS,
LLC**

By: Maverick Capital, Ltd., under Power of Attorney
effective as of December 30, 2008

By: /s/ John T. McCafferty
John T. McCafferty
Limited Partner & General Counsel

Deliver Notices To :
Maverick Capital, Ltd.
300 Crescent Court 18th floor
Dallas, TX 75201
[Email]
Phone: [Phone]
Fax: [Fax]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**MAVERICK FUND PRIVATE INVESTMENTS,
LTD.**

By: Maverick Capital, Ltd., under Power of Attorney
effective as of December 30, 2008

By: /s/ John T. McCafferty
John T. McCafferty
Limited Partner & General Counsel

Address :
Maverick Fund Private Investments, Ltd.
c/o Maples Corporate Services Limited
P.O. Box 309
Ugland House
South Church Street
Grand Cayman, K41-1104
Cayman Islands

Deliver Notices To :
Maverick Capital, Ltd.
300 Crescent Court, 18th Floor
Dallas, TX 75201
[Email]
Phone: [Phone]
Fax: [Fax]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

MAVERICK FUND II, LTD.

By: /s/ John T. McCafferty

Name: _____

Title: _____

Address: _____

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**OAK INVESTMENT PARTNERS XII,
LIMITED PARTNERSHIP**

By: its General Partner,
Oak Associates XII, LLC

By: /s/ Ann H. Lamont

Ann H. Lamont
Managing Member

Address: One Gorham Island
Westport, CT 06880

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

THE CLEVELAND CLINIC FOUNDATION

By: /s/ Steven C. Glass

Name: Steven C. Glass

Title: Chief Financial Officer

Address: 9500 Euclid Avenue, H-18
Cleveland, OH 44195

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**THE WELLCOME TRUST LIMITED AS TRUSTEE
OF THE WELLCOME TRUST**

By: /s/ Nick Moakes

Name: Nick Moakes

Title: Head of Public Markets

Address: 215 Euston Road

London NW1 2BE

United Kingdom

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

VENROCK ASSOCIATES V, L.P.

By: its General Partner,
Venrock Management V, LLC

VENROCK PARTNERS V, L.P.

By: its General Partner,
Venrock Partners Management V, LLC

VENROCK ENTREPRENEURS FUND V, L.P.

By: its General Partner,
VEF Management V, LLC

By: /s/ signature illegible

Address: 3340 Hillview Avenue
Palo Alto, CA 94304

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

COLELLA REVOCABLE LIVING TRUST

By: /s/ Giovanni Colella
Giovanni Colella, Trustee

Address: 188 Minna Street, Apt. 28D
San Francisco, CA 94105

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

Variable Insurance Products Fund IV: Health Care Portfolio

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Fidelity Central Investment Portfolios LLC: Fidelity Health Care Central Fund

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Fidelity Advisor Series VII: Fidelity Advisor Health Care Fund

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Fidelity Select Portfolios: Health Care Portfolio

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

Fidelity Select Portfolios: Medical Equipment and Systems Portfolio

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Fidelity Contrafund: Fidelity Advisor New Insights Fund

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund

By: /s/ John Hebble

Name: John Hebble

Title: Assistant Treasurer

Address for Notices to Fidelity Entities :

Andrew Boyd
Fidelity Investments
32 Devonshire Street, V13H
Boston, MA 02109
Tel: [Telephone]
Fax: [Fax]
Email: [Email]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**T. ROWE PRICE ASSOCIATES, INC.
Investment Adviser for and on behalf of
Its advisory clients on Attachment A :**

T. Rowe Price Health Sciences Fund, Inc.
TD Mutual Funds — TD Health Sciences Fund
Valie Company I — Health Sciences Fund
T. Rowe Price Health Sciences Portfolio
John Hancock Variable Insurance Trust — Health
Sciences Trust
John Hancock Funds II — Health Sciences Fund

By: /s/ Kris H. Jenner

Name: Kris H. Jenner

Title: Vice President

T. Rowe Price Associates, Inc.
100 East Pratt Street
Baltimore, MD 21202
Attn: Andrew Back, Vice President and Senior Legal
Counsel
Phone: [Phone]
E-mail: [Email]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**T. ROWE PRICE ASSOCIATES, INC.
Investment Adviser for and on behalf of
Its advisory clients on Attachment A :**

T. Rowe Price Global Technology Fund, Inc.
TD Mutual Funds — TD Science & Technology Fund

By: /s/ David Eiswert

Name: David Eiswert

Title: Vice President

T. Rowe Price Associates, Inc.

100 East Pratt Street

Baltimore, MD 21202

Attn: Andrew Back, Vice President and Senior Legal
Counsel

Phone: [Phone]

E-mail: [Email]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**T. ROWE PRICE ASSOCIATES, INC.
Investment Adviser for and on behalf of
Its advisory clients on Attachment A :**

T. Rowe Price New Horizons Fund, Inc.

T. Rowe Price New Horizons Trust

T. Rowe Price U.S. Equities Trust

By: /s/ John H. Laporte

Name: John H. Laporte

Title: Vice President

T. Rowe Price Associates, Inc.

100 East Pratt Street

Baltimore, MD 21202

Attn: Andrew Back, Vice President and Senior Legal
Counsel

Phone: [Phone]

E-mail: [Email]

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

**BAMCO, Inc., as Investment Adviser to Baron
Growth Fund**

By: /s/ Patrick M. Patalino

Name: Patrick M. Patalino

Title: General Counsel

**BAMCO, Inc., as Investment Adviser to Baron
Opportunity Fund**

By: /s/ Patrick M. Patalino

Name: Patrick M. Patalino

Title: General Counsel

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

Redmile Capital Fund, LP

By: /s/ Jeremy Green
Name: Jeremy Green
Title: Managing Member of the Investment
Manager (Redmile Group, LLC) and the General Partner
(Redmile Group (GP), LLC)

Redmile Capital Offshore Fund, Ltd.

By: /s/ Jeremy Green
Name: Jeremy Green
Title: Managing Member of the Investment
Manager (Redmile Group, LLC)

Redmile Capital Offshore Fund II, Ltd.

By: /s/ Jeremy Green
Name: Jeremy Green
Title: Managing Member of the Investment
Manager (Redmile Group, LLC)

Redmile Special Opportunities Fund, Ltd.

By: /s/ Jeremy Green
Name: Jeremy Green
Title: Managing Member of the Investment
Manager (Redmile Group, LLC)

Redmile Ventures, LLC

By: /s/ Jeremy Green
Name: Jeremy Green
Title: Managing Member

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

Allen & Company LLC, as nominee for itself and certain employees

By: /s/ Patrick DiIorio

Name: Patrick DiIorio

Title: General Counsel

Deliver Notices To :

Allen & Company

711 Fifth Avenue

New York, NY 10022

c/o Gene Protash

[SIGNATURE PAGE TO AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTORS:

U.S. Venture Partners X, L.P.

USVP X Affiliates, L.P.

By Presidio Management Group X, L.L.C.

The General Partner of Each

By: /s/ Michael P. Maher

Michael P. Maher, Attorney-in-Fact

Address:

2735 Sand Hill Road

Menlo Park CA 94025

Attn: Chief Financial Officer

Fax: [Fax]

Email: [Email]

EXHIBIT A

Schedule of Investors

Alan Garber
Allen & Company LLC
Anshul Amar
Asha Rajagopal
athenahealth, Inc.
Baron Growth Fund
Baron Opportunity Fund
Bell Atlantic Master Trust
Colella Revocable Living Trust
David Knott
Fidelity Central Investment Portfolios LLC: Fidelity Health Care Central Fund

Fidelity Advisor Series VII: Fidelity Advisor Health Care Fund
Fidelity Select Portfolios: Health Care Portfolio
Fidelity Select Portfolios: Medical Equipment and Systems Portfolio
Fidelity Contrafund: Fidelity Advisor New Insights Fund
Fidelity Mt. Vernon Street Trust: Fidelity Growth Company Fund
Heather Kagin
Heather Kennedy
James Griswold
Maverick Fund Private Investments, Ltd.
Maverick USA Private Investments, LLC
Maverick Fund II, Ltd.
MDV LLC
Michael Battaglia
Morgan Stanley Investment Management, on behalf of its Discretionary Accounts
Nandita Sommers
Naomi Allen
Oak Investment Partners XII, L.P.
Pershing LLC, FBO Charles W Ott, Indiv 401k
Randall J. Womack
Redmile Capital Fund, LP
Redmile Capital Offshore Fund, Ltd.
Redmile Capital Offshore Fund II, Ltd.
Redmile Ventures, LLC
Redmile Special Opportunities Fund, Ltd.
Sam Zucker

Saravanan Chettiar
Tara Bass
T. Rowe Price New Horizons Fund, Inc.
T. Rowe Price New Horizons Trust
T. Rowe Price U.S. Equities Trust
T. Rowe Price Health Sciences Fund, Inc.
TD Mutual Funds – TD Health Sciences Fund
VALIC Company I - Health Sciences Fund
T. Rowe Price Health Sciences Portfolio
John Hancock Variable Insurance Trust - Health Sciences Trust
John Hancock Funds II - Health Sciences Fund
T. Rowe Price Global Technology Fund, Inc.
TD Mutual Funds - TD Science & Technology Fund
TD Mutual Funds – TD Health Sciences Fund
The Bravata-Patterson Family Trust
The Cleveland Clinic Foundation
The Ethan Prater and Anjali Kalyani Living Trust
The Wellcome Trust Limited as Trustee of The Wellcome Trust
U.S. Venture Partners X, L.P.
USVP X Affiliates, L.P.
Variable Insurance Products Fund IV: Health Care Portfolio
Venrock Affiliates, L.P.
Venrock Associates V, L.P.
Venrock Entrepreneurs Fund V, L.P.
Venrock Partners V, L.P.

**CASTLIGHT HEALTH, INC.
2008 STOCK INCENTIVE PLAN**

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CASTLIGHT HEALTH, INC.
2008 STOCK INCENTIVE PLAN †

PREFACE

This Plan is divided into two separate equity programs: (1) the option grant program set forth in Section 5 under which Eligible Persons (as defined in Section 3) may, at the discretion of the Administrator, be granted Options, and (2) the stock award program set forth in Section 6 under which Eligible Persons may, at the discretion of the Administrator, be awarded restricted or unrestricted shares of Common Stock. Section 2 of this Plan contains the general rules regarding the administration of this Plan. Section 3 sets forth the requirements for eligibility to receive an Award grant under this Plan. Section 4 describes the capital stock of the Corporation that may be subject to Awards granted under this Plan. Section 7 contains other provisions applicable to all Awards granted under this Plan. Section 8 provides definitions for certain capitalized terms used in this Plan and not otherwise defined herein.

1. PURPOSE OF THE PLAN .

The purpose of this Plan is to promote the success of the Corporation and the interests of its stockholders by providing a means through which the Corporation may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Corporation's stockholders generally.

2. ADMINISTRATION .

2.1 Administrator . This Plan shall be administered by and all Awards under this Plan shall be authorized by the Administrator. The “ **Administrator** ” means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by Section 157(c) of the Delaware General Corporation Law and any other applicable law, to one or more officers of the Corporation, its powers under this Plan (a) to designate the officers and employees of the Corporation and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Bylaws of the Corporation or the applicable charter of any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present

† Plan initially adopted April 3, 2008. Amended to increase Share Limit (Section 4.2) on November 6, 2008, February 10, 2010, June 18, 2010, November 9, 2010 and July 21, 2011

assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

2.2 *Plan Awards; Interpretation; Powers of Administrator* . Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

- (a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;
- (b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;
- (c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;
- (d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Corporation, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards;
- (e) cancel, modify, or waive the Corporation's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;
- (f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.5) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);
- (g) determine Fair Market Value for purposes of this Plan and Awards;
- (h) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan; and

- (i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3.

2.3 ***Binding Determinations*** . Any action taken by, or inaction of, the Corporation, any Affiliate, the Board or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

2.4 ***Reliance on Experts*** . In making any determination or in taking or not taking any action under this Plan, the Administrator may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Corporation. No director, officer or agent of the Corporation or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

2.5 ***Delegation*** . The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or any of its Affiliates or to third parties.

3. ELIGIBILITY .

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An “ **Eligible Person** ” means any person who qualifies as one of the following at the time of grant of the respective Award:

- (a) an officer (whether or not a director) or employee of the Corporation or any of its Affiliates;
- (b) any member of the Board; or
- (c) any director of one of the Corporation's Affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Corporation or one of its Affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Corporation or one of its Affiliates.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (c) above only if such person's participation in this Plan would not adversely affect (1) the

Corporation's eligibility to rely on the Rule 701 exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Corporation, or (2) the Corporation's compliance with any other applicable laws.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5 and/or one or more Awards pursuant to Section 6. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan. Furthermore, an Eligible Person who has been granted an Award under Section 5 is not necessarily entitled to an Award under Section 6, or vice versa, unless otherwise expressly determined by the Administrator.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

4. STOCK SUBJECT TO THE PLAN .

- 4.1** *Shares Available* . Subject to the provisions of Section 7.3.1, the capital stock that may be delivered under this Plan will be shares of the Corporation's authorized but unissued Common Stock and any of its shares of Common Stock held as treasury shares. The shares of Common Stock issued and delivered may be issued and delivered for any lawful consideration.
- 4.2** *Share Limits* . Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of shares of Common Stock that may be delivered pursuant to Awards granted under this Plan will not exceed 11,916,754 shares (the "**Share Limit** ") in the aggregate. As required under Treasury Regulation Section 1.422-2(b)(3)(i), in no event will the number of shares of Common Stock that may be delivered pursuant to Incentive Stock Options granted under this Plan exceed the Share Limit.
- 4.3** *Replenishment and Reissue of Unvested Awards* . To the extent that an Award is settled in cash or a form other than shares of Common Stock, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. No Award may be granted under this Plan unless, on the date of grant, the sum of (a) the maximum number of shares of Common Stock issuable at any time pursuant to such Award, plus (b) the number of shares of Common Stock that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of shares of Common Stock that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Shares of Common Stock that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or shares of Common Stock subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as shares of Common Stock that are subject to Stock Awards made under this Plan that are forfeited to the Corporation or

otherwise repurchased by the Corporation prior to the vesting of such shares for a price not greater than the original purchase or issue price of such shares (as adjusted pursuant to Section 7.3.1) will again, except to the extent prohibited by law or applicable listing or regulatory requirements (and subject to any applicable limitations of the Code in the case of Awards intended to be Incentive Stock Options), be available for subsequent Award grants under this Plan. Shares that are exchanged by a Participant or withheld by the Corporation as full or partial payment in connection with any Award under this Plan, as well as any shares exchanged by a Participant or withheld by the Corporation or one of its Affiliates to satisfy the tax withholding obligations related to any Award, shall be available for subsequent Awards under this Plan.

4.4 *Reservation of Shares* . The Corporation shall at all times reserve a number of shares of Common Stock sufficient to cover the Corporation's obligations and contingent obligations to deliver shares with respect to Awards then outstanding under this Plan.

5. OPTION GRANT PROGRAM .

5.1 *Option Grants in General* . Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Option, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any shares of Common Stock subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of an Option promptly execute and return to the Corporation his or her Award Agreement evidencing the Option. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Corporation the Award Agreement evidencing the Option granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Option.

5.2 *Types of Options* . The Administrator will designate each Option granted under this Plan as either an Incentive Stock Option or a Nonqualified Stock Option, and such designation shall be set forth in the applicable Award Agreement. Any Option granted under this Plan that is not expressly designated in the applicable Award Agreement as an Incentive Stock Option will be deemed to be designated a Nonqualified Stock Option under this Plan and not an "incentive stock option" within the meaning of Section 422 of the Code. Incentive Stock Options shall be subject to the provisions of Section 5.5 in addition to the provisions of this Plan applicable to Options generally. The Administrator may, in its discretion, designate any Option as an "early exercise option" pursuant to Section 5.8.

5.3 *Option Price* .

5.3.1 Pricing Limits. Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Common Stock covered by each Option (the “exercise price” of the Option) at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the greater of:

- (a) the par value of the Common Stock;
- (b) in the case of an Incentive Stock Option and subject to clause (c) below, 100% of the Fair Market Value of the Common Stock on the date of grant; or
- (c) in the case of an Incentive Stock Option granted to a Participant described in Section 5.5.4, 110% of the Fair Market Value of the Common Stock on the date of grant.

5.3.2 Payment Provisions. The Corporation will not be obligated to deliver certificates for the shares of Common Stock to be purchased on exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any shares of Common Stock purchased on exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:

- (a) cash, check payable to the order of the Corporation, or electronic funds transfer;
- (b) notice and third party payment in such manner as may be authorized by the Administrator;
- (c) the delivery of previously owned shares of Common Stock;
- (d) by a reduction in the number of shares of Common Stock otherwise deliverable pursuant to the Award;
- (e) subject to such procedures as the Administrator may adopt, pursuant to a “cashless exercise”; or
- (f) if authorized by the Administrator or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 5.3.3.

In no event shall any shares newly-issued by the Corporation be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable state law. Shares of Common Stock used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise deliverable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant's ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Corporation.

5.3.3 Acceptance of Notes to Finance Exercise. The Corporation may, with the Administrator's approval in each specific case, accept one or more promissory notes from any Eligible Person in connection with the exercise of any Option; provided that any such note shall be subject to the following terms and conditions:

- (a) The principal of the note shall not exceed the amount required to be paid to the Corporation upon the exercise, purchase or acquisition of one or more Awards under this Plan and the note shall be delivered directly to the Corporation in consideration of such exercise, purchase or acquisition.
- (b) The initial term of the note shall be determined by the Administrator; provided that the term of the note, including extensions, shall not exceed a period of five years.
- (c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Administrator, but not less than the interest rate necessary to avoid the imputation of interest under the Code and to avoid any adverse accounting consequences in connection with the exercise, purchase or acquisition.
- (d) If the employment or services of the Participant by or to the Corporation and its Affiliates terminates, the unpaid principal balance of the note shall become due and payable on the 30th business day after such termination; provided, however, that if a sale of the shares acquired on exercise of the Option would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability assuming for these purposes that there are no other transactions (or deemed transactions) in securities of the Corporation by the Participant subsequent to such termination.

- (e) If required by the Administrator or by applicable law, the note shall be secured by a pledge of any shares or rights financed thereby or other collateral, in compliance with applicable law.

The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note shall conform with all applicable rules and regulations, including those of the Federal Reserve Board and any applicable state law, as then in effect.

5.4 *Vesting; Term; Exercise Procedure .*

- 5.4.1** Vesting . Except as provided in Section 5.8, an Option may be exercised only to the extent that it is vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable an Option will remain exercisable until the expiration or earlier termination of the Option.
- 5.4.2** Term . Each Option shall expire not more than 10 years after its date of grant. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.7 and 7.3.
- 5.4.3** Exercise Procedure . Any exercisable Option will be deemed to be exercised when the Corporation receives written notice of such exercise from the Participant (on a form and in such manner as may be required by the Administrator), together with any required payment made in accordance with Section 5.3 and Section 7.6 and any written statement required pursuant to Section 7.5.1.
- 5.4.4** Fractional Shares/Minimum Issue . Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) may be purchased on exercise of any Option at one time unless the number purchased is the total number at the time available for purchase under the Option.

5.5 *Limitations on Grant and Terms of Incentive Stock Options .*

- 5.5.1** \$100,000 Limit . To the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options first become exercisable by a Participant in any calendar year exceeds \$100,000, taking into account both Common Stock subject to Incentive Stock Options under this Plan and stock subject to incentive stock options under all other plans of the Corporation or any of its Affiliates, such options will be treated as nonqualified stock options. For this purpose, the Fair Market Value of the stock subject to options will be determined as of the date the options were

awarded. In reducing the number of options treated as incentive stock options to meet the \$100,000 limit, the most recently granted options will be reduced (recharacterized as nonqualified stock options) first. To the extent a reduction of simultaneously granted options is necessary to meet the \$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an incentive stock option.

- 5.5.2** Other Code Limits. Incentive Stock Options may only be granted to individuals that are employees of the Corporation or one of its Affiliates and satisfy the other eligibility requirements of the Code. Any Award Agreement relating to Incentive Stock Options will contain or shall be deemed to contain such other terms and conditions as from time to time are required in order that the Option be an “incentive stock option” as that term is defined in Section 422 of the Code.
- 5.5.3** ISO Notice of Sale Requirement. Any Participant who exercises an Incentive Stock Option shall give prompt written notice to the Corporation of any sale or other transfer of the shares of Common Stock acquired on such exercise if the sale or other transfer occurs within (a) one year after the exercise date of the Option, or (b) two years after the grant date of the Option.
- 5.5.4** Limits on 10% Holders. No Incentive Stock Option may be granted to any person who, at the time the Incentive Stock Option is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding stock of the Corporation (or any of its Affiliates) possessing more than 10% of the total combined voting power of all classes of stock of the Corporation (or any of its Affiliates), unless the exercise price of such Incentive Stock Option is at least 110% of the Fair Market Value of the stock subject to the Incentive Stock Option and the Incentive Stock Option by its terms is not exercisable more than five years after the date the Incentive Stock Option is granted.

5.6 *Effects of Termination of Employment on Options* .

- 5.6.1** Dismissal for Cause. Unless otherwise provided in the Award Agreement and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant’s employment by or service to the Corporation or any of its Affiliates is terminated by such entity for Cause, the Participant’s Option will terminate on the Participant’s Severance Date, whether or not the Option is then vested and/or exercisable.
- 5.6.2** Death or Disability. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant’s employment by or service to the Corporation or any of its

Affiliates terminates as a result of the Participant's death or Total Disability:

- (a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the 12-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

5.6.3 Other Terminations of Employment. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Corporation or any of its Affiliates terminates for any reason other than a termination by such entity for Cause or because of the Participant's death or Total Disability:

- (a) the Participant will have until the date that is 3 months after the Participant's Severance Date to exercise his or her Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the 3-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period.

5.7 *Option Repricing/Cancellation and Regrant/Waiver of Restrictions*. Subject to Section 4 and Section 7.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher

or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of shares of Common Stock subject to the Option, or provide for a longer or shorter vesting or exercise period.

- 5.8** *Early Exercise Options* . The Administrator may, in its discretion, designate any Option as an “early exercise” Option which, by express provision in the applicable Award Agreement, may be exercised prior to the date such Option has vested. If the Participant elects to exercise all or a portion of any such Option before it is vested, the shares of Common Stock acquired under the Option which are attributable to the unvested portion of the Option shall be Restricted Shares. The applicable Award Agreement will specify the extent (if any) to which and the time (if ever) at which the Participant will be entitled to dividends, voting and other rights in respect of such Restricted Shares prior to vesting, and the restrictions imposed on such shares and the conditions of release or lapse of such restrictions. Unless otherwise expressly provided in the applicable Award Agreement, such Restricted Shares shall be subject to the provisions of Sections 6.6 through 6.9, below.
- 5.9** *Information to Optionees* . If the Corporation is relying on the exemption from registration under Section 12(g) of the Exchange Act, pursuant to Rule 12h-1(f)(1) promulgated under the Exchange Act, then the Corporation shall provide the Required Information (as defined below) in the manner required by Rule 12h-1(f)(1) to all optionees every six months until the Corporation becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or is no longer relying on the exemption pursuant to Rule 12h-1(f)(1); *provided, that* , prior to receiving access to the Required Information the optionee must agree to keep the Required Information confidential pursuant to a written agreement in the form provided by the Corporation. For purposes of this Section 5.9, “ *Required Information* ” means the information described in Rules 701 (e)(3), (4) and (5) under the Securities Act.

6. STOCK AWARD PROGRAM .

- 6.1** *Stock Awards in General* . Each Stock Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Stock Award shall contain the terms established by the Administrator for that Stock Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Stock Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Stock Award promptly execute and return to the Corporation his or her Award Agreement evidencing the Stock Award. In addition, the Administrator may require that the spouse of any married recipient of a Stock Award also promptly execute and return to the Corporation the Award Agreement evidencing the Stock Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Stock Award.

- 6.2** *Types of Stock Awards* . The Administrator shall designate whether a Stock Award shall be a Restricted Stock Award, and such designation shall be set forth in the applicable Award Agreement.
- 6.3** *Purchase Price* .
- 6.3.1** Pricing Limits . Subject to the following provisions of this Section 6.3, the Administrator will determine the purchase price per share of the Common Stock covered by each Stock Award at the time of grant of the Award. In no case will such purchase price be less than the par value of the Common Stock.
- 6.3.2** Payment Provisions . The Corporation will not be obligated to issue certificates evidencing shares of Common Stock awarded under this Section 6 unless and until it receives full payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied. The purchase price of any shares subject to a Stock Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (f) in Section 5.3.2 and/or past services rendered to the Corporation or any of its Affiliates.
- 6.4** *Vesting* . The restrictions imposed on the shares of Common Stock subject to a Restricted Stock Award (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement.
- 6.5** *Term* . A Stock Award shall either vest or be forfeited not more than 10 years after the date of grant. Each Stock Award will be subject to earlier termination as provided in or pursuant to Sections 6.8 and 7.3. Any payment of cash or delivery of stock in payment for a Stock Award may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.
- 6.6** *Stock Certificates; Fractional Shares* . Stock certificates evidencing Restricted Shares will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Corporation or by a third party designated by the Administrator until the restrictions on such shares have lapsed, the shares have vested in accordance with the provisions of the Award Agreement and Section 6.4, and any related loan has been repaid. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.
- 6.7** *Dividend and Voting Rights* . Unless otherwise provided in the applicable Award Agreement, a Participant receiving Restricted Shares will be entitled to cash dividend and voting rights for all Restricted Shares issued even though they are

not vested, but such rights will terminate immediately as to any Restricted Shares which cease to be eligible for vesting.

- 6.8** *Termination of Employment; Return to the Corporation* . Unless the Administrator otherwise expressly provides, Restricted Shares subject to an Award that remain subject to vesting conditions that have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, the Participant's Severance Date), will not vest and will be reacquired by the Corporation in such manner and on such terms as the Administrator provides, which terms shall include return or repayment of the lower of (a) the Fair Market Value of the Restricted Shares at the time of the termination, or (b) the original purchase price of the Restricted Shares, without interest, to the Participant to the extent not prohibited by law. The Award Agreement shall specify any other terms or conditions of the repurchase if the Award fails to vest. Any other Stock Award that has not been exercised as of a Participant's Severance Date shall terminate on that date unless otherwise expressly provided by the Administrator in the applicable Award Agreement.
- 6.9** *Waiver of Restrictions* . Subject to Sections 4 and 7.7 and the specific limitations on Stock Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Stock Award granted under this Plan by amendment, by substitution of an outstanding Stock Award, by waiver or by other legally valid means.

7. PROVISIONS APPLICABLE TO ALL AWARDS .

7.1 *Rights of Eligible Persons, Participants and Beneficiaries* .

- 7.1.1** Employment Status . No person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.
- 7.1.2** No Employment/Service Contract . Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Corporation or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Corporation or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

7.1.3 Plan Not Funded. Awards payable under this Plan will be payable in shares of Common Stock or from the general assets of the Corporation, and (except as to the share reservation provided in Section 4.4) no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly provided) of the Corporation or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Corporation.

7.1.4 Charter Documents. The Certificate of Incorporation and Bylaws of the Corporation, as either of them may lawfully be amended from time to time, may provide for additional restrictions and limitations with respect to the Common Stock (including additional restrictions and limitations on the voting or transfer of Common Stock) or priorities, rights and preferences as to securities and interests prior in rights to the Common Stock. To the extent that these restrictions and limitations are greater than those set forth in this Plan or any Award Agreement, such restrictions and limitations shall apply to any shares of Common Stock acquired pursuant to the exercise of Awards and are incorporated herein by this reference.

7.2 *No Transferability; Limited Exception to Transfer Restrictions* .

7.2.1 Limit On Exercise and Transfer . Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

- (a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;
- (b) Awards will be exercised only by the Participant; and
- (c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of) the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

7.2.2 Further Exceptions to Limits On Transfer . The exercise and transfer restrictions in Section 7.2.1 will not apply to:

- (a) transfers to the Corporation;
- (b) transfers by gift or domestic relations order to one or more “family members” (as that term is defined in SEC Rule 701 promulgated under the Securities Act) of the Participant;
- (c) the designation of a Beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant’s Beneficiary, or, in the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or
- (d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant’s duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, Incentive Stock Options and Restricted Stock Awards will be subject to any and all transfer restrictions under the Code applicable to such awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all applicable laws, any contemplated transfer by gift or domestic relations order to one or more “family members” of a Participant as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective. The Administrator may, in its sole discretion, withhold its approval of any such proposed transfer.

For the avoidance of doubt, the restrictions against assignment and transfer applies to an Option and the shares to be issued on exercise of an Option, and shall be understood to include, without limitation, a prohibition against any pledge, hypothecation, or other transfer, including any short position, any “put equivalent position” or any “call equivalent position” (in each case, as defined in Rule 16a-1 promulgated under the Exchange Act). During the lifetime of the Participant, an Option will be exercisable only by the Participant or Participant’s legal representative and any elections with respect to an Award may be made only by the Participant or Participant’s legal representative. The terms of an Option shall be binding upon the executor, administrator, successors and assigns of the Participant who is a party thereto.

7.3 *Adjustments; Changes in Control*

7.3.1 Adjustments. Subject to Section 7.3.2 below, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Corporation, or

any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Administrator shall equitably and proportionately adjust (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any outstanding Awards, (3) the grant, purchase, or exercise price of any outstanding Awards, and/or (4) the securities, cash or other property deliverable upon exercise or vesting of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Awards.

Unless otherwise expressly provided in the applicable Award Agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Corporation as an entirety, the Administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based Awards to the extent necessary to preserve (but not increase) the level of incentives by this Plan and the then-outstanding performance-based Awards.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs be made in a manner that satisfies applicable U.S. legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 2.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.3.1, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Corporation's preferred stock (if any) or any new issuance of securities by the Corporation for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

7.3.2 Consequences of a Change in Control Event . Upon the occurrence of a Change in Control Event, the Administrator may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding Awards (or the cash, securities or other property deliverable to the holder(s) of any or all outstanding Awards) based upon, to the extent relevant in the circumstances, the distribution or

consideration payable to holders of the Common Stock upon or in respect of such event.

The Administrator may, in its sole discretion, provide in the applicable Award Agreement or by an amendment thereto for the accelerated vesting of one or more Awards to the extent such Awards are outstanding upon a Change in Control Event or such other events or circumstances as the Administrator may provide.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement. In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise price of the Option to the extent of the then vested and exercisable shares subject to the Option.

In any of the events referred to in this Section 7.3.2, the Administrator may take such action contemplated by this Section 7.3.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of the Award if an event giving rise to an acceleration does not occur.

7.3.3 Early Termination of Awards. Upon the occurrence of a Change in Control Event, each then-outstanding Award (whether or not vested and/or exercisable, but after giving effect to any accelerated vesting required in the circumstances pursuant to Sections 7.3.2, 7.3.4 and 7.3.5) shall terminate, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of such Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding and vested Options (the vested portion of such Options determined after giving effect to any accelerated vesting required in the circumstances pursuant to Sections 7.3.2, 7.3.4 and 7.3.5) in accordance with their terms before the termination of the Awards (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event). For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after

the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for each share of Common Stock subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the stockholders of the Corporation for each share of Common Stock sold or exchanged in such transaction (or the consideration received by a majority of the stockholders participating in such transaction if the stockholders were offered a choice of consideration); provided, however, that if the consideration offered for a share of Common Stock in the transaction is not solely the ordinary common stock of a successor corporation or a Parent, the Board may provide for the consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary common stock of the successor corporation or a Parent equal in Fair Market Value to the per share consideration received by the stockholders participating in the Change in Control Event.

7.3.4 Other Acceleration Rules. The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any Incentive Stock Option accelerated in connection with a Change in Control Event (or such other circumstances as may trigger accelerated vesting of the Incentive Stock Option) shall remain exercisable as an Incentive Stock Option only to the extent the applicable \$100,000 limitation on Incentive Stock Options is not exceeded. To the extent exceeded, the accelerated portion of the Option shall be exercisable as a Nonqualified Stock Option.

7.3.5 Golden Parachute Limitation. Notwithstanding anything else contained in this Section 7.3 to the contrary, in no event shall any Award or payment be accelerated under this Section 7.3 to an extent or in a manner so that such Award or payment, together with any other compensation and benefits provided to, or for the benefit of, the Participant under any other plan or agreement of the Corporation or one of its Affiliates, would not be fully deductible by the Corporation or one of its Affiliates for federal income tax purposes because of Section 280G of the Code. If a holder of an Award would be entitled to benefits or payments hereunder and under any other plan or program that would constitute “parachute payments” as defined in Section 280G of the Code, then the holder may by written notice to the Corporation designate the order in which such parachute payments will be reduced or modified so that the Corporation or one of its Affiliates is not denied federal income tax deductions for any “parachute payments” because of Section 280G of the Code. Notwithstanding the

foregoing, if a Participant is a party to an employment or other agreement with the Corporation or one of its Affiliates, or is a participant in a severance program sponsored by the Corporation or one of its Affiliates that contains express provisions regarding Section 280G and/or Section 4999 of the Code (or any similar successor provision), or the applicable Award Agreement includes such provisions, the Section 280G and/or Section 4999 provisions of such employment or other agreement or plan, as applicable, shall control as to the Awards held by that Participant (for example, and without limitation, a Participant may be a party to an employment agreement with the Corporation or one of its Affiliates that provides for a “gross-up” as opposed to a “cut-back” in the event that the Section 280G thresholds are reached or exceeded in connection with a change in control and, in such event, the Section 280G and/or Section 4999 provisions of such employment agreement shall control as to any Awards held by that Participant).

7.4 *Termination of Employment or Services .*

7.4.1 Events Not Deemed a Termination of Employment . Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant’s employment by or service to the Corporation or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Corporation, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant’s Awards. Unless the express policy of the Corporation or the Administrator otherwise provides, a Participant’s employment relationship with the Corporation or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Corporation or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than three months. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Corporation or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.

7.4.2 Effect of Change of Affiliate Status . For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.

7.4.3 Administrator Discretion. Notwithstanding the provisions of Section 5.6 or 6.8, in the event of, or in anticipation of, a termination of employment or service with the Corporation or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

7.4.4 Termination of Consulting or Affiliate Services. If the Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Corporation or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Corporation or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Corporation or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Corporation or Affiliate for purposes of this Plan shall be the date which is 10 days after the mailing of the notice by the Corporation or Affiliate or, in the case of a termination for Cause, the date of the mailing of the notice.

7.5 *Compliance with Laws* .

7.5.1 General. This Plan, the granting and vesting of Awards under this Plan, and the offer, issuance and delivery of shares of Common Stock, the acceptance of promissory notes and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws, and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation, provide such assurances and representations to the Corporation as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

7.5.2 Compliance with Securities Laws. No Participant shall sell, pledge or otherwise transfer shares of Common Stock acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of shares of Common Stock acquired or to be acquired pursuant to an Award, except in

compliance with all applicable federal and state securities laws and unless and until:

- (a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;
- (b) such disposition is made in accordance with Rule 144 under the Securities Act; or
- (c) such Participant notifies the Corporation of the proposed disposition and furnishes the Corporation with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Corporation, furnishes to the Corporation an opinion of counsel acceptable to the Corporation's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Corporation or any Affiliate has any obligation to register the Common Stock or file any registration statement under either federal or state securities laws, nor does the Corporation or any Affiliate make any representation concerning the likelihood of a public offering of the Common Stock or any other securities of the Corporation or any Affiliate.

7.5.3 Share Legends . All certificates evidencing shares of Common Stock issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

“OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE CORPORATION, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION.”

“THE SHARES ARE SUBJECT TO THE CORPORATION’S RIGHT OF FIRST REFUSAL TO REPURCHASE THE SHARES UNDER THE CORPORATION’S STOCK INCENTIVE PLAN AND AGREEMENTS WITH THE CORPORATION THEREUNDER, COPIES OF WHICH ARE AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE CORPORATION.”

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“ACT”), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE

PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE CORPORATION, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.”

7.5.4 Confidential Information . Any financial or other information relating to the Corporation obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

7.6 *Tax Withholding* .

7.6.1 Tax Withholding . Upon any exercise, vesting, or payment of any Award or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Corporation or any of its Affiliates shall have the right at its option to:

- (a) require the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Corporation or Affiliate may be required to withhold with respect to such Award event or payment;
- (b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Corporation or Affiliate may be required to withhold with respect to such Award event or payment; or
- (c) reduce the number of shares of Common Stock to be delivered by (or otherwise reacquire shares held by the Participant) the appropriate number of shares of Common Stock, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Plan, the Administrator may in its sole discretion (subject to Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Corporation reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises,

necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law. The Corporation may, with the Administrator's approval, accept one or more promissory notes from any Eligible Person in connection with taxes required to be withheld upon the exercise, vesting or payment of any Award under this Plan; provided that any such note shall be subject to terms and conditions established by the Administrator and the requirements of applicable law.

7.6.2 Tax Loans. If so provided in the Award Agreement or otherwise authorized by the Administrator, the Corporation may, to the extent permitted by law, authorize a loan to an Eligible Person in the amount of any taxes that the Corporation or any of its Affiliates may be required to withhold with respect to shares of Common Stock received (or disposed of, as the case may be) pursuant to a transaction described in Section 7.6.1. Such a loan will be for a term and at a rate of interest and pursuant to such other terms and conditions as the Corporation may establish, subject to compliance with applicable law. Such a loan need not otherwise comply with the provisions of Section 5.3.3.

7.7 *Plan and Award Amendments, Termination and Suspension* .

7.7.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

7.7.2 Stockholder Approval. To the extent then required by applicable law or any applicable listing agency or required under Sections 162, 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to stockholder approval.

7.7.3 Amendments to Awards. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms and conditions of Awards.

7.7.4 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or amendment of any outstanding Award Agreement shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Corporation under any Award granted under this Plan prior to the effective date of such change.

Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.

- 7.8** *Privileges of Stock Ownership* . Except as otherwise expressly authorized by the Administrator, a Participant will not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record by the Participant. Except as expressly required by Section 7.3.1, no adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.
- 7.9** *Stock-Based Awards in Substitution for Awards Granted by Other Corporation* . Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee stock options, stock appreciation rights, restricted stock or other stock-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Corporation or one of its Affiliates, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Corporation or one of its Affiliates, directly or indirectly, of all or a substantial part of the stock or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Common Stock in the transaction and any change in the issuer of the security. Any shares that are delivered and any Awards that are granted by, or become obligations of, the Corporation, as a result of the assumption by the Corporation of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Corporation or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.
- 7.10** *Effective Date of the Plan* . This Plan is effective upon the Effective Date, subject to approval by the stockholders of the Corporation within twelve months after the date the Board approves this Plan.
- 7.11** *Term of the Plan* . Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.
- 7.12** *Governing Law/Severability* .

- 7.12.1** Choice of Law. This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of the state of Delaware.
- 7.12.2** Severability. If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.
- 7.13** *Captions*. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.
- 7.14** *Non-Exclusivity of Plan*. Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.
- 7.15** *No Restriction on Corporate Powers*. The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the stockholders of the Corporation to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Corporation's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Corporation or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference stocks ahead of or affecting the Corporation's capital stock or the rights thereof; (d) any dissolution or liquidation of the Corporation or any Affiliate; (e) any sale or transfer of all or any part of the Corporation or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Corporation or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Corporation or any employees, officers or agents of the Corporation or any Affiliate, as a result of any such action.
- 7.16** *Other Company Compensation or Benefit Programs*. Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Corporation or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Corporation or any Affiliate.

8. DEFINITIONS .

“ **Administrator** ” has the meaning given to such term in Section 2.1.

“ **Affiliate** ” means (a) any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation if, at the time of the determination, each of the corporations other than the Corporation owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or (b) any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if, at the time of the determination, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

“ **Award** ” means an award of any Option or Stock Award, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

“ **Award Agreement** ” means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved.

“ **Award Date** ” means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

“ **Beneficiary** ” means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant’s executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

“ **Board** ” means the Board of Directors of the Corporation.

“ **Cause** ” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “for cause” termination has on the Participant’s stock options and/or stock awards) a termination of employment or service based upon a finding by the Corporation or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) has been negligent in the discharge of his or her duties to the Corporation or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

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- (c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);
 - (d) has materially breached any of the provisions of any agreement with the Corporation or any of its Affiliates;
 - (e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation or any of its Affiliates; or
 - (f) has improperly induced a vendor or customer to break or terminate any contract with the Corporation or any of its Affiliates or induced a principal for whom the Corporation or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Corporation or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause.

“ **Change in Control Event** ” means any of the following:

- (a) Approval by stockholders of the Corporation (or, if no stockholder approval is required, by the Board alone) of the complete dissolution or liquidation of the Corporation, other than in the context of a Business Combination that does not constitute a Change in Control Event under paragraph (c) below;
- (b) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “ **Person** ”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding shares of common stock of the Corporation (the “ **Outstanding Company Common Stock** ”) or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the “ **Outstanding Company Voting Securities** ”); provided, however, that, for purposes of this paragraph (b), the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Affiliate or a successor, (D) any acquisition by any entity pursuant to a Business Combination, (E) any acquisition by a Person described in and satisfying the conditions of Rule 13d-1 (b) promulgated under the Exchange Act, or (F) any acquisition by a Person who is the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the Outstanding Company Common Stock and/or the Outstanding Company Voting Securities on the Effective Date (or an affiliate, heir, descendant, or related party of or to such Person);

- (c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation (a “**Subsidiary**”), a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a “**Business Combination**”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “**Parent**”), and (2) no Person (excluding any individual or entity described in clauses (C), (E) or (F) of paragraph (b) above) beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination;

provided, however, that a transaction shall not constitute a Change in Control Event if it is in connection with the underwritten public offering of the Corporation’s securities.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Common Stock**” means the shares of the Corporation’s common stock, par value \$0.0001 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

“**Corporation**” means Castlight Health, Inc., a Delaware corporation, and its successors.

“**Effective Date**” means the date the Board approved this Plan.

“**Eligible Person**” has the meaning given to such term in Section 3 of this Plan.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

“ **Fair Market Value** ,” for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

- (a) If the Common Stock is listed or admitted to trade on the New York Stock Exchange or other national securities exchange (the “ **Exchange** ”), the Fair Market Value shall equal the closing price of a share of Common Stock as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Common Stock were made on the Exchange on that date, the closing price of a share of Common Stock as reported on said composite tape for the next preceding day on which sales of Common Stock were made on the Exchange. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the closing price of a share of Common Stock as reported on the composite tape for securities listed on the Exchange on the last trading day preceding the date in question or the average of the high and low trading prices of a share of Common Stock as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.
- (b) If the Common Stock is not listed or admitted to trade on a national securities exchange, the Fair Market Value shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances.

The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be conclusive and binding on all persons with respect to Awards granted under this Plan.

“ **Incentive Stock Option** ” means an Option that is designated and intended as an “incentive stock option” within the meaning of Section 422 of the Code, the award of which contains such provisions (including but not limited to the receipt of stockholder approval of this Plan, if the award is made prior to such approval) and is made under such circumstances and to such persons as may be necessary to comply with that section.

“ **Nonqualified Stock Option** ” means an Option that is not an “incentive stock option” within the meaning of Section 422 of the Code and includes any Option designated or intended as a Nonqualified Stock Option and any Option designated or intended as an Incentive Stock Option that fails to meet the applicable legal requirements thereof.

“ **Option** ” means an option to purchase Common Stock granted under Section 5 of this Plan. The Administrator will designate any Option granted to an employee of the Corporation or an Affiliate as a Nonqualified Stock Option or an Incentive Stock Option.

“ **Participant** ” means an Eligible Person who has been granted and holds an Award under this Plan.

“ **Personal Representative** ” means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

“ **Plan** ” means this Castlight Health, Inc. 2008 Stock Incentive Plan, as it may hereafter be amended from time to time.

“ **Public Offering Date** ” means the date the Common Stock is first registered under the Exchange Act and listed or quoted on a recognized national securities exchange.

“ **Restricted Shares** ” or “ **Restricted Stock** ” means shares of Common Stock awarded to a Participant under this Plan, subject to payment of such consideration and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to this Plan and the related Award Agreement, to the extent such remain unvested and restricted under the terms of the applicable Award Agreement.

“ **Restricted Stock Award** ” means an award of Restricted Stock.

“ **Securities Act** ” means the Securities Act of 1933, as amended from time to time.

“ **Severance Date** ” with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

- (a) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant’s employment by the Corporation or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Corporation or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement with the Corporation or any of its Affiliates, continues to provide other services to the Corporation or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant’s other services);
- (b) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an employee of the Corporation or any of its Affiliates or, by

express written agreement with the Corporation or any of its Affiliates, continues to provide other services to the Corporation or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant's employment or other services);

- (c) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Corporation or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the Participant actually provides services to the Corporation or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Corporation or any of its Affiliates or is a member of the Board, in which case the Participant's Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant's employment or membership on the Board).

“ **Stock Award** ” means an award of shares of Common Stock under Section 6 of this Plan. A Stock Award may be a Restricted Stock Award or an award of unrestricted shares of Common Stock.

“ **Total Disability** ” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code and, with respect to Awards other than Incentive Stock Options, such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

JOB OFFER LETTER**Ventana Health Services, Inc.**

January 27, 2010

Dena Bravata
[Address]

Dear Dena:

On behalf of Ventana Health Services, Inc., a Delaware corporation (the “Company”), I am pleased to offer you the position of Chief Medical Officer at a starting salary rate of \$100,000 per year, subject to all applicable withholdings and deductions, payable in accordance with the Company’s standard payroll schedule and procedures. If you accept this offer, we expect that you will begin working on February 1, 2010 (your “Start Date”). We expect, and you agree, that by June 1, 2010 you will devote your full business time to the performance of your duties for the Company. Your salary rate will increase to \$200,000 per year as of June 1, 2010, provided that the Company’s expectation in the immediately preceding sentence is met. We recognize that between February 1, 2010 and June 1, 2010, you will also be winding down your medical practice, but you agree that during this transition period you will devote sufficient time to successfully perform your duties for the Company (which, you and the Company agree, will generally require a time commitment of at least 20 hours per week).

Your primary duty will be to provide clinical input to the development of product strategy and definition. Of course, the Company may modify our responsibilities and compensation from time to time as it deems necessary.

As a regular employee of the Company, you will be eligible to participate in Company-sponsored benefit plans generally available to regular employees. You will also be reimbursed in accordance with the Company’s expense reimbursement policies for all documented reasonable business expenses that are incurred in connection with carrying out your duties for the Company.

Subject to the approval of the Company’s Board of Directors (the “Board”), you will be granted an option (the “Option”) to purchase 461,486 shares of the Company’s common stock, at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Board. The Option will be granted pursuant to and upon the terms set forth in the Company’s stock incentive plan and your stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you continue to be employed by the Company, the Option will vest with respect to 25% of the underlying shares on the one-year anniversary of your Start Date and with respect to the balance in 36 substantially equal installments upon your completion of each additional consecutive month of service thereafter. Among other terms and conditions set forth in the Company’s stock incentive plan and your

stock option agreement, the shares underlying the Option will be subject to a market standoff agreement, and your exercise of the Option will be conditioned upon your execution of the Amended and Restated Voting Agreement, dated August, 21, 2009, by and among the Company and the parties thereto, as may be amended from time to time, and the Amended and Restated Right of First Refusal and Co-Sale Agreement, dated August 21, 2009, by and among the Company and the parties thereto, as may be amended from time to time.

Your employment pursuant to this offer is contingent upon you providing the Company with the legally required proof of your identity and authorization to work in the United States, upon your signing and agreeing to be bound by the enclosed At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, and upon completion of a basic background check as required by the Company to protect privacy of sensitive user information.

While we hope that your employment with the Company will be mutually satisfactory, employment with the Company is for no specific period of time. As a result, either you or the Company is free to terminate your employment relationship at any time for any reason, with or without cause. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time-to-time, the "at-will" nature of your employment may not be changed except by an express writing signed and dated by both you and the Chief Executive Officer of the Company.

[Remainder of page intentionally left blank]

This letter when signed by you sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. A duplicate original of this offer is enclosed for your records. To accept this offer, please sign and return this letter to me.

We look forward to working with you at the Company.

If you have any questions, please call me at [Telephone].

Sincerely,

/s/ Giovanni Colella

Giovanni Colella
President and Chief Executive Officer

I have read, understand, and accept this employment offer. Furthermore, in choosing to accept this offer, I agree that I am not relying on any representations, whether verbal or written, except as specifically set out within this letter.

/s/ Dena Bravata

Employee Signature

Dena Bravata, MD/MS

Printed Name

Date: January 30, 2010

Enclosures: Duplicate Original Letter
At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

JOB OFFER LETTER

September 6, 2012

John Doyle
[Address]

Dear John:

On behalf of Castlight Health, Inc., a Delaware corporation (the “Company”), I am pleased to offer you, conditional on satisfactory results of a routine background check and other matters mentioned below, a position as a Chief Financial Officer, at a starting salary of \$250,000 per year, subject to applicable withholdings and deductions, payable in accordance with the Company’s standard payroll schedule and procedures. You will also be eligible for incentive compensation with an annual target of 35% of base salary. Your incentive compensation will be based on the achievement of the Company’s goals and objectives as well as the achievement of individual objectives set by you and your manager in the first 30 days of employment. The assessment of the achievement of the goals and objectives is determined by the Company and as the same may be amended by the Company from time to time. You must be employed with us on the date of the payout to receive any payouts under the plan. Your incentive compensation for 2012 will be pro-rated based on your start date.

If you accept this offer, your start date to be determined and you will report to Giovanni Colella, Chief Executive Officer. Your primary duties as a member of the senior leadership team will be to contribute valuable insight, expertise and experience to bear on key decisions, including M&A opportunities and/or preparation for and execution of an IPO, to represent the company to key external constituents including: new and existing investors, financial analysts and potential M&A partners. Additionally you will proactively identify (and help other members of the senior leadership see) opportunities to optimize the business – operationally and financially. Of course, the Company may modify your responsibilities, title and compensation from time to time, as it deems necessary.

As a regular employee of the Company, you will be eligible to participate in Company-sponsored benefits generally available to regular employees. You shall also be reimbursed in accordance with the Company’s expense reimbursement policies for all documented reasonable business expenses that are incurred in connection with carrying out your duties for the Company and in compliance with the Company policy. At Castlight we do not have a formal paid vacation, personal and sick time policy. Instead, we have a flexible time-off policy pursuant to which we encourage you to take time-off and to work with your manager on the timing.

Subject to the approval of the Company's Board of Directors, you shall be granted an option (the "Option") to purchase 870,000 shares of the Company's stock. The shares will be at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Company's Board of Directors. The Option shall be granted pursuant to and upon the terms set forth in the Company's stock incentive plan and your stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you remain actively employed by the Company, the Option shall vest: (a) with respect to 20% of the underlying shares on the one-year anniversary of your employment start date; (b) during your second year of employment in 12 installments of 1.667% of the underlying shares upon your completion of each additional consecutive month of service; and (c) with respect to the balance, in 24 substantially equal installments upon your completion of each additional consecutive month of service. Among other terms and conditions set forth in the Company's stock incentive plan and your stock option agreement, the shares underlying the Option will be subject to rights of first refusal and a market standoff agreement, and your exercise of the Option is conditioned upon your execution of the Amended and Restated Voting Agreement, dated April 26, 2012, by and among the Company and the parties thereto, as may be amended from time to time, and the Amended and Restated Right of First Refusal and Co-Sale Agreement, dated April 26, 2012, by and among the Company and the parties thereto, as may be amended from time to time.

The company will also grant you a loan of up to \$250,000. Terms of this loan will be determined by November 1, 2012.

Your employment pursuant to this offer is contingent upon you providing the Company with the legally required proof of your identity and authorization to work in the United States, upon your signing and agreeing to be bound by the enclosed At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, and upon completion of a basic background check as required by the Company to protect privacy of sensitive user information.

While we hope that your employment with the Company will be mutually satisfactory, employment with the Company is for no specific period of time. As a result, either you or the Company is free to terminate your employment relationship at any time for any reason, with or without cause. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time-to-time, the "at-will" nature of your employment may not be changed except by an express writing signed and dated by both you and the Chief Executive Officer of the Company.

This letter when signed by you sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. To accept this offer, please sign and return this letter to me. This offer will expire at 5:00 pm Pacific Time on Wednesday, October 31, 2012 if not accepted before then.

[Remainder of page intentionally left blank]

We look forward to working with you at the Company.

If you have any questions, please call me at [Telephone].

Sincerely,

/s/ Shannon Espinola
Shannon Espinola
Director, People Strategy

I have read, understand, and accept this employment offer. Furthermore, in choosing to accept this offer, I agree that I am not relying on any representations, whether verbal or written, except as specifically set out within this letter.

/s/ John C. Doyle
Employee Signature

John C. Doyle
Printed Name

September 14, 2012
Date

November 5, 2012
Employment Start Date

Enclosures: At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

JOB OFFER LETTER

September 6, 2013

Michele Law

Via Email

Dear Michele:

On behalf of Castlight Health, Inc., a Delaware corporation (the "Company"), I am pleased to offer you, conditional on satisfactory results of a routine background check and other matters mentioned below, a position as a Chief Revenue Officer, at a starting salary of \$250,000 per year, subject to applicable withholdings and deductions, payable in accordance with the Company's standard payroll schedule and procedures. You will also be eligible for incentive compensation with an annual target of 60% of base salary. Your incentive compensation will be based on the achievement of the Company's goals and objectives as well as the achievement of individual objectives set by you and your manager in the first 30 days of employment. The assessment of the achievement of the goals and objectives is determined by the Company and as the same may be amended by the Company from time to time. You must be employed with us on the date of the payout to fully earn and receive any payouts under the plan. Your incentive compensation for 2013 will be pro-rated based on your start date.

If you accept this offer, your start date is to be determined and you will report to Randy Womack, Chief Operating Officer. Your primary duties as a member of the Executive Committee will be to contribute valuable insight, expertise and experience to key decisions, including building a revenue and sales strategy linked with our long-term corporate strategy to ensure that the entire organization has the direction, information, resources and support to successfully execute in the field. As the executive with primary responsibility for revenue growth, you will lead the Sales, Field Enablement, Sales Support, Marketing and Customer Success teams. Of course, the Company may modify your responsibilities, title and compensation from time to time, as it deems necessary.

As a regular employee of the Company, you will be eligible to participate in Company-sponsored benefits generally available to regular employees. You shall also be reimbursed in accordance with the Company's expense reimbursement policies for all documented reasonable business expenses that are incurred in connection with carrying out your duties for the Company and in compliance with Company policy. At Castlight we do not have a formal paid vacation, personal and sick-time policy. Instead, we have a flexible time-off policy pursuant to which we encourage you to take time-off and to work with your manager on the timing.

Subject to the approval of the Company's Board of Directors, you shall be granted an option (the "Option") to purchase 810,000 shares of the Company's stock. The shares will be at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Company's Board of Directors. The Option shall be granted pursuant to and upon the terms set forth in the Company's stock incentive plan and your stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you remain actively employed by the Company, the Option shall vest: (a) with respect to 20% of the underlying shares on the one-year anniversary of your employment start date; (b) during your second year of employment in 12 installments of 1.667% of the underlying shares upon your completion of each additional consecutive month of service; and (c) with respect to the balance, in 24 substantially equal installments upon your completion of each additional consecutive month of service. Among other terms and conditions set forth in the Company's stock incentive plan and your stock option agreement, the shares underlying the Option will be subject to rights of first refusal and a market standoff agreement, and your exercise of the Option is conditioned upon your execution of the Amended and Restated Voting Agreement, dated April 26, 2012, by and among the Company and the parties thereto, as may be amended from time to time, and the Amended and Restated Right of First Refusal and Co-Sale Agreement, dated April 26, 2012, by and among the Company and the parties thereto, as may be amended from time to time.

Additionally, you shall be granted an option (the "Option") to purchase an additional 90,000 shares of the Company's stock. The shares will be at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Company's Board of Directors. The Option shall be granted pursuant to and upon the terms set forth in the Company's stock incentive plan and your stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you remain actively employed by the Company, the Option shall vest on January 31st of each year beginning in 2015 with respect to your achievement of new bookings and customer retention objectives for the immediately prior fiscal year based on the board approved operating plan for such year (the "Plan") as follows: (i) 25% of the underlying options if actual new bookings and customer retention in the prior fiscal year ("performance") equal or exceed 100% of the Plan; or (ii) 12.5% if performance equals or exceeds 90% of the Plan; or (iii) 0% if performance is less than 90% of the Plan. As described, you will be eligible to vest a maximum of 25% of the underlying options annually based on performance in each calendar year beginning in 2014 and ending in 2017. Any options not vested pursuant to the vesting terms described above for a particular calendar year shall be forfeited and achievement against the applicable Plan shall be as determined by the Board in its sole discretion.

You will be entitled to the Company's double trigger acceleration of vesting on the options outlined above in the event of a change of control as approved by the board of directors and applicable to all employees.

Your employment pursuant to this offer is contingent upon you providing the Company with the legally required proof of your identity and authorization to work in the United States, upon your signing and agreeing to be bound by the enclosed At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, and upon

completion of a basic background check as required by the Company to protect privacy of sensitive user information.

While we hope that your employment with the Company will be mutually satisfactory, employment with the Company is for no specific period of time. As a result, either you or the Company is free to terminate your employment relationship at any time for any reason, with or without cause. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time-to-time, the "at-will" nature of your employment may not be changed except by an express writing signed and dated by both you and the Chief Executive Officer of the Company.

This letter when signed by you sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. To accept this offer, please sign and return this letter to me. This offer will expire at 5:00 pm Pacific Time on Tuesday, September 10, 2013, if not accepted before then.

[Remainder of page intentionally left blank]

We look forward to working with you at the Company.

If you have any questions, please call me at [Telephone].

Sincerely,

/s/ Shannon Espinola
Shannon Espinola
Director, People Strategy

I have read, understand, and accept this employment offer. Furthermore, in choosing to accept this offer, I agree that I am not relying on any representations, whether verbal or written, except as specifically set out within this letter.

/s/ Michele K. Law
Employee Signature

Michele K. Law
Printed Name

September 10, 2013
Date

TBD
Employment Start Date

Enclosures: At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

JOB OFFER LETTER

September 28, 2010

Randy Womack
[Address]

Dear Randy:

On behalf of Castlight, Inc., a Delaware corporation (the "Company"), I am pleased to offer you, conditional on satisfactory results of a routine background check, and other matters mentioned below, the position of Chief Operating Officer at a starting salary of \$250,000 per year, subject to applicable withholdings and deductions, payable in accordance with the Company's standard payroll schedule and procedures. Commencing with calendar year 2011, you will also be eligible for a year-end bonus of up to 60% of your base salary for such year, payable to the extent you achieve milestones that will be determined by the Company's Board of Directors. If you accept this offer, we expect that your start date will be 11/08/10. Your primary duties will be to plan and scale all internal operations of the Company. Of course, the Company may modify your responsibilities and compensation from time to time, as it deems necessary.

As a regular employee of the Company, you will be eligible to participate in Company-sponsored benefits generally available to regular employees. You shall also be reimbursed in accordance with the Company's expense reimbursement policies for all documented reasonable business expenses that are incurred in connection with carrying out your duties for the Company.

Subject to the approval of the Company's Board of Directors, you shall be granted an option (the "Option") to purchase 1,264,864 shares of the Company's common stock, at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Company's Board of Directors. The Option shall be granted pursuant to and upon the terms set forth in the Company's stock incentive plan and your stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you remain actively employed by the Company, the Option shall vest with respect to 25% of the underlying shares on the one-year anniversary of your employment start date and, with respect to the balance, in 36 substantially equal installments upon your completion of each additional consecutive month of service thereafter.

Additionally, subject to the approval of the Company's Board of Directors, you shall be granted a milestone based option (the "Milestone Option") to purchase 158,108 shares of the Company's common stock, at an exercise price equal to the fair market value of such shares on the date of grant as determined by the Company's Board of Directors. The Milestone Option shall be granted pursuant to and upon the terms set forth in the Company's stock incentive plan

and your Milestone Option stock option agreement and shall have a maximum term of 10 years (subject to earlier termination in connection with a termination of your employment or a change in control of the Company). So long as you remain actively employed by the Company, the Milestone Option shall vest as to a certain number of shares upon the attainment of milestones as determined by the Board and as set forth in the Milestone Option stock option agreement

Among other terms and conditions set forth in the Company's stock incentive plan and your stock option agreements, the shares underlying the Option and the Milestone Option will be subject to rights of first refusal and a market standoff agreement, and your exercise of the Option and the Milestone Option are conditioned upon your execution of the Amended and Restated Voting Agreement, dated August 21, 2009, by and among the Company and the parties thereto, as may be amended from time to time, and the Amended and Restated Right of First Refusal and Co-Sale Agreement, dated August 21, 2009, by and among the Company and the parties thereto, as may be amended from time to time.

Your employment pursuant to this offer is contingent upon you providing the Company with the legally required proof of your identity and authorization to work in the United States, upon your signing and agreeing to be bound by the enclosed At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, and upon completion of a basic background check as required by the Company to protect privacy of sensitive user information.

While we hope that your employment with the Company will be mutually satisfactory, employment with the Company is for no specific period of time. As a result, either you or the Company is free to terminate your employment relationship at any time for any reason, with or without cause. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time-to-time, the "at-will" nature of your employment may not be changed except by an express writing signed and dated by both you and the Chief Executive Officer of the Company.

This letter when signed by you sets forth the terms of your employment with us and supersedes any prior representations or agreements, whether written or oral. A duplicate original of this offer is enclosed for your records. To accept this offer, please sign and return this letter to me.

[Remainder of page intentionally left blank]

We look forward to working with you at the Company.

If you have any questions, please call me at [Telephone].

Sincerely,

/s/ Giovanni Colella
Giovanni Colella
Chief Executive Officer

I have read, understand, and accept this employment offer. Furthermore, in choosing to accept this offer, I agree that I am not relying on any representations, whether verbal or written, except as specifically set out within this letter.

/s/ Randy Womack
Employee Signature

Randy Womack
Printed Name

September 29, 2010
Date:

Enclosures: Duplicate Original Letter
At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement

Double Trigger Acceleration Policy

Summary: “Double trigger” acceleration of 100% of the unvested options held by any optionee then employed by the Company (or then providing services to the Company as a consultant if such acceleration is specifically approved by the Board for such consultant) would occur if the optionee is terminated without “Good Cause” (as defined below) or resigns for “Good Reason” (as defined below) within 3 months before or 12 months following the consummation of a Change of Control (a definition that includes acquisitions in various forms but excludes financings for capital-raising purposes). Explanations in bold and brackets below.

“Good Cause” shall mean, as reasonably determined by the Board (excluding any Participant who is then a member of the Board) based on the information then known to it, that one or more of the following has occurred:

- (i) the Participant is convicted of, or pleads guilty or *nolo contendere* to, a felony (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction);
- (ii) the Participant has engaged in acts of fraud, dishonesty or other acts of willful misconduct in the course of his duties hereunder;
- (iii) the Participant willfully fails to perform or uphold his or her duties under this Agreement after receiving written notice from the Board or willfully fails to comply with reasonable directives of the Board without a reasonable belief the failure to comply was in the best interest of the Company; or
- (iv) a material breach by the Participant of any other provision of this Agreement, or any material breach by the Participant of any other contract the Participant is party to with the Company or any of its Affiliates; provided, however, that if the breach is reasonably susceptible of cure, Participant shall be entitled to receive at least 30 days to cure the breach fully after receiving written notice from the Board.

“Good Reason” shall mean the occurrence of any of the following conditions without the Participant’s express written consent:

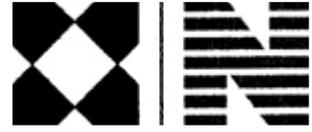
- (i) a 15% or greater reduction in the Participant’s rate of base salary unless such reduction is consistent with a salary reduction implemented by the Company for other similarly situated employees of the Company;
- (ii) a material diminution in the Participant’s authority, title, duties, or responsibilities; provided, however, that such diminution will not be “Good Reason” if the Participant’s authority or title has, or duties or responsibilities have, been diminished due to an increase in the size, or the number of employees of, the Company and its affiliated entities taken together as a whole (for the avoidance of doubt and for purposes of illustration, if immediately prior to a Change of Control the Participant supervises 10

of 20 employees of the Company and its affiliated entities, the Participant would not have “Good Reason” if he or she resigned after the Change of Control solely because he or she continued to supervise 10 employees but the total number of employees of the Company and its affiliated entities increased to 500 employees);

(iii) a relocation of the Participant’s principal office with the Company of more than fifty (50) miles from its current location; or

(iv) a material breach by the Company of this Agreement;

provided, however, that any such condition or conditions, as applicable, shall not constitute Good Reason unless both (x) the Participant provides written notice to the Company of the condition claimed to constitute Good Reason within ninety (90) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section []), and (y) the Company fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Participant’s employment with the Company shall not be treated as a termination for “Good Reason” unless such termination occurs not more than one hundred and twenty (120) days following the initial existence of the condition claimed to constitute Good Reason.



121 Spear Street Sublease Documents

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STANDARD FORM

SUBLEASE

This Sublease Agreement is made as of the day of 2012, (hereinafter referred to as "Sublease") by and between National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation (hereinafter referred to as "Sublandlord") and Castlight Health, Inc. a Delaware corporation (hereinafter referred to as "Subtenant") with regard to the following facts.

RECITALS

A. Sublandlord is the Tenant under that certain Office Lease dated as of August 30, 1996 (hereinafter referred to as the "Office Lease"), with Hudson Rincon Center, LLC, as successor-in-interest to Landlord, a Delaware limited liability company (hereinafter referred to as the "Landlord"), as amended by that certain Memorandum of Office Lease and Right of First Offer dated August 9, 1996 (hereinafter referred to as the " "), Notice of Lease Term Dates dated September 15, 1997, First Amendment to Lease dated June 20, 1997, Second Amendment to Lease dated-September 30, 1998, Third Amendment to Lease dated October 1999, Letter Agreement dated November 19, 1999, Fourth Amendment to Office Lease dated October 18, 2000, Fifth Amendment to Office Lease dated October 18, 2000, Letter Agreement dated September 28, 2006, Letter Agreement dated November 1, 2006, Letter Agreement dated December 1, 2006, Sixth Amendment to Office Lease dated February 28, 2007, Seventh Amendment to Office Lease dated May 14, 2008, Letter Agreement dated July 11, 2008, Eighth Amendment to Office Lease dated January 10, 2010, Ninth Amendment to Office Lease dated October 31, 2010 between Landlord and Sublandlord (the Office Lease and subsequent agreements detailed aforesaid are referred to herein collectively as the "Master Lease") (a copy of which Master Lease is attached hereto as Exhibit A and by this reference made a part hereof) concerning Suites 201, 290, 410, and entire 3rd floor, entire 5th floor, and entire 6th floor at 121 Spear Street, San Francisco, CA and 18,364rsf located on the 4th floor at 101 Spear Street, San Francisco, CA (hereinafter referred to as the "Premises") (hereinafter referred to as the "Building") located at 101 Spear Street and 121 Spear Street, San Francisco, CA 94105.

B. Subtenant desires to sublease from Sublandlord a portion of the Premises consisting of approximately 32,571 rentable square feet of space at 121 Spear Street (which portion shall be hereinafter referred to as the "Subleased Premises") more particularly set forth on Exhibit B attached hereto, and Sublandlord has agreed to sublease the Subleased Premises to Subtenant upon the terms, covenants and conditions herein set forth.

AGREEMENT

In consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Sublease Sublandlord hereby subleases and demises to Subtenant and Subtenant hereby hires and takes from Sublandlord the Subleased Premises.

2. Term

2.1 Initial Term The terra of this Sublease (hereinafter referred to as the "Term") shall commence on January 1, 2013 at which time Subtenant will obtain possession to the Subleased Premises, and shall end, unless sooner terminated as provided in the Master Lease, on July 15, 2017.

Within fifteen business days of execution by both Sublandlord and Subtenant of this Agreement, Sublandlord shall submit to the Landlord the executed copy of this Agreement, along with all other information required under the Master Lease for the Landlord's consent to this Agreement and Sublandlord shall use commercially reasonable efforts to cause Landlord to provide consent to this Agreement.

Sublandlord may delay delivery of the Subleased Premises if: (a) Subtenant fails to deliver to Sublandlord prior to October 1, 2012 (which delay may be no greater than one day for each day past October 1, 2012 that Subtenant provides following required items) (i) payment of first month's rent, (ii) receipt of Security Deposit or (iii) receipt of Certificate of Insurance; or

(b) the Landlord fails to consent (provided that if such failure to consent is a breach of the Master Lease, Sublandlord shall use all reasonable efforts to cause the Landlord to consent).

Notwithstanding the Sublease Commencement Date set forth above, Subtenant shall have the right 90 days prior to the Sublease Commencement Date to enter the Subleased Premises for the purposes of altering and constructing improvements, installing furniture, fixtures, telecommunications cabling and equipment and other similar type activities; provided that such early entry is conducted in a manner so as to not unreasonably interfere with any Sublandlord work occurring in or around the Subleased Premises, provided that Master landlord has provided its consent by that time.

Promptly after Sublease Commencement Date, Subtenant and Sublandlord shall execute a Sublease Commencement Date Agreement confirming the Sublease Commencement Date, Sublease Expiration Date, actual RSF Of Subleased Premises, and final plans approved by the parties, Rent, Security Deposit, and Subtenant's Proportionate Share.

2.2 Option Term

2.2.1 Option Right Intentionally Deleted.

3. Subtenant's Share Subtenant's proportionate share is (22.83%) (32,571rsf ÷ 142,655rsf). (As of 8/1/12 Sublandlord's Leased Premises will be reduced to 142,655 from 161,019).

4. Electric Subtenant shall pay any excess electric charges as additional rent on a monthly basis incurred by Sublandlord as a result of Subtenant's use and occupancy of the Subleased Premises, in accordance with the terms and conditions of the Master Lease.

Subtenant shall pay any overtime HVAC or electric charges incurred by Subtenant as additional rent on a monthly basis to Sublandlord, in accordance with the terms and conditions of the Master Lease.

5. Telephone Subtenant shall be responsible for all telephone charges incurred in connection with the Subleased Premises during the Term of the Sublease and shall arrange with the supplier of the same to have charges directly billed to Subtenant.

6. Rent Subtenant shall pay base rent during the Term of this Sublease, payable monthly in advance on the first day of each month as follows:

Term	Annually	Monthly	Per RSF
*Months 1-12	\$977,130.00	\$81,427.50	\$30.00
Months 13-24	\$1,009,701.00	\$84,141.75	\$31.00
Months 25-36	\$1,042,272.00	\$86,856.00	\$32.00
Months 37-48	\$1,074,843.00	\$89,570.25	\$33.00
Months 49-55	\$1,107,414.00	\$92,284.50	\$34.00

* Subject to Master Landlord consent, the Rent Commencement Date shall be May 1, 2013. Base rent for months 2 – 4 shall be abated.

In the event that the term of this Sublease shall begin or end on a date which is not the first day of a month, base rent shall be prorated as of such date.

If Subtenant is in default of the payment of Rent or Additional Rent or any other provision of this Sublease beyond any applicable notice or cure period, in addition to any Default Remedies available to Sublandlord, Subtenant shall be obligated to repay the three (3) month rental abatement received at the commencement of the Sublease Term.

Concurrent with Subtenant's execution of this Sublease, Subtenant shall deliver to Sublandlord the first month's base rent in the amount of Eighty One Thousand, Four Hundred Twenty Seven and ⁵⁰/₁₀₀ Dollars (\$81,427.50).

7. Security Deposit Concurrent with the execution of this Sublease, Subtenant shall deposit with Sublandlord a sum equal to One Hundred Sixty Two Thousand, Eight Hundred Fifty Five and ⁰⁰/₁₀₀ Dollars (\$162,855.00) (hereinafter referred to as the "Security Deposit") as security for the Subtenant's faithful performance of all of the terms and conditions of this

Sublease including the obligation to pay rent. For so long as the Security Deposit has not been repaid to Subtenant, it shall constitute an account payable by Sublandlord to Subtenant within thirty (30) days after the termination of this Sublease to the extent, if any, that the Security Deposit has not been applied by Sublandlord as hereinafter provided. If Subtenant shall default beyond any applicable notice and cure periods as defined herein with respect to any term and condition hereunder, then the Security Deposit or any part hereof may be applied by Sublandlord (but Sublandlord shall not be obligated to do so) to the actual damages sustained by Sublandlord by reason thereof. No such application shall be construed as an agreement to limit the amount of Sublandlord's claim or, as a waiver of any damage or release of any indebtedness, and Sublandlord's claim not recovered in full from the Security Deposit. If Sublandlord has so applied all or any part of the Security Deposit, Sublandlord shall have the right (but not the obligation) at any time thereafter to demand that Subtenant pay to Sublandlord a sum equal to the amounts so applied so that Sublandlord will always be in possession of a sum equal to the amount of the Security Deposit. Subtenant shall make each such remittance within thirty (30) days following such demand by Sublandlord. Said remittance shall thereupon constitute a part of the Security Deposit subject to the terms and provisions hereof. The failure of Subtenant to make any such requested remittance within such thirty (30) day period, and after applicable notice and cure period, may be treated by Sublandlord as a failure by Subtenant to make timely payment of rent and as an event of default.

8. Use Subtenant covenants and agrees to use the Subleased Premises in accordance with the provisions of the Master Lease and for no other purpose and otherwise in accordance with the terms and conditions of the Master Lease and this Sublease.

9. Master Lease As applied to this Sublease, the words "Landlord" and "Tenant" as used in the Master Lease shall be deemed to refer to Sublandlord and Subtenant hereunder, respectively. Subtenant and this Sublease shall be subject in all respects to the terms of, and the rights of the Landlord under, the Master Lease. Except as otherwise expressly provided in Section 9 hereof, the covenants, agreements, terms, provisions and conditions of the Master Lease insofar as they relate to the Subleased Premises and insofar as they are not inconsistent with the terms of this Sublease are made a part of and incorporated into this Sublease as if recited herein in full, and the rights and obligations of the Landlord and the Tenant under the Master Lease shall be deemed the rights and obligations of Sublandlord and Subtenant respectively hereunder and shall be binding upon and inure to the benefit of Sublandlord and Subtenant respectively. The time limits contained in the Master Lease for the giving of notices, making of demands or performing of any act, condition or covenant on the part of the tenant thereunder, or for the exercise by the tenant thereunder of any right, remedy or option, be changed for the purposes of incorporation herein by reference by shortening the same in each instance by three (3) business days, so that in each instance Subtenant shall have three (3) business days less time to observe or perform hereunder than Sublandlord has as the tenant under the Master Lease; provided that the foregoing shall not apply to the time period set forth in the last line of Section 19.1.1, under which Subtenant shall have only one (1) business day less time. As between the parties hereto only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, such conflict shall be resolved in every instance in favor of the provisions of this Sublease.

10. Operating Expenses / Real Estate Taxes Subtenant shall pay to Sublandlord its proportionate share (22.83%) of Sublandlord's operating expenses and real estate taxes above the Base Year of 2013 as additional rent on a monthly basis, commencing on the Sublease Commencement Date.

11. Tenant's Performance Under Master Lease

11.1 Subtenant recognizes that Sublandlord is not in a position nor obligated to render any of the services or to perform any of the obligations required of Landlord under the Master Lease with respect to the furnishing of any services or utilities to the Subleased Premises or the maintenance, repair or restoration of the Subleased Premises. Therefore, Subtenant shall rely upon and look solely to the Landlord for the performance of such obligations under the Master Lease and Sublandlord shall not be liable to Subtenant for any default of the Landlord under the Master Lease except to the extent (and solely to such extent) such default is a result of Sublandlord's act or failure to act. Subtenant shall not have any claim against Sublandlord by reason of the Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless such failure or refusal is a result of Sublandlord's act or failure to act. This

Sublease shall remain in full force and effect notwithstanding the Landlord's failure or refusal to comply with any such provision of the Master Lease and Subtenant shall pay the base rent and additional rent and all other charges provided for herein without any abatement, deduction or setoff whatsoever. Notwithstanding the foregoing, if Landlord defaults in any of its obligations under the Master Lease, Subtenant shall be entitled to participate with Sublandlord in any action undertaken by Sublandlord in the enforcement of Sublandlord's rights against Landlord. If Sublandlord elects not to take action, whether legal action or otherwise, for the enforcement of Sublandlord's rights against Landlord, Subtenant shall have the right to take such action in its own name and, for that purpose and only to such extent, all the rights of Sublandlord under the Lease with respect to the Subleased Premises shall be and are hereby conferred upon and assigned to Subtenant, and Subtenant shall be subrogated to such rights to the extent they apply to the Subleased Premises. Subtenant shall protect, defend, indemnify and hold Sublandlord harmless from all claims, costs and liabilities, including attorney's fees and costs, arising out of or in connection with any such action by Subtenant except to the extent (and solely to such extent) such claim, cost or liability results from Sublandlord's act or failure to act. Subtenant covenants and warrants that it fully understands and agrees to be subject to and bound by all of the covenants, agreements, terms, provisions and conditions of the Master Lease, except as modified herein. Furthermore, Subtenant and Sublandlord further covenant not to take any action or do or perform any act or fail to perform any act which would result in the failure or breach of any of the covenants, agreements, terms, provisions or conditions of the Master Lease on the part of the Lessee thereunder.

11.2 Whenever the consent of Landlord shall be required by, or Landlord shall fail to perform its obligations under the Master Lease, Sublandlord agrees to use its reasonable efforts to obtain, at Subtenant's sole cost and expense, such consent and/or performance on behalf of Subtenant. Subtenant shall reimburse Sublandlord all costs associated with Landlord's review of Subtenant's plans and specifications for improvements in the Subleased Premises and all costs incurred by Sublandlord in obtaining Landlord's consent with respect to any amendments to this Sublease. In addition to the foregoing, any and all fees incurred to obtain Landlord's consent to this Sublease shall be apportioned between Sublandlord and Subtenant as follows:

- \$0.00 - \$1,000.00 paid by Sublandlord
- over \$1,000.01 paid by Subtenant

Notwithstanding the foregoing, any and all fees incurred to obtain Landlord's consent to a further assignment or subletting of the Subleased Premises shall be borne solely by Subtenant.

11.3 Sublandlord represents and warrants to Subtenant that the Master Lease is in full force and effect and there are no uncured defaults thereunder.

12. Variations from Master Lease The following covenants, agreements, terms, provisions and conditions of the Master Lease are hereby modified or not incorporated herein:

12.1 Notwithstanding anything to the contrary set forth in the Master Lease regarding base rent, the base rent payable under this Sublease and the Term of this Sublease shall be as set forth in Section 6, above.

12.2 The parties hereto represent and warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease other than CBRE – Sublandlord's Representative and Cornish & Carey Commercial Newmark Knight Frank – Subtenant's Representative, (hereinafter referred to as the "Broker), and each party agrees to indemnify, hold and save the other party harmless from and against any and all claims for brokerage commissions or finder's fees, other than to the Broker, arising out of either of their acts in connection with this Sublease. The provisions of this Section 12.2 shall survive the expiration or earlier termination of this Sublease.

12.3 Notwithstanding anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease shall be deemed to be the property of Sublandlord. Subtenant shall be entitled to receive any insurance proceed or condemnation

awards, as its interest may appear, relating to Subtenant's personal property, fixtures and improvements.

12.4 Any notice which may or shall be given by either party hereunder shall be either delivered personally, sent by certified mail, return receipt requested, or by overnight express delivery, addressed to the party for Whom it is intended at the Subleased Premises (if to the Subtenant), or to National Union Fire Insurance Company of Pittsburgh, Pa. c/o American International Realty Corp., 3rd Floor, 80 Pine Street, New York, New York 10005, Attention : Rosemarie Sailer, Vice President and General Counsel (if to the Sublandlord),, or to such other address as may have been designated in a notice give in accordance with the provisions of this Section **12.4** .

12.5 All amounts payable hereunder by Subtenant shall be payable directly to Sublandlord, as follows:

Pittsburgh, Pa.	Checks made payable to:	National Union Fire Insurance Company of
	Checks mailed to: .	American International Realty Corp. P.O. Box 1502 New York, NY 10268-1502

12.6 The provisions of the Lease Agreement – Summary of Basic Lease Information – Provision 10, 11, 12; Provision 1.3 – The Downsize Right; Provision 1.4; Provision 1.6; Provision 2.1; Provision 2.2; Provision 3.4.1; Provision 3.4.2; Provision 4.3.2 (2nd sentence only); Provision 4.6; Provision 6.3.1; Provision 11.2; Provision 11.4; Provision 13.1 (2nd sentence); Provision 16; Provision 22; Provision 28; Provision 29.6; Provision 29.25; Provision 29.32; Provision 29.34; Exhibit A-1; Exhibit B; Exhibit C; Exhibit L; Exhibit M; Exhibit N; Exhibit O; Exhibit P; Memorandum of Office Lease and Right of First Offer dated August 9, 1996; Letter Agreement dated November 19, 1999; Letter Agreement dated September 28, 2006; Letter Agreement dated November 1, 2006; Letter Agreement dated December 1, 2006; Letter Agreement dated July 11, 2008; First Amendment to Lease – Provisions 5, 6, 7, 8, Exhibit A; Second Amendment to Lease – Provisions 3, 5, 6, 7, Exhibit A; Third Amendment to Lease – Provision 2; Fourth Amendment to Lease – Provisions 3, 4, 6, 7, 8, 9, Exhibit A; Fifth Amendment to Lease – Provisions 3, 4, 6, 7, 8, 9, 10, Exhibit A, Exhibit B; Sixth Amendment to Lease – Provisions 6 (3rd sentence), 7.2, 8, 9, 10, 11, 12, 13, 14 (sentence 4), 15, Exhibit A, Exhibit A-1, Exhibit A-2, Exhibit B; Eighth Amendment to Lease – Provisions 2, 3; Ninth Amendment to Lease – Provision 7 shall not apply to this Sublease.

12.7 Prior to Sublease Commencement, Sublandlord (at Sublandlord's sole cost and expense) shall demise the space per a mutually agreed upon plan (and the final plan shall allow Subtenant access to both sets of restrooms on the floor as well as a common corridor to provide access to Sublandlord's premises on the 5th floor). Sublandlord shall deliver the Subleased Premises with all existing mechanical, electrical and plumbing systems in good working condition. Sublandlord, at Sublandlord's sole cost and expense, shall Broom Clean the Premises (including removal of debris) prior to delivery.

12.8 Subtenant shall have the right, at Subtenant's sole cost and expense, subject to the prior written approval of Sublandlord (which shall not be unreasonably withheld or delayed and which may be provided via email) and pursuant to the terms of Provision 8.1 of the Master Lease, to alter and construct improvements in the Subleased Premises. Any and all alterations or improvements must comply with all Federal, State, Local, Municipal, Laws, Ordinances and Regulations, including ADA.

12.9 Subtenant, at its sole cost and expense, shall remove any Subtenant improvements in the Subleased Premises and restore the Subleased Premises to the same condition existing on the date of Sublandlord's delivery of the Subleased Premises to Subtenant upon the expiration of the Term hereof, which restoration of the Subleased Premises shall be pursuant to the plans and specifications set forth in Exhibit B attached hereto. Notwithstanding the foregoing, Subtenant's obligation to restore the Subleased Premises shall be predicated on demand from Master Lessor to restore, pursuant to terms of the Master Lease.

12.10 Subtenant shall comply with all insurance requirements as required under Article in the Master Lease and shall name Sublandlord, American International Group, Inc.

and its subsidiaries and agents as additional insureds; provided that with respect to property damage liability, Subtenant is allowed to have \$4 million per occurrence, but this should not be construed as a limitation of Subtenant's liability.

13. Indemnity Subtenant hereby agrees to protect, defend, indemnify and hold Sublandlord harmless from and against any and all liabilities, claims expenses, losses and damages, including, without limitation, reasonable attorneys' fees and disbursements, which may at any time be asserted against Sublandlord by (a) the Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease which by reason of the provisions of this Sublease Subtenant is obligated to perform or (b) any person by reason of Subtenant's use and/or occupancy of the Subleased Premises or negligent or intentional acts in or about the Building; provided that Subtenant shall not have an indemnification obligation pursuant to this Section 13 to the extent (and solely to such extent) such liability, claim, expense, loss or damage arises from the gross negligence or willful misconduct of Sublandlord or its employees, agents or contractors. The provisions of this Section 13 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease.

14. Certificates Subtenant shall at any time and from time to time as requested by Sublandlord upon not less than ten (10) days prior written notice, execute, acknowledge, and deliver to Sublandlord a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications, if any) certifying the dates to which rent and any other charges have been paid and stating whether or not, to the knowledge of the person signing the certificate, that Sublandlord is not in default beyond any applicable grace period provided herein in performance of any of its obligations under this Sublease, and if so, specifying each such default of which Subtenant may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom Sublandlord may be dealing.

15. Assignment or Subletting Upon Sublandlord's consent which consent shall not be unreasonably delayed, withheld or conditioned, Subtenant may assign or sublet the Subleased Premises provided that such assignment or sublet complies with the provisions of the Master Lease (including the requirement that the Landlord consent to such assignment or sublet). Sublandlord agrees to use its commercially reasonable efforts to assist the Subtenant in obtaining the Landlord's approval of any assignment or subletting. The parties agree that it shall be reasonable for Sublandlord to withhold consent if the proposed sublessee or assignee is a direct competitor of Sublandlord.

16. Right of First Refusal Intentionally Deleted.

17. Severability If any term or provision of this Sublease or the application thereof to any person or circumstances shall, to any extent, be invalid and unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

18. Entire Agreement; Waiver This Sublease contains the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of their respective heirs, representatives, successors and permitted assigns. Any agreement hereinafter made shall be ineffective to change, modify, waive, release, discharge, terminate or effect an abandonment hereof in whole or in part, unless such agreement is in writing and signed by the parties hereto.

19. Captions Captions to the Sections in this Sublease are included for convenience only are not intended and shall not be deemed to modify or explain any of the terms of this Sublease.

20. Further Assurances The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver, in recordable form if necessary, such further documents, instruments or agreements and shall take such further action that may be necessary or appropriate to effectuate the purposes of this Sublease.

21. Governing Law This Sublease shall be governed by and in all respects construed in accordance with the internal laws of the State of California.

22. Consent of Landlord The validity of this Sublease shall be subject to the Landlord's prior written consent hereto pursuant to the terms of the Master Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

"Sublandlord":
National Union Fire Insurance Company of Pittsburgh,
Pa.
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: _____

By: /s/ Martin Bogut
Its: Assistant Secretary

"Subtenant":
Castlight Health, Inc.
a Delaware corporation

By: /s/ Randall J. Womack
Its: COO

- ***Government Official Bribery*** including, but not limited to, the U.S. Foreign Corrupt Practices Act (“FCPA”), federal anti-kickback and public corruption laws, U.S. state public corruption laws, and the applicable government official bribery laws and regulations in non-U.S. jurisdictions in which Sublandlord or any Permitted Transferee operates or does business, including the U.K. Bribery

CERTIFICATION

The undersigned, as an officer of Castlight does hereby certify as of the date hereof the COO of the corporation is duly authorized to execute a Sublease for office space on behalf of the corporation.

Sublandlord: National Union Fire Insurance Company of Pittsburgh, Pa.
Subtenant: Castlight Health, Inc.
Building Address: 121 Spear Street, 3rd Floor
City/County/State: San Francisco, CA 94105

/s/ Charles Ott
Name Charles Ott
Title: Corporate Counsel
Date: July 2, 2012

STATE OF CA
COUNTY OF San Francisco

This instrument was acknowledged before me on the 2 day of July, 2012 by Kim Renga, on behalf of Castlight Health.

Notary Public in and for the State of CA
/s/ Kim Renga
(Typed/Printed Name of Notary)
My Commission Expires: 3/1/16
/s/ KR
Initials

CONSENT TO SUBLEASE AGREEMENT

This CONSENT TO SUBLEASE AGREEMENT (this “**Agreement**”) is made as of August 9, 2012, by and among HUDSON RINCON CENTER, LLC, a Delaware limited liability company (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A., a Pennsylvania corporation (“**Tenant**”), and CASTLIGHT HEALTH, INC., a Delaware corporation (“**Subtenant**”).

RECITALS:

A. Reference is hereby made to that certain Office Lease dated August 30, 1996, by and between Landlord’s predecessor-in-interest and Tenant (the “**Original Lease**”), as amended by that certain First Amendment to Lease dated June 20, 1997 (“**First Amendment**”), as amended by that certain Second Amendment to Lease dated September 30, 1998 (“**Second Amendment**”), as amended by that certain Third Amendment to Lease dated October, 1999 (“**Third Amendment**”), as amended by that certain Letter Agreement dated November 19, 1999 (“**1999 Letter Agreement**”), as amended by that certain Fourth Amendment to Lease dated October 18, 2000 (“**Fourth Amendment**”), as amended by that certain Fifth Amendment to Lease dated October 18, 2000 (“**Fifth Amendment**”), as amended by that certain Sixth Amendment to Lease dated February 28, 2007 (“**Sixth Amendment**”), as amended by that certain Seventh Amendment to Office Lease dated May 14, 2008 (“**Seventh Amendment**”), as amended by that certain Eighth Amendment to Office Lease dated January 10, 2010 (“**Eighth Amendment**”), as amended by that certain Ninth Amendment to Office Lease dated October 31, 2010 (“**Ninth Amendment**”), for that certain office space commonly known as One Rincon Center and Two Rincon Center (collectively, the “**Premises**”), addressed at 121 Spear Street, San Francisco, California (the “**Building**”). The Original Lease, as amended by the First Amendment, Second Amendment, Third Amendment, 1999 Letter Agreement, Fourth Amendment, Fifth Amendment, Sixth Amendment, Seventh Amendment, Eighth Amendment and Ninth Amendment, is herein referred to, collectively, as the “**Lease**”.

B. Pursuant to the terms of Article 14 of the Original Lease, Tenant has requested Landlord’s consent to that certain Standard Form Sublease dated _____, 2012, between Tenant and Subtenant (the “**Sublease**”), with respect to a subletting by Subtenant of a portion of the Premises on the third (3rd) floor of the Building containing 32,571 rentable square feet, as more particularly described in the Sublease (the “**Sublet Premises**”). A copy of the Sublease is attached hereto as Exhibit “A”. Landlord is willing to consent to the Sublease on the terms and conditions contained herein.

C. All defined terms not otherwise expressly defined herein shall have the respective meanings given in the Lease.

AGREEMENT:

1. Landlord’s Consent. Landlord hereby consents to the Sublease; provided, however, notwithstanding anything contained in the Sublease to the contrary, such consent is granted by Landlord only upon the terms and conditions set forth in this Agreement. The Sublease is subject and subordinate to the Lease. Neither this Agreement nor the Sublease shall be construed to modify, waive or amend any of the terms, covenants and conditions of the Lease or to waive any breach thereof or any of Landlord’s rights or remedies thereunder or to enlarge or increase any obligations of Landlord under the Lease. Landlord shall not be bound by any of the terms, covenants, conditions, provisions or agreements of the Sublease.

2. Non-Release of Tenant; Further Transfers. Neither the Sublease nor this consent thereto shall release or discharge Tenant from any liability, whether past, present or future, under the Lease or alter the primary liability of the Tenant to pay the rent and perform and comply with all of the obligations of Tenant to be performed under the Lease (including the payment of all bills rendered by Landlord for charges incurred by the Subtenant for services and materials supplied to the Sublet Premises). Neither the Sublease nor this consent thereto shall be construed as a waiver of Landlord’s right to consent to any further subletting either by Tenant or by the Subtenant or to any assignment by Tenant of the Lease or assignment by the Subtenant of the Sublease, or as a consent to any portion of the Sublet Premises being used or occupied by any other party. Landlord may consent to subsequent sublettings and assignments of the Lease or the Sublease or any amendments or modifications thereto without notifying Tenant or anyone else

liable under the Lease and without obtaining their consent. No such action by Landlord shall relieve such persons from any liability to Landlord or otherwise with regard to the Sublet Premises.

3. Relationship with Landlord. Tenant hereby assigns and transfers to Landlord the Tenant's interest in the Sublease and all rentals and income arising therefrom, subject to the terms of this Section 3. Landlord, by consenting to the Sublease agrees that until a default shall occur in the performance of Tenant's obligations under the Lease, Tenant may receive, collect and enjoy the rents accruing under the Sublease. In the event Tenant shall default in the performance of its obligations to Landlord under the Lease (whether or not Landlord terminates the Lease), Landlord may, at its option, by giving notice to Tenant, either (i) terminate the Sublease, (ii) elect to receive and collect, directly from Subtenant, all rent any other sums owing and to be owed under the Sublease, as further set forth in Section 3.1, below, and/or (iii) elect to succeed to Tenant's interest in the Sublease, and cause Subtenant to attorn to Landlord, as further set forth in Section 3.2, below.

3.1 Landlord's Election to Receive Rents. Landlord shall not, by reason of the Sublease, nor by reason of the collection of rents or any other sums from the Subtenant pursuant to Section 3(ii), above, be deemed liable to Subtenant for any failure of Tenant to perform and comply with any obligation of Tenant, and Tenant hereby irrevocably authorizes and directs Subtenant, upon receipt of any written notice from Landlord stating that a default exists in the performance of Tenant's obligations under the Lease, to pay to Landlord the rents and any other sums due and to become due under the Sublease. Tenant agrees that Subtenant shall have the right to rely upon any such statement and request from Landlord, and that Subtenant shall pay any such rents and any other sums to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall not have any right or claim against Subtenant for any such rents or any other sums so paid by Subtenant to Landlord. Landlord shall credit tenant with any rent received by Landlord under such assignment but the acceptance of any payment on account of rent from the Subtenant as the result of any such default shall in no manner whatsoever be deemed an attornment by the Landlord to Subtenant or by Subtenant to Landlord, be deemed a waiver by Landlord of any provision of the Lease or serve to release Tenant from any liability under the terms, covenants, conditions, provisions or agreements under the Lease. Notwithstanding the foregoing, any payment of rent from the Subtenant directly to Landlord, regardless of the circumstances or reasons therefor, shall in no manner whatsoever be deemed an attornment by the Subtenant to Landlord in the absence of a specific written agreement signed by Landlord to such an effect.

3.2 Landlord's Election of Tenant's Attornment. In the event Landlord elects, at its option, to cause Subtenant to attorn to Landlord pursuant to Section 3(iii), above, Landlord shall undertake the obligations of Tenant under the Sublease from the time of the exercise of the option, but Landlord shall not (i) be liable for any prepayment of more than one (1) month's rent or any security deposit paid by Subtenant to Tenant, (ii) be liable for any previous act or omission of Tenant under the Sublease or for any other defaults of Tenant under the Sublease, (iii) be subject to any defenses or offsets previously accrued which Subtenant may have against Tenant, or (iv) be bound by any changes or modifications made to the Sublease without the written consent of Landlord.

4. General Provisions.

4.1 Consideration for Sublease. Tenant and Subtenant represent and warrant that there are no additional payments of rent or any other consideration of any type payable by Subtenant to Tenant with regard to the Sublet Premises other than as disclosed in the Sublease.

4.2 Brokerage Commission. Tenant and Subtenant covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the Sublease and Tenant and Subtenant agree to protect, defend, indemnify and hold Landlord harmless from the same and from any cost or expense (including, but not limited to, attorney's fees) incurred by Landlord in resisting any claim for any such brokerage commission.

4.3 Controlling Law. The terms and provisions of this Agreement shall be construed in accordance with and governed by the laws of the State of California.

4.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns. As used herein, the singular number includes the plural and the masculine gender includes the feminine and neuter.

4.5 Captions. The paragraph captions utilized herein are in no way intended to interpret or limit the terms and conditions hereof; rather, they are intended for purposes of convenience only.

4.6 Partial Invalidity. If any term, provision or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent possible permitted by law.

4.7 Attorney's Fees. If either party commences litigation against the other for the specific performance of this Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a trial by jury and, in the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

4.8 Landlord's Costs. Pursuant to Article 14.1 of the Original Lease, upon execution of this Agreement, Tenant shall pay to Landlord the sum of One Thousand Five Hundred and NO/100 Dollars (\$1,500.00) for costs and reasonable attorney's fees incurred by Landlord in connection with Landlord's review and analysis of the Sublease.

4.9 OFAC Certification. Subtenant certifies that it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order of the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity, or nation. Subtenant hereby agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Consent to Sublease Agreement as of the day and year first above written.

“Landlord”:

Hudson Rincon Centers, LLC,
a Delaware limited liability company

By: Rincon Center Commercial, LLC,
a Delaware limited liability company,
Its: Sole Member

By: Hudson Pacific Properties, L.P.,
a Maryland limited partners
Its: Sole Member

By: Hudson Pacific Properties, Inc.
a Maryland corporation,
Its: General Partner

By: /s/ Howard S. Stern

Name: Howard S. Stern

Title: President

“Tenant”:

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A.,
a Pennsylvania corporation

By: /s/ Sean Leonard

Its: CFO & Senior Vice President

Title: Sean Leonard

By: /s/ Martin Bogut

Its: Assistant Secretary

Title: Martin Bogut

“Subtenant”:

CASTLIGHT HEALTH, INC.,
a Delaware corporation

By: /s/ Randall J. Womack

Its: COO

Title: Randy Womack

By: /s/ Charles Ott

Its: Corporate Counsel

Title: Charles Ott

EXHIBIT "A"

THE SUBLEASE

[ATTACHED]

STANDARD FORM

SUBLEASE

This Sublease Agreement is made as of the _____ day of _____ 2012, (hereinafter referred to as "Sublease") by and between National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation (hereinafter referred to as "Sublandlord") and Castlight Health, Inc. a Delaware corporation (hereinafter referred to as "Subtenant") with regard to the following facts.

RECITALS

A. Sublandlord is the Tenant under that certain Office Lease dated as of August 30, 1996 (hereinafter referred to as the "Office Lease"), with Hudson Rincon Center, LLC, as successor-in-interest to Landlord, a Delaware limited liability company (hereinafter referred to as the "Landlord"), as amended by that certain Memorandum of Office Lease and Right of First Offer dated August 9, 1996 (hereinafter referred to as the " "), Notice of Lease Term Dates dated September 15, 1997, First Amendment to Lease dated June 20, 1997, Second Amendment to Lease dated- September 30, 1998, Third Amendment to Lease dated October 1999, Letter Agreement dated November 19, 1999, Fourth Amendment to Office Lease dated October 18, 2000, Fifth Amendment to Office Lease dated October 18, 2000, Letter Agreement dated September 28, 2006, Letter Agreement dated November 1, 2006, Letter Agreement dated December 1, 2006, Sixth Amendment to Office Lease dated February 28, 2007, Seventh Amendment to Office Lease dated May 14, 2008, Letter Agreement dated July 11, 2008, Eighth Amendment to Office Lease dated January 10, 2010, Ninth Amendment to Office Lease dated October 31, 2010 between Landlord and Sublandlord (the Office Lease and subsequent agreements detailed aforesaid are referred to herein collectively as the "Master Lease") (a copy of which Master Lease is attached hereto as Exhibit A and by this reference made a part hereof) concerning Suites 201, 290, 410, and entire 3rd floor, entire 5th floor, and entire 6th floor at 121 Spear Street, San Francisco, CA and 18,364rsf located on the 4th floor at 101 Spear Street, San Francisco, CA (hereinafter referred to as the "Premises") (hereinafter referred to as the "Building") located at 101 Spear Street and 121 Spear Street, San Francisco, CA 94105.

B. Subtenant desires to sublease from Sublandlord a portion of the Premises consisting of approximately 32,571 rentable square feet of space at 121 Spear Street (which portion shall be hereinafter referred to as the "Subleased Premises") more particularly set forth on Exhibit B attached hereto, and Sublandlord has agreed to sublease the Subleased Premises to Subtenant upon the terms, covenants and conditions herein set forth.

AGREEMENT

In consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Sublease Sublandlord hereby subleases and demises to Subtenant and Subtenant hereby hires and takes from Sublandlord the Subleased Premises.

2. Term

2.1 Initial Term The terra of this Sublease (hereinafter referred to as the "Term") shall commence on January 1, 2013 at which time Subtenant will obtain possession to the Subleased Premises, and shall end, unless sooner terminated as provided in the Master Lease, on July 15, 2017.

Within fifteen business days of execution by both Sublandlord and Subtenant of this Agreement, Sublandlord shall submit to the Landlord the executed copy of this Agreement, along with all other information required under the Master Lease for the Landlord's consent to this Agreement and Sublandlord shall use commercially reasonable efforts to cause Landlord to provide consent to this Agreement.

Sublandlord may delay delivery of the Subleased Premises if: (a) Subtenant fails to deliver to Sublandlord prior to October 1, 2012 (which delay may be no greater than one day for each day past October 1, 2012 that Subtenant provides following required items) (i) payment of first month's rent, (ii) receipt of Security Deposit or (iii) receipt of Certificate of Insurance; or

(b) the Landlord fails to consent (provided that if such failure to consent is a breach of the Master Lease, Sublandlord shall use all reasonable efforts to cause the Landlord to consent).

Notwithstanding the Sublease Commencement Date set forth above, Subtenant shall have the right 90 days prior to the Sublease Commencement Date to enter the Subleased Premises for the purposes of to altering and constructing improvements, installing furniture, fixtures, telecommunications cabling and equipment and other similar type activities; provided that such early entry is conducted in a manner so as to not unreasonably interfere with any Sublandlord work occurring in or around the Subleased Premises, provided that Master landlord has provided its consent by that time.

Promptly after Sublease Commencement Date, Subtenant and Sublandlord shall execute a Sublease Commencement Date Agreement confirming the Sublease Commencement Date, Sublease Expiration Date, actual RSF Of Subleased Premises, and final plans approved by the parties, Rent, Security Deposit, and Subtenant's Proportionate Share.

2.2 Option Term

2.2.1 Option Right Intentionally Deleted.

3. Subtenant's Share Subtenant's proportionate share is (22.83%) (32,571rsf ÷ 142,655rsf). (As of 8/1/12 Sublandlord's Leased Premises will be reduced to 142,655 from 161,019).

4. Electric Subtenant shall pay any excess electric charges as additional rent on a monthly basis incurred by Sublandlord as a result of Subtenant's use and occupancy of the Subleased Premises, in accordance with the terms and conditions of the Master Lease.

Subtenant shall pay any overtime HVAC or electric charges incurred by Subtenant as additional rent on a monthly basis to Sublandlord, in accordance with the terms and conditions of the Master Lease.

5. Telephone Subtenant shall be responsible for all telephone charges incurred in connection with the Subleased Premises during the Term of the Sublease and shall arrange with the supplier of the same to have charges directly billed to Subtenant.

6. Rent Subtenant shall pay base rent during the Term of this Sublease, payable monthly in advance on the first day of each month as follows:

Term	Annually	Monthly	Per RSF
*Months 1-12	\$ 977,130.00	\$81,427.50	\$30.00
Months 13-24	\$1,009,701.00	\$84,141.75	\$31.00
Months 25-36	\$1,042,272.00	\$86,856.00	\$32.00
Months 37-48	\$1,074,843.00	\$89,570.25	\$33.00
Months 49-55	\$1,107,414.00	\$92,284.50	\$34.00

* Subject to Master Landlord consent, the Rent Commencement Date shall be May 1, 2013. Base rent for months 2 – 4 shall be abated.

In the event that the term of this Sublease shall begin or end on a date which is not the first day of a month, base rent shall be prorated as of such date.

If Subtenant is in default of the payment of Rent or Additional Rent or any other provision of this Sublease beyond any applicable notice or cure period, in addition to any Default Remedies available to Sublandlord, Subtenant shall be obligated to repay the three (3) month rental abatement received at the commencement of the Sublease Term.

Concurrent with Subtenant's execution of this Sublease, Subtenant shall deliver to Sublandlord the first month's base rent in the amount of Eighty One Thousand, Four Hundred Twenty Seven and ⁵⁰/₁₀₀ Dollars (\$81,427.50).

7. Security Deposit Concurrent with the execution of this Sublease, Subtenant shall deposit with Sublandlord a sum equal to One Hundred Sixty Two Thousand, Eight Hundred Fifty Five and ⁰⁰/₁₀₀ Dollars (\$162,855.00) (hereinafter referred to as the "Security Deposit") as security for the Subtenant's faithful performance of all of the terms and conditions of this

Sublease including the obligation to pay rent. For so long as the Security Deposit has not been repaid to Subtenant, it shall constitute an account payable by Sublandlord to Subtenant within thirty (30) days after the termination of this Sublease to the extent, if any, that the Security Deposit has not been applied by Sublandlord as hereinafter provided. If Subtenant shall default beyond any applicable notice and cure periods as defined herein with respect to any term and condition hereunder, then the Security Deposit or any part hereof may be applied by Sublandlord (but Sublandlord shall not be obligated to do so) to the actual damages sustained by Sublandlord by reason thereof. No such application shall be construed as an agreement to limit the amount of Sublandlord's claim or, as a waiver of any damage or release of any indebtedness, and Sublandlord's claim not recovered in full from the Security Deposit. If Sublandlord has so applied all or any part of the Security Deposit, Sublandlord shall have the right (but not the obligation) at any time thereafter to demand that Subtenant pay to Sublandlord a sum equal to the amounts so applied so that Sublandlord will always be in possession of a sum equal to the amount of the Security Deposit. Subtenant shall make each such remittance within thirty (30) days following such demand by Sublandlord. Said remittance shall thereupon constitute a part of the Security Deposit subject to the terms and provisions hereof. The failure of Subtenant to make any such requested remittance within such thirty (30) day period, and after applicable notice and cure period, may be treated by Sublandlord as a failure by Subtenant to make timely payment of rent and as an event of default.

8. Use Subtenant covenants and agrees to use the Subleased Premises in accordance with the provisions of the Master Lease and for no other purpose and otherwise in accordance with the terms and conditions of the Master Lease and this Sublease.

9. Master Lease As applied to this Sublease, the words "Landlord" and "Tenant" as used in the Master Lease shall be deemed to refer to Sublandlord and Subtenant hereunder, respectively. Subtenant and this Sublease shall be subject in all respects to the terms of, and the rights of the Landlord under, the Master Lease. Except as otherwise expressly provided in Section 9 hereof, the covenants, agreements, terms, provisions and conditions of the Master Lease insofar as they relate to the Subleased Premises and insofar as they are not inconsistent with the terms of this Sublease are made a part of and incorporated into this Sublease as if recited herein in full, and the rights and obligations of the Landlord and the Tenant under the Master Lease shall be deemed the rights and obligations of Sublandlord and Subtenant respectively hereunder and shall be binding upon and inure to the benefit of Sublandlord and Subtenant respectively. The time limits contained in the Master Lease for the giving of notices, making of demands or performing of any act, condition or covenant on the part of the tenant thereunder, or for the exercise by the tenant thereunder of any right, remedy or option, be changed for the purposes of incorporation herein by reference by shortening the same in each instance by three (3) business days, so that in each instance Subtenant shall have three (3) business days less time to observe or perform hereunder than Sublandlord has as the tenant under the Master Lease; provided that the foregoing shall not apply to the time period set forth in the last line of Section 19.1.1, under which Subtenant shall have only one (1) business day less time. As between the parties hereto only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, such conflict shall be resolved in every instance in favor of the provisions of this Sublease.

10. Operating Expenses / Real Estate Taxes Subtenant shall pay to Sublandlord its proportionate share (22.83%) of Sublandlord's operating expenses and real estate taxes above the Base Year of 2013 as additional rent on a monthly basis, commencing on the Sublease Commencement Date.

11. Tenant's Performance Under Master Lease

11.1 Subtenant recognizes that Sublandlord is not in a position nor obligated to render any of the services or to perform any of the obligations required of Landlord under the Master Lease with respect to the furnishing of any services or utilities to the Subleased Premises or the maintenance, repair or restoration of the Subleased Premises. Therefore, Subtenant shall rely upon and look solely to the Landlord for the performance of such obligations under the Master Lease and Sublandlord shall not be liable to Subtenant for any default of the Landlord under the Master Lease except to the extent (and solely to such extent) such default is a result of Sublandlord's act or failure to act. Subtenant shall not have any claim against Sublandlord by reason of the Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless such failure or refusal is a result of Sublandlord's act or failure to act. This

Sublease shall remain in full force and effect notwithstanding the Landlord's failure or refusal to comply with any such provision of the Master Lease and Subtenant shall pay the base rent and additional rent and all other charges provided for herein without any abatement, deduction or setoff whatsoever. Notwithstanding the foregoing, if Landlord defaults in any of its obligations under the Master Lease, Subtenant shall be entitled to participate with Sublandlord in any action undertaken by Sublandlord in the enforcement of Sublandlord's rights against Landlord. If Sublandlord elects not to take action, whether legal action or otherwise, for the enforcement of Sublandlord's rights against Landlord, Subtenant shall have the right to take such action in its own name and, for that purpose and only to such extent, all the rights of Sublandlord under the Lease with respect to the Subleased Premises shall be and are hereby conferred upon and assigned to Subtenant, and Subtenant shall be subrogated to such rights to the extent they apply to the Subleased Premises. Subtenant shall protect, defend, indemnify and hold Sublandlord harmless from all claims, costs and liabilities, including attorney's fees and costs, arising out of or in connection with any such action by Subtenant except to the extent (and solely to such extent) such claim, cost or liability results from Sublandlord's act or failure to act. Subtenant covenants and warrants that it fully understands and agrees to be subject to and bound by all of the covenants, agreements, terms, provisions and conditions of the Master Lease, except as modified herein. Furthermore, Subtenant and Sublandlord further covenant not to take any action or do or perform any act or fail to perform any act which would result in the failure or breach of any of the covenants, agreements, terms, provisions or conditions of the Master Lease on the part of the Lessee thereunder.

11.2 Whenever the consent of Landlord shall be required by, or Landlord shall fail to perform its obligations under the Master Lease, Sublandlord agrees to use its reasonable efforts to obtain, at Subtenant's sole cost and expense, such consent and/or performance on behalf of Subtenant. Subtenant shall reimburse Sublandlord all costs associated with Landlord's review of Subtenant's plans and specifications for improvements in the Subleased Premises and all costs incurred by Sublandlord in obtaining Landlord's consent with respect to any amendments to this Sublease. In addition to the foregoing, any and all fees incurred to obtain Landlord's consent to this Sublease shall be apportioned between Sublandlord and Subtenant as follows:

- \$0.00 - \$1,000.00 paid by Sublandlord
- over \$1,000.01 paid by Subtenant

Notwithstanding the foregoing, any and all fees incurred to obtain Landlord's consent to a further assignment or subletting of the Subleased Premises shall be borne solely by Subtenant.

11.3 Sublandlord represents and warrants to Subtenant that the Master Lease is in full force and effect and there are no uncured defaults thereunder.

12. Variations from Master Lease The following covenants, agreements, terms, provisions and conditions of the Master Lease are hereby modified or not incorporated herein:

12.1 Notwithstanding anything to the contrary set forth in the Master Lease regarding base rent, the base rent payable under this Sublease and the Term of this Sublease shall be as set forth in Section 6, above.

12.2 The parties hereto represent and warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease other than CBRE – Sublandlord's Representative and Cornish & Carey Commercial Newmark Knight Frank – Subtenant's Representative, (hereinafter referred to as the "Broker), and each party agrees to indemnify, hold and save the other party harmless from and against any and all claims for brokerage commissions or finder's fees, other than to the Broker, arising out of either of their acts in connection with this Sublease. The provisions of this Section 12.2 shall survive the expiration or earlier termination of this Sublease.

12.3 Notwithstanding anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease shall be deemed to be the property of Sublandlord. Subtenant shall be entitled to receive any insurance proceed or condemnation

awards, as its interest may appear, relating to Subtenant's personal property, fixtures and improvements.

12.4 Any notice which may or shall be given by either party hereunder shall be either delivered personally, sent by certified mail, return receipt requested, or by overnight express delivery, addressed to the party for Whom it is intended at the Subleased Premises (if to the Subtenant), or to National Union Fire Insurance Company of Pittsburgh, Pa. c/o American International Realty Corp., 3rd Floor, 80 Pine Street, New York, New York 10005, Attention : Rosemarie Sailer, Vice President and General Counsel (if to the Sublandlord), or to such other address as may have been designated in a notice give in accordance with the provisions of this Section 12.4.

12.5 All amounts payable hereunder by Subtenant shall be payable directly to Sublandlord, as follows:

Checks made payable to: National Union Fire Insurance Company of Pittsburgh, Pa.

Checks mailed to: American International Realty Corp.
P.O. Box 1502
New York, NY 10268-1502

12.6 The provisions of the Lease Agreement – Summary of Basic Lease Information – Provision 10, 11, 12; Provision 1.3 – The Downsize Right; Provision 1.4; Provision 1.6; Provision 2.1; Provision 2.2; Provision 3.4.1; Provision 3.4.2; Provision 4.3.2 (2nd sentence only); Provision 4.6; Provision 6.3.1; Provision 11.2; Provision 11.4; Provision 13.1 (2nd sentence); Provision 16; Provision 22; Provision 28; Provision 29.6; Provision 29.25; Provision 29.32; Provision 29.34; Exhibit A-1; Exhibit B; Exhibit C; Exhibit L; Exhibit M; Exhibit N; Exhibit O; Exhibit P; Memorandum of Office Lease and Right of First Offer dated August 9, 1996; Letter Agreement dated November 19, 1999; Letter Agreement dated September 28, 2006; Letter Agreement dated November 1, 2006; Letter Agreement dated December 1, 2006; Letter Agreement dated July 11, 2008; First Amendment to Lease – Provisions 5, 6, 7, 8, Exhibit A; Second Amendment to Lease – Provisions 3, 5, 6, 7, Exhibit A; Third Amendment to Lease – Provision 2; Fourth Amendment to Lease – Provisions 3, 4, 6, 7, 8, 9, Exhibit A; Fifth Amendment to Lease – Provisions 3, 4, 6, 7, 8, 9, 10, Exhibit A, Exhibit B; Sixth Amendment to Lease – Provisions 6 (3rd sentence), 7.2, 8, 9, 10, 11, 12, 13, 14 (sentence 4), 15, Exhibit A, Exhibit A-1, Exhibit A-2, Exhibit B; Eighth Amendment to Lease – Provisions 2, 3; Ninth Amendment to Lease – Provision 7 shall not apply to this Sublease.

12.7 Prior to Sublease Commencement, Sublandlord (at Sublandlord's sole cost and expense) shall demise the space per a mutually agreed upon plan (and the final plan shall allow Subtenant access to both sets of restrooms on the floor as well as a common corridor to provide access to Sublandlord's premises on the 5th floor). Sublandlord shall deliver the Subleased Premises with all existing mechanical, electrical and plumbing systems in good working condition. Sublandlord, at Sublandlord's sole cost and expense, shall Broom Clean the Premises (including removal of debris) prior to delivery.

12.8 Subtenant shall have the right, at Subtenant's sole cost and expense, subject to the prior written approval of Sublandlord (which shall not be unreasonably withheld or delayed and which may be provided via email) and pursuant to the terms of Provision 8.1 of the Master Lease, to alter and construct improvements in the Subleased Premises. Any and all alterations or improvements must comply with all Federal, State, Local, Municipal, Laws, Ordinances and Regulations, including ADA.

12.9 Subtenant, at its sole cost and expense, shall remove any Subtenant improvements in the Subleased Premises and restore the Subleased Premises to the same condition existing on the date of Sublandlord's delivery of the Subleased Premises to Subtenant upon the expiration of the Term hereof, which restoration of the Subleased Premises shall be pursuant to the plans and specifications set forth in Exhibit B attached hereto. Notwithstanding the foregoing, Subtenant's obligation to restore the Subleased Premises shall be predicated on demand from Master Lessor to restore, pursuant to terms of the Master Lease.

12.10 Subtenant shall comply with all insurance requirements as required under Article _____ in the Master Lease and shall name Sublandlord, American International Group, Inc.

and its subsidiaries and agents as additional insureds; provided that with respect to property damage liability, Subtenant is allowed to have \$4 million per occurrence, but this should not be construed as a limitation of Subtenant's liability.

13. Indemnity Subtenant hereby agrees to protect, defend, indemnify and hold Sublandlord harmless from and against any and all liabilities, claims expenses, losses and damages, including, without limitation, reasonable attorneys' fees and disbursements, which may at any time be asserted against Sublandlord by (a) the Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease which by reason of the provisions of this Sublease Subtenant is obligated to perform or (b) any person by reason of Subtenant's use and/or occupancy of the Subleased Premises or negligent or intentional acts in or about the Building; provided that Subtenant shall not have an indemnification obligation pursuant to this Section 13 to the extent (and solely to such extent) such liability, claim, expense, loss or damage arises from the gross negligence or willful misconduct of Sublandlord or its employees, agents or contractors. The provisions of this Section 13 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease.

14. Certificates Subtenant shall at any time and from time to time as requested by Sublandlord upon not less than ten (10) days prior written notice, execute, acknowledge, and deliver to Sublandlord a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications, if any) certifying the dates to which rent and any other charges have been paid and stating whether or not, to the knowledge of the person signing the certificate, that Sublandlord is not in default beyond any applicable grace period provided herein in performance of any of its obligations under this Sublease, and if so, specifying each such default of which Subtenant may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom Sublandlord may be dealing.

15. Assignment or Subletting Upon Sublandlord's consent which consent shall not be unreasonably delayed, withheld or conditioned, Subtenant may assign or sublet the Subleased Premises provided that such assignment or sublet complies with the provisions of the Master Lease (including the requirement that the Landlord consent to such assignment or sublet). Sublandlord agrees to use its commercially reasonable efforts to assist the Subtenant in obtaining the Landlord's approval of any assignment or subletting. The parties agree that it shall be reasonable for Sublandlord to withhold consent if the proposed sublessee or assignee is a direct competitor of Sublandlord.

16. Right of First Refusal Intentionally Deleted.

17. Severability If any term or provision of this Sublease or the application thereof to any person or circumstances shall, to any extent, be invalid and unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

18. Entire Agreement; Waiver This Sublease contains the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of their respective heirs, representatives, successors and permitted assigns. Any agreement hereinafter made shall be ineffective to change, modify, waive, release, discharge, terminate or effect an abandonment hereof in whole or in part, unless such agreement is in writing and signed by the parties hereto.

19. Captions Captions to the Sections in this Sublease are included for convenience only are not intended and shall not be deemed to modify or explain any of the terms of this Sublease.

20. Further Assurances The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver, in recordable form if necessary, such further documents, instruments or agreements and shall take such further action that may be necessary or appropriate to effectuate the purposes of this Sublease.

21. Governing Law This Sublease shall be governed by and in all respects construed in accordance with the internal laws of the State of California.

22. Consent of Landlord The validity of this Sublease shall be subject to the Landlord's prior written consent hereto pursuant to the terms of the Master Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

"Sublandlord":
National Union Fire Insurance Company of
Pittsburgh, Pa.
a Pennsylvania corporation

By: /s/ Signature illegible
Its: _____

By: /s/ Martin Bogut
Its: Assistant Secretary

"Subtenant":
Castlight Health, Inc.
a Delaware corporation

By: /s/ Randall J. Womack
Its: COO

Exhibit C

OFAC Certification. Subtenant hereby represents and certifies to Sublandlord that Subtenant is not: (1) a person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of Treasury (an “OFAC Listed Person”); (2) an agent or instrumentality of, or otherwise controlled by or acting on behalf of, directly or indirectly, any OFAC Listed Person; or (3) otherwise blocked pursuant to other U.S. trade sanctions including, but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act, the Sudan Accountability and Divestment Act and any sanctions regulations administered and enforced by the U.S. Department of State, the U.S. Department of the Treasury, including OFAC or any enabling legislation or executive order relating thereto (“U.S. Trade Restrictions”).

In performing its obligations under this Sublease, the Subtenant shall not violate U.S. Trade Restrictions and shall not perform its obligations in any way that would cause Sublandlord to be in violation of U.S. Trade Restrictions.

Global Anti-Corruption Policy

A. Subtenant represents and warrants the following:

(i) Subtenant is aware of and familiar with the provisions of any and all anti-corruption law applicable in any jurisdiction in which Subtenant or any party hereto may have conducted or will conduct business (hereinafter “Applicable Anti-Corruption Laws”), and has not, directly or indirectly, violated any Applicable Anti-Corruption Law. Without limitation of the generality of the foregoing, neither Subtenant nor any of its subcontractors, employees or agents:

(a) has made or will make, directly or indirectly, any payment, loan or gift (or any offer, promise or authorization of any such payment, loan or gift), of any money or anything of value to or for the use of any Government Official under circumstances in which any of them knows or has reason to know that all or any portion of such money or thing of value has been or will be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of inducing the Government Official to do any act or make any decision in his/her official capacity (including a decision to fail to perform his/her/its official function) or use his/her/its influence with a government or instrumentality thereof in order to affect any act or decision of such government or instrumentality or to assist Sublandlord in obtaining or retaining any business;

(i) For purposes of this Sublease, a “Government Official” is (a) an officer, employee or any person acting in any official capacity for or on behalf of a government, including its departments, agencies, instrumentalities, quasi- or partially-government owned or controlled entities; (b) an officer or employee of a political party or any party official, or a candidate for political office; or (c) any individual who is a principal or senior manager of, or who has an immediate family or close personal relationship or business ties with, any of the foregoing individuals or entities.

B. Notification/Certification Requirements.

(i) Subtenant agrees that should it learn of information regarding any possible violation of Applicable Laws and Regulations in connection with the transactions in this Sublease, Subtenant will immediately advise Sublandlord of such knowledge or suspicion. For purposes of this Sublease, Applicable Laws and Regulations means all applicable anti-corruption laws and regulations in the United States and in other jurisdictions in which American International Group, Inc. operates or does business, including the laws governing:

- **Government Official Bribery** including, but not limited to, the U.S. Foreign Corrupt Practices Act (“FCPA”), federal anti-kickback and public corruption

laws, U.S. state public corruption laws, and the applicable government official bribery laws and regulations in non-U.S. jurisdictions in which Sublandlord or any Permitted Transferee operates or does business, including the U.K. Bribery Act 2010; and

- **Commercial Bribery** including, but not limited to, U.S. state commercial bribery laws, pay-to-play laws and the applicable commercial bribery laws and regulations in non-U.S. jurisdictions in which American International Group, Inc. operates or does business, including the U.K. Bribery Act 2010.

OFFICE LEASE

TWO RINCON CENTER

RINCON CENTER ASSOCIATES,
a California limited partnership,

as Landlord,

and

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A.,
a Pennsylvania corporation,

as Tenant.

TWO RINCON CENTER

SUMMARY OF BASIC LEASE INFORMATION

The undersigned hereby agree to the following terms of this Summary of Basic Lease Information (the "Summary"). This Summary is hereby incorporated into and made a part of the attached Office Lease (this Summary and the Office Lease to be known collectively as the "Lease") which pertains to the office building (the "Building") which is located at Two Rincon Center, 121 Spear Street, San Francisco, California. Each reference in the Office Lease to any term of this Summary shall have the meaning as set forth in this Summary for such term. In the event of a conflict between the terms of this Summary and the Office Lease, the terms of the Office Lease shall prevail. Any capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the Office Lease.

TERMS OF LEASE
(References are to
the Office Lease)

DESCRIPTION

1. Date: August 30, 1996.
2. Landlord: RINCON CENTER ASSOCIATES, a California limited partnership.
3. Address of Landlord (Section 29.19):
One Rincon Center
101 Spear Street
Suite 215
San Francisco, California 94105
Attention: General Manager

With a copy to:

Perini Land and Development Company, Inc.
73 Mt. Wayte Avenue
Framingham, Massachusetts 01701
Attention: John Bolls, Esq.
4. Tenant: NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation.
5. Address of Tenant (Section 29.19):
Prior to Lease Commencement Date:
Three Embarcadero Center
San Francisco, California 94105
Attention: Regional Real Estate Manager

and

After Lease Commencement Date:

Two Rincon Center
101 Spear Street
San Francisco, California 94105
Attention: Regional Real Estate Manager

in both cases with a copy to:

AIG Realty, Inc.
One Chase Manhattan Plaza, 57th Floor
New York, New York 10005
Attention: Andrew T. Kasman, Esq.

and

Allen, Matkins, Leck, Gamble & Mallory
1999 Avenue of the Stars, Suite 1800
Los Angeles, California 90067-6050
Attention: Anton N. Natsis, Esq.

and

American International Realty Corp.
70 Pine Street
New York, New York 10270
Attention: Director of Leasing

6. Building and Premises
(Article 1):

- 6.1 Building: 190,577 rentable square feet.
- 6.2 Premises: 154,928 rentable square feet of space (148,970 usable) in the aggregate, consisting of the 3rd, 4th, 5th and the 6th floors of the Building, all as set forth in **Exhibit A-1** attached hereto.

7. Term (Article 2).

- 7.1 Lease Term: Ten (10) years.
- 7.2 Lease Commencement Date: July 1, 1997, subject to extension pursuant to the terms of Section 5 of the Tenant Work Letter.
- 7.3 Lease Expiration Date: The last day of the month in which the tenth (10th) anniversary of the Lease Commencement Date occurs.

8. Base Rent (Article 3):

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Annual Rental Rate per Rentable Square Foot</u>
1st through 10th			

9. Additional Rent (Article 4).

- 9.1 Base Year:
- 9.2 Tenant's Share: 81.29%.

10. Security Deposit.

11. Parking Pass Ratio (Article 28): Up to fifty (50) single valet and/or tandem Valet parking spaces (collectively, the "**Valet Spaces**") or reserved parking Spaces (the "**Reserved Spaces**") as shown on **Exhibits M and N**, respectively. The Valet Spaces and the Reserved Spaces are collectively referred to in this Lease as the "**Parking Passes.**"

12. Brokers (Section 29.25): Tooley & Company
11150 Santa Monica Boulevard
Suite 200
Los Angeles, California 90025

TWO RINCON CENTER

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TWO RINCON CENTER

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TWO RINCON CENTER
OFFICE LEASE

This Office Lease, which includes the preceding Summary of Basic Lease Information (the “**Summary**”) attached hereto and incorporated herein by this reference (the Office Lease and Summary to be known collectively as the “**Lease**”), dated as of the date set forth in Section 1 of the Summary, is made by and between RINCON CENTER ASSOCIATES, a California limited partnership (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A., a Pennsylvania corporation (“**Tenant**”).

ARTICLE 1

REAL PROPERTY BUILDING PROJECT AND INITIAL PREMISES

1.1 **Real Property, Building, Project and Common Areas.**

1.1.1 **Real Property, Building and Project.** The “Building,” at; that term is defined herein below, the parking structure beneath the Building (the “On-site Parking Area”), the Land upon which the Building stands and the “Common Areas,” as that term is defined in **Section 1.1.2,** below, are sometimes collectively referred to herein as the “Real Property.” The “Building” means the office building located at Two Rincon Center, San Francisco, California consisting of six (6) floors of office and retail space for lease to general office tenants (the “**Two Rincon Office Portion**”), including all tenant improvements and fixtures and other improvements and fixtures thereto, retail establishments on the first floor (the “Two Rincon Retail Portion”), United States Postal Service Facility (“**Postal Facility**”) located on the ground floor, and all portions of the Building leased or designated for lease to tenants for office use, parking, storage or support facilities. The rentable square footage of the Building is set forth in Section 6.1 of the Summary. On top of the Building, but not part of the Building for purposes of this Lease, are Seventeen (17) floors containing residential apartment units (the “**Apartment Portion**”). The “Project,” as that term is used in this Lease, shall include the Real Property and “One Rincon Center,” as that term is defined below, and the Apartment Portion. “One Rincon Center” is a five-story plus basement building comprised of retail stores located on the first (1st) floor (“**One Rincon Retail Portion**”) and offices located on the second (2nd) through fifth (5th) floors (“**One Rincon Office Portion**”). The On-site Parking Area also services One Rincon Center. The Project is shown on the Site Plan attached hereto as **Exhibit A.**

1.1.2 **Common Areas.** Tenant is hereby granted the right to the nonexclusive use of the Common Areas. “**Common Areas**” means (i) the lobby area on the ground floor, (ii) the areas on individual floors devoted to corridors, balconies, fire vestibules, elevator foyers, lobbies, electric and telephone closets, restrooms, mechanical rooms, janitor closets and other similar facilities for the benefit of all tenants (or invitees) on the particular floor, (provided that such areas are not Common Areas on full floors of the Building leased by a single tenant, including Tenant, since such areas are included within the definition of Premises), those areas of the Building devoted to mechanical and service rooms servicing more than one floor or the Building as a whole and any other portion of the Real Property not leased or designated for lease to tenants from time to time that are provided for use in common by Landlord, Tenant and other tenants of the Real Property, whether or not any such area is open to the general public, including all fixtures, goods, decor, signs, facilities and landscaping located in or used in connection with those areas of the Real Property, and including without limitation city sidewalks adjacent to the Real Property and pedestrian walkways, parking areas, ramps, stairways, elevators, escalators, restrooms, patios, plazas, malls, landscaped areas, decorative walls, service corridors, throughways, loading areas, and parcel pick-up stations located in the Real Property. Notwithstanding anything to the contrary set forth in this Lease, any balconies adjacent to a portion of the Premises, which balcony is solely accessible from the Premises (the “**Tenant Balcony**”), shall be for the exclusive use of Tenant and shall be included as part of the Premises for all purposes except the square footage of the Tenant Balconies shall not be included for purposes of determining Base Rent and Tenant’s Share. The manner in which such Common Areas are maintained and operated shall be at the reasonable discretion of Landlord, and the use thereof by Tenant and other persons and entities shall be subject to the Rules and Regulations and such other rules, regulations and restrictions that are required by local governmental and quasi-governmental authorities. Landlord reserves the right to make alterations or additions to or to change the location or configuration of elements of the Real Property and the Common Areas and to terminate Tenant’s right to use any portion of the Common Areas (provided that such

Common Areas are not located on a floor containing a portion of the Premises and are not Tenant Balconies), which ceases to be a “Common Area,” as defined hereinabove; provided, however, that Landlord shall provide Tenant with fifteen (15) business days prior notice of any of the actions set forth in this Section 1.1.2, above, to be taken by Landlord if such action will substantially interfere with Tenant’s ability to (i) conduct business in the Premises, (ii) gain access to and from the On-site Parking Area and adjacent streets, or (iii) use the On-site Parking Area. Landlord shall, at all times during the “Lease Term,” as that term is defined in Section 2.1 of this Lease, maintain and operate the Common Areas in a first-class manner. Additionally, Landlord shall not, without the prior consent of Tenant, which consent shall not be unreasonably withheld or delayed and which consent shall be deemed granted if not denied by notice received by Landlord within ten (10) business days of Tenant’s receipt of notice from Landlord, make material alterations, reduction, addition, relocation or reconfiguration to the Building exterior or the Common Areas; provided that notwithstanding the foregoing terms, Tenant’s consent shall not be required, prior to the date Landlord performs any material alteration, reduction or change of, or addition to, (i) the Building exterior or Common Areas which is required by law, (ii) any retail space located on the ground floor of the Building provided that the lobby space of the Building is not materially reduced thereby, and (iii) the portion of the lobbies located on floors not occupied Or leased by Tenant or its “Affiliates,” as that term is defined in Section 14.6 of this Lease, excluding the lobbies of those floors of the Building not occupied by Tenant, but including material decorative changes to other Common Areas, except those alterations to the Building exterior or the Common Areas which are required to comply with applicable laws. Additionally, Landlord shall not, without the prior consent of tenant, which consent shall not be unreasonably withheld or delayed and which consent shall be deemed granted if not denied by notice received by Landlord within ten (10) business days of Tenant’s receipt of notice from Landlord, make any material alterations to the Building exterior or the Common Areas, excluding the lobbies of those floors of the Building not occupied by Tenant, but including material decorative changes to other Common Areas, except those alterations to the Building exterior or the Common Areas which are required to comply with applicable laws. Tenant shall have the right of access to the Premises, the Building and the On-site Parking Area 24-hours per day, 7-days per week during the Lease Term.

1.2 Initial Premises . Upon and subject to the terms, covenants and conditions hereinafter set forth in this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 6 of the Summary (the “ **Premises** ”), which Premises are located in the Building. The outline of the floor plan of the initial Premises is set forth in Exhibit A-1 attached hereto. Tenant’s rights to the Premises include the right to use or access, (i) the janitorial closet and the fan, electrical, and telephone rooms on any floor of the Building containing an entire fill floor or a portion of the Premises, and (ii) any ceilings or space above the ceilings on any floor of the Building containing the Premises, as necessary for providing utility services such as the installation of computer cable conduits, as approved by Landlord; provided, however, Landlord shall also have the right to access the areas beneath each floor of the Premises and above the ceiling of each floor of the Premises and the use thereof, together with the right to install, maintain, use, repair and replace pipes, ducts, conduits, wires, and structural elements leading through the Premises and serving other parts of the Building, so long as such items are concealed by walls, flooring or ceilings. Such reservation shall in no way affect the maintenance obligations imposed herein.

1.3 The Downsize Right . During the initial Lease Term, Tenant shall have the on- going right during each “Lease Year,” as that term is defined in Section 2.1, below, occurring after the fifth Lease Year, to deliver to Landlord a notice (the “ **Downsize Notice** ”) stating the amount of rentable square feet of the then-current Premises that Tenant does not desire to continue to lease (the “ **Downsize Space** ”), and the location, or locations, of the Downsize Space; provided that (i) on the date of the Downsize Notice and during the twelve (12) months following the date of the Downsize Notice, Tenant is not in (a) monetary default of this Lease, or (b) material non-monetary default of this Lease, beyond the expiration of any applicable cure period provided in this Lease (collectively, a “ **Material Default** ”), (ii) the Downsize Space shall not be more than ten percent (10%), in the aggregate, of the then-current rentable square footage of the Premises, (iii) the Downsize Space shall be in a reasonably leasable configuration, provided that any costs incurred in connection with any reconfiguration shall be Tenant’s responsibility, (iv) be located on a multi-tenant floor, and (v) be in a configuration which permits access to the corridor in compliance with applicable laws. Subject to the foregoing, if Tenant timely delivers to Landlord the Downsize Notice, then as of the date occurring twelve (12)

months after delivery of the Downsize Notice (the “**Downsize Termination Date**”), this Lease with respect to the Downsize Space shall automatically terminate and be of no further force or effect and Landlord and Tenant shall be relieved of their respective obligations under this Lease with respect to the Downsize Space, except for those obligations set forth in this Lease which relate to the Downsize Space and specifically survive the expiration or earlier termination of this Lease, including without limitation, the payment by either party of all amounts owed to the other party under this Lease with respect to the Downsize Space up to and including the Termination Date. Tenant shall surrender any Downsize Space in accordance with the terms of Section 15.2, below.

1.4 Stipulation of Rentable Square Feet of Initial Premises and Building; Determination of Rentable Square Feet of Additional Space. For purposes of this Lease, “rentable square feet” shall be calculated pursuant to Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1 – 1980 (“**BOMA**”). Notwithstanding the foregoing, Landlord and Tenant agree that the number of usable and rentable square feet contained in the Premises initially leased by Tenant pursuant to this Lease are as set forth in Section 6.2 of the Summary, and are not subject to remeasurement at any time, except pursuant to the terms of Section 1.3, above. The measurement of (i) any portion of the Premises remaining after Tenant elects to downsize the Premises pursuant to the terms of Section 1.3 above, or (ii) the “First Offer Space,” as that term is defined in Section 1.6 of this Lease (collectively, the “**Measurable Space**”), shall be measured pursuant to BOMA. The determination of the rentable square footage of the applicable Measurable Space shall be confirmed in writing between Landlord and Tenant. In the event of the addition of the applicable Measurable Space, all amounts, percentages and figures appearing or referred to in the Lease based upon such addition of the rentable square footage shall be modified in accordance with such addition.

1.5 Condition of the Premises. Tenant acknowledges that Landlord has made no representation or warranty, express or implied, regarding the condition of the Real Property, or any part thereof, or the compliance of the Real Property, or any part thereof, with any applicable law, ordinance or governmental rule or regulation, except as specifically set forth in this Lease and in the Tenant Work Letter, attached hereto as Exhibit B. Tenant hereby agrees that upon Landlord’s delivery to Tenant of the Premises, including the “Base Building,” as that term is defined in the Tenant Work Letter, Tenant shall accept the Premises and possession thereof in its then “as-is” condition, subject to the terms of the Tenant Work Letter, and Landlord shall have no further obligation to make any alterations, improvements, additions or modifications to the Base Building in connection with Landlord’s initial construction of the Premises, except as otherwise required pursuant to the terms of the Tenant Work Letter and this Lease.

1.6 Right of First Offer. Tenant shall have an ongoing right of first offer during the Lease Term with respect to all of the space in the Office Portion of the Building (the “**First Offer Space**”). Tenant’s right of first offer shall be on the terms and conditions set forth in this Section 1.6. The rights contained in this Section 1.6 shall not be personal to the Tenant originally named in this Lease and, accordingly, may be exercised by Tenant, its successors as tenant hereunder, or any permitted assignee of all tenant’s interest as tenant hereunder.

1.6.1 Procedure for Offer. Landlord shall notify Tenant (the “**First Offer Notice**”) from time to time as soon as Landlord determines that any portion of the First Offer Space will become available for lease to third parties provided, however, such notification shall be given not earlier than the date which is twelve (12) months before the actual date of physical availability of such First Offer Space. Pursuant to such First Offer Notice, Landlord shall offer to lease to Tenant such First Offer Space. The First Offer Notice shall describe the space so offered to Tenant, shall set forth the “First Offer Rent,” as that term is defined in this Section 1.6.1, below, and shall set forth the other terms upon which Landlord is willing to lease such space to Tenant. The rent payable by Tenant for the First Offer Space (the “**First Offer Rent**”) shall be at the “Fair Market Rent” for the First Offer Space, as that term is defined in Section 2.2.1.3 of this Lease. Notwithstanding the foregoing, upon request by Tenant, Landlord shall, within five (5) business days thereafter, provide to Tenant in writing a listing (the “**Available Space List**”) of the First Offer Space that is then available for leasing or which Landlord reasonably believes will become available for leasing in the twenty-four (24) month period following the date of Tenant’s request, and such Available Space List shall set forth the existing term expiration date, the number of any renewal options and their respective exercise mechanisms and dates, the term of any renewal options, and a description of the specific additional space rights relating to the First Offer Space, for each then existing lease. Thereafter,

Tenant may request that Landlord deliver to Tenant a First Offer Notice as to any such First Offer Space on the Available Space List, and Landlord shall deliver a First Offer Notice within five (5) business days of Tenant's Notice.

1.6.2 Procedure for Acceptance. If Tenant wishes to exercise Tenant's right of first offer with respect to the space described in the First Offer Notice, then within fifteen (15) days of delivery of the First Offer Notice to Tenant, Tenant shall deliver notice to Landlord of Tenant's intention to exercise its right of first offer with respect to all or any portion Of the space described in the First Offer Notice on the terms contained in such notice. In the event that, concurrently with Tenant's exercise of the first offer right, Tenant notifies Landlord that it does not accept the First Offer Rent set forth in the First Offer Notice, the First Offer Rent shall be determined in accordance with the procedures set forth in Section 2.2.2 of this Lease; otherwise, the First Offer Rent shall be as set forth in Landlord's First Offer Notice. If Tenant does not so notify Landlord within the fifteen (15) day period of Tenant's exercise of its first offer right, then Landlord shall be free to lease the space described in the First Offer Notice to anyone to whom Landlord desires on any terms Landlord desires, for a period of one hundred eighty (180) days commencing upon the expiration of the fifteen (15) day period, after which time, Tenant's rights to such space under this Section 1.6 shall renew.

1.6.3 Amendment to Lease. If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, Landlord and Tenant shall within thirty (30) days thereafter execute an amendment to this Lease adding such First Offer Space to the then-existing Premises upon the terms and conditions set forth in this Lease and as set forth in the First Offer Notice and this Section 1.6, provided that the term of the First Offer Space shall be coterminous with the Lease Term.

ARTICLE 2

INITIAL LEASE TERM: OPTION TERMS

2.1 Initial Lease Term. The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 7.1 of the Summary and shall commence on the date (the "**Lease Commencement Date**") set forth in Section 7.2 of the Summary (subject, however, to the terms of Section 5 of the Tenant Work Letter), and shall expire on the date (the "**Lease Expiration Date**") set forth in Section 7.3 of the Summary, unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term commencing on the Lease Commencement Date; provided that the last Lease Year shall end on the Lease Expiration Date. Notwithstanding the foregoing definition of the Lease Commencement Date for the Premises, if Tenant commences business operations from any portion of the Premises or the Additional Space, as the case may be, prior to the occurrence of the Lease Commencement Date (each space occupied to be known as the "**Pre-Occupancy Space**"), all of the terms and conditions of this Lease shall apply to that portion of the Premises containing the Pre-Occupancy Space, except that during the period commencing on the date Tenant commences business operations from the applicable Pre-Occupancy Space and continuing until the Lease Commencement Date (the "**Pre-Occupancy Period**"), Tenant shall have no obligation to pay Base Rent (but shall be responsible for parking charges for all parking spaces used); provided that if Tenant occupies more than fifty percent (50%) of the Premises for the purpose of conducting business in the Premises, then Tenant shall pay- to Landlord in accordance with the terms of Article 3, Base Rent for the Pre-Occupancy Space equal to the product of (a) Dollars (), and (b) the rentable square feet of the Pre-Occupancy Space. Tenant shall have the right to commence business operations from any portion of the Premises during the Pre-Occupancy Period, provided that a certificate of occupancy or its equivalent permitting occupancy shall have been issued by the appropriate governmental authorities for the Pre-Occupancy Space. Notwithstanding anything to the contrary contained herein, Tenant shall be responsible to pay "Tenant's Share" of "Direct Expenses," as those terms are defined in Section 4.1 of this Lease, during June, 1997.

2.1.1 Delivery of the Premises. Including Base Building, to Tenant. The date (the "**Delivery Date**") upon which Landlord shall deliver the Premises, including the completed "Base Building," as that term is defined in Section 1.1 of the Tenant Work Letter with the

“Demolition” completed pursuant to the “Demolition Plan,” as set forth in Section 1.2 of the Tenant Work Letter, to Tenant shall be on or before March 1, 1997.

2.1.2 Existing Tenants Occupying Premises. Tenant acknowledges that portions of the Premises are currently occupied by General Services Administration (“**GSA**”), the Goldman Law Firm and Taggart & Hawkins (collectively, the “**Existing Tenants**”) and each Existing Tenant has agreed with Landlord to vacate the Premises, and/or cause any of its Subtenants or business affiliates to vacate the Premises, on or before February 1, 1997. Accordingly, Landlord’s ability to deliver the Premises to Tenant is subject to the surrender of such portions of the Premises by each such Existing Tenant. If Landlord, for any reason whatsoever (including the failure of an Existing Tenant to surrender its premises), cannot cause the Delivery Date to occur by March 1, 1997, and, if applicable, taking into account that GSA is a government agency, Landlord shall use its commercially reasonable efforts to ensure that the Existing Tenant vacates its premises as soon as possible after February 1, 1997, and upon Tenant’s request, Landlord shall deliver to Tenant evidence which demonstrates that Landlord is using such commercially reasonable efforts to ensure the vacation of its premises by the Existing Tenant.

2.1.3 Monetary Penalties For Failure to Timely Delivery the Base Building. If Landlord does not cause the Delivery Date to occur by March 1, 1997, then for every day that Landlord fails to cause the Delivery Date to occur by March 1, 1997, Tenant shall receive a Base Rent credit equal to two (2) days of Base Rent; provided, however, Tenant shall not receive a Base Rent credit pursuant to this Section 2.1.3 in excess of ().

2.1.4 Termination Penalties For Failure to Timely Delivery the Premises. If the Delivery Date does not occur by March 1, 1997, then Tenant shall have the right to deliver a notice to Landlord (a “**Termination Notice**”) electing to terminate this Lease effective upon the date occurring five (5) business days following receipt by Landlord of the Termination Notice. The effectiveness of any such Termination Notice delivered by Tenant to Landlord shall be governed by the terms of this Section 2.1.4. Upon any termination as set forth in this Section 2.1.4, Landlord and Tenant shall be relieved from any and all liability to each other resulting hereunder, except that after the termination of this Lease, Landlord shall be liable to Tenant for any and all out-of-pocket costs (provided Tenant delivers to Landlord reasonable evidence of such costs) in connection with (i) the preparation, negotiation and documentation of this Lease, (ii) the design and construction of the Tenant Improvements, and (ii) any penalty fees or costs, or any other monetary payments required to be paid to the existing landlord under that certain lease between Tenant and such existing landlord for space at Three Embarcadero Center, San Francisco, as a result of Tenant’s holding over in such space past the expiration date of the same (collectively, “**Tenant’s Holdover Costs**”); provided, however, Landlord shall not be liable for Tenant’s Holdover Costs in excess of Dollars ().

2.2 Option Terms.

2.2.1 Option Rights. Tenant shall have two (2) options to extend the Lease Term for a period of five (5) years each (the “**First Option Term**” and the “**Second Option Term**”, respectively), which options shall be exercisable by notice delivered by Tenant to Landlord as provided below. The First Option Term and Second Option Term are sometimes individually or collectively referred to in this Lease as the “**Option Term**.” Upon the proper exercise of each such option to extend, the initial Lease Term or First Option Term, as applicable, shall be extended by the Option Term, subject to every term and condition of this lease, except that the applicable “Option Rent,” as that term is defined in Section 2.2.1.3, below, shall be determined as set forth in Section 2.2.1.3, below. Tenant shall have the right, exercisable concurrently with Tenant’s delivery of the “Option Notice,” as that term is defined below, to reduce the number of rentable square feet of office space which Tenant shall rent during the ensuing Option Term; provided, however, that Tenant may only reduce the size of the Premises in full floor increments (or so much of a floor as shall be leased by Tenant in the event of less than full floor leasing) (the “**Renewal Space**”). Tenant shall incur no penalty or charge in connection with the reduction in the size of the Premises during the ensuing Option Term.

2.2.1.1 Exercise of Options. Subject to the terms of this Section 2.2.1.1, each option shall be exercised by Tenant in the following manner: (i) Tenant shall deliver notice to Landlord (the “**Option Interest Notice**”) not less than three hundred thirty

(330) days prior to the expiration of the initial Lease Term or the First Option Term, as the case may be (the “ **Option Interest Notice Outside Date** ”), stating that (A) Tenant is interested in exercising its option and (B) the number of rentable square feet of the Premises, subject to the limitations set forth in Section 2.2.1, above, which Tenant desires to lease during such Option Term; (ii) Landlord shall, after receipt of the Option Interest Notice, deliver notice (the “ **Option Rent Notice** ”) to Tenant not less than three hundred (300) days prior to the expiration of the initial Lease Term or the First Option Term, as the case may be (the “ **Option Rent Notice Outside Date** ”), setting forth the proposed “First Option Rent” or the proposed “Second Option Rent,” as those terms are defined in Section 2.2.1.2 below, as the case may be, which shall be applicable to this Lease during the applicable Option Term, and (iii) (A) Tenant may, at its option, on or before the date occurring two hundred seventy (270) days prior to the expiration of the initial Lease Term or the First Option Term, as the case may be (the “ **Arbitration Notice Outside Date** ”), deliver a notice to Landlord (the “ **Fair Market Rent Arbitration Notice** ”), pursuant to which Fair Market Rent Arbitration Notice, Tenant may object to the proposed Option Rent or request the determination of Option Rent, if no Option Rent Notice was given because Tenant did not give the Option Notice, in either of which cases the parties shall follow the procedure, and the applicable Option Rent shall be determined, as set forth in Section 2.2.2 of this Lease, or (B) to the extent the terms of Section 2.2.2, below, are inapplicable (since Tenant did not deliver the Fair Market Rent Arbitration Notice), if Tenant wishes to exercise its extension option on the terms set forth in the Option Rent Notice, Tenant shall, on or before the date occurring two hundred seventy (270) days prior to the expiration of the initial Lease Term or the First Option Term, as the case may be (the “ **Exercise Notice Outside Date** ”), exercise the option by delivering notice thereof to Landlord (the “ **Option Exercise Notice** ”). Notwithstanding the foregoing terms of this Section 2.2.1.1, if the Renewal Space Tenant desires to lease during either Option Term consists of less than two (2) full floors, then for purposes of Tenant exercising its options to extend the applicable Option Term, the outside dates set forth above shall refer to the following outside dates: (a) the Option Interest Notice Outside Date shall instead mean not less than four hundred twenty-five (425) days prior to the expiration of the initial Lease Term or the First Option Term, as the case may be; (b) the Option Rent Notice Outside Date shall mean not less than three hundred ninety-five (395) prior to the expiration of the initial Lease Term or the First Option Term as the case may be; and (c) the Arbitration Notice Outside Date or the Exercise Notice Outside Date shall mean three hundred sixty-five (365) prior to the expiration of the initial Lease Term or the First Option Term, as the case may be. In the event Tenant fails to exercise its right to extend the Lease Term for the First Option Term or Second Option Term within the applicable time periods specified above, Tenant’s option rights as set forth in this Section 2.2.1.1 shall be terminated, and Tenant shall have no further rights pursuant to the terms of this Lease to extend the Lease Term.

2.2.1.2 Termination of Option Rights. Notwithstanding anything to the contrary contained herein, Tenant shall not be allowed to exercise an option right and an Option Term shall not commence pursuant to the terms of this Section 2.2, if at the time Tenant gives Landlord the Option Exercise Notice, or the time the Option Term commences, as the case may be, Tenant is in material default or monetary default of this Lease pursuant to the terms of Section 19.1 below, after the giving of notice to Tenant by Landlord and the expiration of all applicable cure periods.

2.2.1.3 Option Rent. The rent payable by Tenant during the First Option Term (the “ **First Option Rent** ”), or the Second Option Term (the “ **Second Option Rent** ”), as the case may be (collectively, the “ **Option Rent** ”), shall be equal to the then “Fair Market Rent.” “ **Fair Market Rent** ,” as used in this Lease, shall be equal to (a) ninety-five percent (95%) of the face or stated rental rate and (b) one hundred percent (100%) of the other economic terms at which tenants comparable to Tenant, as of the first day of the applicable Option Term, are leasing for a comparable term, non-renewal, non-equity space comparable in size to the Premises, Renewal Space, First Offer Space or “Management Office,” as that term is defined in Section 4.2.4 (38) of this Lease, as applicable, from a willing, comparable landlord, at arm’s length, which comparable space is located in the “Comparable Buildings,” as that term is defined in Section 29.18, below, taking into consideration the following factors and all tenant concessions and inducements including one hundred percent (100%) of the following concessions (which concessions Tenant, at its option, may take in the form as set forth below, or on an in-lieu cash up-front basis of the same value as the concession): (i) the amount of protection received by tenants in connection with the payment of operating and tax expenses (i.e. – base year or expense stop), (ii) rental abatement concessions being given such tenants, if any, in

connection with such comparable space and, as to First Offer Space only, in connection with the period of construction of such space, (iii) tenant improvement allowances and the value of tenant improvement work provided or to be provided for such comparable space, provided that there shall be deducted from any such comparable space allowance or tenant improvement value, and Landlord shall receive credit for, the value of the then existing improvements, if any, in the Premises, Renewal Space or the First Offer Space, as applicable, regardless of whether the same were paid for or installed by Landlord or Tenant, with such value to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by a general office user (the “**Existing Improvements Value**”); provided, however, for purposes of this item (iii) only, the Existing Improvements Value shall not exceed the “Tenant Improvement Cost,” as that term is defined in Section 3.4.1, below, (iv) all other tenant inducements and landlord concessions and payments, including, but not limited to, lease takeover payments, if any, being granted such tenants in connection with such comparable space, and real estate brokerage commissions (which shall be paid to the applicable broker or to Tenant if Tenant does not utilize the services of a broker in connection with such extension), (v) the time the particular rental rate under consideration was agreed upon and became or is to become effective, (vi) the ratio of rentable square feet to usable square feet, (vii) whether the lease transaction in question grants to the tenant any protection from increases in any component or all of real property taxes and operating expenses, and if so, the amount or value thereof, and (viii) any other material factor, benefit or burden which a sophisticated tenant or landlord would believe would have a material impact on a determination of the current Fair Market Rental.

2.2.2 Arbitration of Fair Market Rent. If the determination of Fair, Market Rent is appropriately submitted to arbitration, Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of commercial high-rise properties in San Francisco, California. The determination of the arbitrators shall be limited solely to the issue of determining the actual Fair Market Rent for the applicable space, taking into account the requirements of Section 2.2.1.3. Each such arbitrator shall be appointed within fifteen (15) days after Landlord’s receipt of the Fair Market Rent Arbitration Notice by each party delivering notice of its appointment to the other party.

2.2.2.1 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

2.2.2.2 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to the actual Fair Market Rent and shall notify Landlord and Tenant thereof.

2.2.2.3 The decision of the majority of the three arbitrators shall be the decision of the arbitrators and shall be binding upon Tenant and Landlord.

2.2.2.4 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after Landlord’s receipt of the Fair Market Rent Arbitration Notice, the arbitrator appointed by one of them shall reach a decision, and shall notify Landlord and Tenant thereof. Such arbitrator’s decision shall be binding upon Tenant and Landlord.

2.2.2.5 If the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to the arbitration procedures set forth in Article 24 of this Lease. Such decision shall be binding on Tenant and Landlord.

2.2.2.6 The cost of arbitration shall be paid by Landlord and Tenant equally.

2.2.2.7 If the amount of the Fair Market Rent is not determined within the time periods set forth above in this Section 2.2.2, and continues to be undetermined as of the commencement of the First Option Term or Second Option Term, as applicable, then tenant shall continue to pay the existing Base Rent for the applicable Renewal Space until the amount of the Fair Market Rent is determined. When such determination is made, if Tenant has underpaid the

amount of Base Rent for the Option Term, then Tenant shall pay such deficiency to Landlord with Tenant's payment of its next installment of Base Rent, of if Tenant has overpaid such Base Rent, then Landlord shall either, at Landlord's option, credit such overpayment in full against Tenant's payment of Base Rent next coming due hereunder or pay such overpayment to Tenant upon demand.

ARTICLE 3

RENT

3.1 Base Rent. Tenant shall pay, without notice or demand, to Landlord, base rent (" **Base Rent** ") as set forth in Section 8 of the Summary, payable in equal monthly installments as set forth in Section 8 of the Summary in advance on or before the first day of each and every month during the Lease Term, without any setoff or deduction whatsoever, except as otherwise provided in this Lease.

3.2 Payment of Rent. Any and all payments of Base Rent and "Additional Rent" as that term is defined in Section 4.1 of this Lease, and all other payments, disbursements, or reimbursements that are attributable to, payable by or the responsibility of Tenant under this Lease shall constitute " **Rent** " for all purposes of this Lease and shall be payable and recoverable as Rent in the manner provided in this Lease. Tenant shall pay all Rent required under this Lease within the applicable time limits set forth in this Lease; and if no such time period is elsewhere specified herein for payment of a particular amount, then such amount shall be paid within thirty (30) days after Landlord's delivery of an invoice or demand therefor. All Rent shall be paid by Tenant to Landlord in lawful money of the United States of America, without deduction, setoff or counterclaim for any reason whatsoever, except as set forth in this Lease, at Landlord's address set forth in Section 3 of the Summary, or to such other person or at such other place as Landlord may from time to time designate by thirty (30) days prior written notice to Tenant. Any Rent payable to Landlord by Tenant for any fractional month shall be prorated based upon the actual number of days in such calendar month.

3.3 Interest on Late Payments. If Landlord does not receive a payment of any Rent within ten (10) days after notice that such payment is due, then Tenant shall pay to Landlord interest on such amount equal to the lesser of (i) the per annum rate of two percent (2%) above the rate of interest publicly announced from time to time by Bank of America NT&SA (or any successor bank thereto) at its San Francisco headquarters as its "Reference Rate" for commercial borrowing (or its then current equivalent publicly announced rate of interest), and changes in such rate shall be effective immediately upon the public announcement of such change, or (ii) the maximum interest rate allowed by law (the " **Interest Rate** "). Such interest shall begin to accrue as of such thirtieth (30th) day after notice that such Rent payment became due.

3.4 Landlord's Right to Reimburse Tenant Improvement Allowance and Commission.

3.4.1 Exercise of Right. At any time during the initial Lease Term, Landlord shall have the right (the " **Reimbursement Right** ") to reimburse Tenant for the "Tenant Costs," as that term is defined below. " **Tenant Costs** " shall mean the sum of (i) the cost of the Tenant Improvements (which shall be deemed equal to Dollars (\$) per rentable square foot of the Premises) (the " **Tenant Improvement Cost** "), and (ii) the total amount of the "Commissions," as that term is defined in Section 29.25.1 of this Lease paid by Tenant to the Broker (which shall be deemed equal to Dollars (\$) per rentable square foot of the Premises). Landlord shall give Tenant notice (the " **Reimbursement Notice** ") that Landlord exercises the Reimbursement Right effective as of the first day of the second (2nd) month following the date of delivery of the Reimbursement Notice to Tenant (the " **Effective Date** "), the Base Rent shall be increased to equal \$ per rentable square foot, and Landlord shall pay Tenant on the Effective Date an amount equal to the "Unamortized Value" as that term is defined in Section 3.4.2, below, as of the Effective Date of the Tenant Costs.

3.4.2 Calculation of Unamortized Value. The "Unamortized Value" of the Tenant Costs shall be equal to the product of (i) Dollars (\$) per rentable square foot of the Premises and (ii) a fraction in which the numerator is (A) the number of months remaining in the Lease Term as of one of the following dates, as applicable: (a) the Effective Date, (b) the date, if any, Tenant terminates Lease pursuant to Section 11.2, below (the

“ **Tenant Termination Date** ”), or (c) the “Restoration Date,” as that term is defined in Section 11.1, below, and (B) the denominator is 120.

ARTICLE 4

ADDITIONAL RENT

4.1 **Additional Rent** . In addition to paying the Base Rent specified in Article 3 of this Lease, following the first (1st) year of the initial Lease Term, Tenant shall pay as additional rent “Tenant’s Share” of the annual “Direct Expenses,” as those terms are defined in Sections 4.2.7 and 4.2.2 of this Lease, respectively, which are in excess of the amount of Direct Expenses attributable to the “Base Year,” as that term is defined in Section 4.2.1 of this Lease. Such additional rent, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease (other than Base Rent and any Security Deposit), shall be hereinafter collectively referred to as the “ **Additional Rent** .” All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner, time and place as the Base Rent. Without limitation on other obligations of Tenant which shall survive the expiration of the Lease Term, the obligations of Landlord and Tenant provided for in this Article 4 shall survive the expiration of the Lease Term, to the extent the same is attributable to the time period prior to the expiration of the Lease Term.

4.2 **Definitions** . As used in this Article 4 , the following terms shall have the meanings hereinafter set forth:

4.2.1 “ **Base Year** ” shall mean the period set forth in Section 9.1 of the Summary.

4.2.2 “ **Direct Expenses** ” shall mean “Operating Expenses” and “Tax Expenses.”

4.2.3 “ **Expense Year** ” shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.4 “ **Operating Expenses** ” shall mean all reasonable and actually incurred expenses, costs and amounts of every kind and nature which Landlord shall pay during any Expense Year because of or in connection with the ownership, management, maintenance, repair, restoration or operation of the Real Property and the provision of services to Tenant and other occupants of the Building, including, without limitation, any amounts paid for (i) the cost of supplying all utilities, heating, cooling, ventilation and fuel, the cost of operating, maintaining, repairing and managing the utility systems, mechanical systems, sanitary and storm drainage systems, and escalator and elevator systems, and the cost of supplies and equipment and maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting the validity or applicability of any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with the implementation and operation of a governmentally mandated transportation system management program or similar program; (iii) the cost of insurance carried by Landlord; (iv) the cost of landscaping maintenance, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Building; (v) fees, charges and other costs, including consulting fees, legal fees and accounting fees, of all contractors engaged by Landlord or otherwise reasonably incurred by Landlord in connection with the management, operation, maintenance and repair of the Building and Real Property; (vi) any equipment rental agreements or management agreements for the Building; (vii) wages, salaries and other compensation and benefits of all persons engaged in the operation, management, maintenance or security of the Building, and employer’s Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; provided, that if any employees of Landlord provide services for more than one building of Landlord, then a prorated portion of such employees’ wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Building; (viii) operation, repair, testing and maintenance of all “Systems and Equipment,” as that term is defined in Section 4.2.5 of this Lease, and components thereof; (ix) the cost of janitorial service, alarm and security service, governmentally mandated health and safety programs, window cleaning, trash removal; (x) amortization (including interest at Landlord’s actual cost, on the unamortized cost) of the cost of acquiring or the rental expense of personal

property used in the maintenance, operation and repair of the Building and Real Property; (xi) the cost of capital improvements or other costs incurred in connection with the Real Property which are (A) required under any law which is enacted after the Lease Commencement Date, or (B) reasonably intended to reduce Operating Expenses, provided that such costs shall be included in Operating Expenses only to the extent of the reasonably anticipated reduction of Operating Expenses for that particular Expense Year caused by such capital improvement only to the extent that such reduction is reasonably anticipated by Landlord at the time of such expenditure to be incurred in connection therewith, and provided further that each such capital expenditure shall be amortized over its reasonable useful life and the unamortized cost of the same shall bear interest at the Landlord's actual cost of funds; and (x) all other costs and expenses that under sound real property accounting and management practices would be included in Operating Expenses as such practices are applied at the Comparable Buildings. Notwithstanding anything to the contrary set forth herein, for any Expense Year in which less than ninety-five percent (95%) of the rentable space in the Building is leased during the entire Expense Year, all "Variable Components," as that term is defined in this Section 4.2.4, below, of Operating Expenses for such Expense Year shall be grossed-up (or grossed-down, as applicable), employing sound accounting and property management principles, to the amount such Variable Components would have been in the event the Building had been ninety-five percent (95%) leased during the entire Expense Year and the adjusted amount of the Variable Components shall be used in determining Operating Expenses for such Expense Year. Such adjustment, however, shall not result in Landlord receiving from Tenant and other tenants in connection with the Variable Components more than one hundred percent (100%) of the cost of such Variable Components. "Variable Components" shall be those components that vary based upon occupancy levels and shall specifically exclude Fixed Costs. "Fixed Costs" means (a) Tax Expenses charged against all portions of the Building other than Tax Expenses charged against tenant improvements (which tenant improvements do not include the Base Building), (b) premiums incurred by Landlord for liability insurance and property damage insurance relating to Landlord's ownership and/or operation of the Building, (c) landscaping costs relating to the Building, (d) costs, including janitorial and utility costs, relating to portions of the Common Areas located outside the Building and the portions of the Common Areas located within the Building, which Common Areas are not located on floors of the Building above the lobby level of the Building, (e) management fees, (f) overhead and administrative fees and expenses, (g) Building management office rent, and (h) exterior window washing costs.

Notwithstanding the foregoing provisions of this Section 4.2.4, for purposes of this Lease, Operating Expenses shall not, however, include:

- (1) any payments under a ground lease or master lease relating to the Building;
- (2) except as provided in item (xi), above, costs of a capital nature (including amortization payments and depreciation of any type), including but not limited to capital improvements, equipment, replacements, alterations and additions;
- (3) rentals for items which if purchased, rather than rented, would constitute a capital improvement or equipment unless Landlord is permitted to include the amortized cost of such capital improvement or equipment in Operating Expenses;
- (4) With the exception of any deductible amount, not to exceed Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in any particular Expense Year, under the insurance policy required to be carried by Landlord as described in Section 10.2.1 of this Lease, costs incurred by Landlord, including for the repair of damage to the Building, pursuant to the terms of Article 11 of this Lease or otherwise, in connection with any type of casualty or event of damage and destruction;
- (5) the cost of any item reimbursable by insurance or condemnation proceeds or which would be reimbursable from insurance required to be maintained by Landlord under this Lease;
- (6) costs, including permit, license and inspection costs, incurred with respect to the installation of tenants' or other occupants' improvements made for tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating space for tenants or other occupants of the Building;

(7) (intentionally omitted);

(8) marketing and promotional costs, including but not limited to leasing commissions, real estate brokerage commissions, and attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(9) costs of services, utilities, or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Building, including, but not limited to, above Building standard heating, ventilation and air-conditioning and janitorial services;

(10) costs incurred by Landlord due to any violation of the terms and conditions of any lease of space or occupancy agreement in the Building;

(11) costs and the overhead and profit increment paid to Landlord, to affiliates or partners of Landlord, partners or affiliates of such partners, or affiliates of Landlord for goods and/or services in the Building to the extent the same exceeds the costs or the overhead and profit increment, as the case may be, of such goods and/or services rendered by unaffiliated third parties on a competitive basis in Comparable Buildings;

(12) interest, principal, attorneys' fees, environmental investigations or reports, points, fees and other lender costs and closing costs on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building or any part thereof or on any unsecured debt;

(13) Landlord's general corporate overhead and general and administrative expenses, including costs relating to accounting, payroll, legal and computer services which are partially or totally rendered in locations outside the Building;

(14) salaries of officers, executives or other employees of Landlord, any affiliate of Landlord, or partners or affiliates of such partners or affiliates, other than any personnel engaged exclusively in the management, accounting, operation, maintenance, and repair of the Building (but not leasing or marketing) who are working in the Building management office and whose salaries are not typically included in the management fee being paid and included in Operating Expenses unless such salaries are prorated to reflect time spent on operating, accounting, managing, maintaining and repairing the Building vis-a-vis time spent on matters unrelated to the same; provided Operating Expenses shall in no event include salaries of individuals who hold a position which is generally considered to be higher in rank than the position of the manager of the Building or the chief engineer of the Building;

(15) all items and services for which Tenant or any other tenant in the Building is required to reimburse Landlord (other than through Tenant's Share or any other tenant's share of Operating Expenses);

(16) advertising and promotional expenditures, including but not limited to tenant newsletters and Building promotional gifts, events or parties for existing or future occupants, and the costs of signs (other than the Building directory) in or on the Building identifying the owner of the Building or other tenants' signs and any costs related to the celebration or acknowledgment of Holidays except to the extent such costs are inconsistent in type and amount with those expended at the Comparable Buildings;

(17) electric power or other utility costs for which any tenant directly contracts with the local public service company;

(18) all direct and indirect costs incurred in connection with the ownership, operation, management, maintenance, repair, replacement and restoration of the On-site Parking Area, including, but not limited to, costs of a capital nature, maintenance, cleaning, insurance, utility, janitorial, security, parking equipment, ticket, supplies, signage, claims insurance, resurfacing and restriping costs, business taxes, management fees and costs, structural maintenance and the wages, salaries, employees benefits and taxes for personnel working in connection with the On-site Parking Area;

(19) costs incurred in connection with any governmental laws and regulations enacted prior to the Lease Commencement Date applicable to the Building, including, but not limited to life, fire and safety codes, and federal, state or local laws or regulations relating to disabled access, including, but not limited to, the Americans With Disabilities Act;

(20) costs, penalties, fines, or awards and interest incurred as a result of Landlord's (A) gross negligence in Landlord's operation of the Building, (B) violations of law, or (C) negligence in failing to make payments and/or to file any income tax, other tax or informational returns when due;

(21) costs which are covered by and reimbursable under any contractor, manufacturer or supplier warranty;

(22) costs arising from the gross negligence, or intentional acts of Landlord or its agents, or of any other tenant, or any vendors, contractors, or providers of materials or services selected, hired or engaged by Landlord or its agents;

(23) excluding Hazardous Materials brought on to the Premises by Tenant or its agents, employees or contractors (which shall be the responsibility of Tenant), costs arising from the presence or removal of Hazardous Materials located in the Building, including, without limitation, any costs incurred pursuant to the requirements of any governmental laws, ordinances, regulations or orders relating to health, safety or environmental conditions, including but not limited to regulations concerning asbestos, soil and ground water conditions or contamination regarding hazardous materials or substances;

(24) costs arising from Landlord's charitable or political contributions;

(25) costs arising from any type of insurance maintained by Landlord which is not required or allowed to be maintained by Landlord pursuant to Article 10 of this Lease;

(26) costs for sculpture, paintings or other objects of art to the extent such costs exceed \$10,000 per year;

(27) costs (including in connection therewith all attorneys fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations pertaining to other tenants in the Building;

(28) costs, including but not limited to attorneys' fees associated with the operation of the business of the partnership or entity which constitutes Landlord as the same are distinguished from the costs of operation of the Building, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building or any part thereof, costs of any disputes between Landlord and its employees, disputes of Landlord with Building management or personnel, or outside fees paid in connection with disputes with other tenants;

(29) costs incurred in removing and storing the property of former tenants or occupants of the Building;

(30) the cost of any work or services performed for any tenant (including Tenant) at such tenant's cost;

(31)(i) the cost of installing, operating and maintaining any specialty service, observatory, broadcasting facilities, luncheon club, museum, athletic or recreational club, or child care facility, and (ii) the cost of installing, operating and maintaining any other service operated or supplied by or normally operated or supplied by a third party under an agreement between a third party and a landlord;

(32) the cost of correcting defects in the design, construction or equipping of the Building or in the Building equipment;

(33) premiums for insurance to the extent Landlord is reimbursed therefor;

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- (34) the cost of furnishing non-Building standard replacement bulbs and ballasts in tenant spaces;
- (35) the cost of any parties, ceremonies or other events (collectively, the “**Events**”) for tenants or third parties which are not tenants of the Building, whether conducted in the Building or in any other location, provided that the cost of Events for tenants of the Building shall only be included to the extent the type of Event and amount of cost is consistent with those found in the Comparable Buildings;
- (36) reserves of any kind, including but not limited to replacement reserves, and reserves for bad debts or lost rent or any similar charge not involving the payment of money to third parties;
- (37) costs incurred by Landlord in connection with rooftop communications equipment of Landlord or other persons, tenants or occupants on the Building;
- (38) costs relating to any management office for the Building (“**Management Office**”) including rent; provided, however, that Landlord shall be entitled to include as an Operating Expense, rent for the Management Office to the extent that such rent (i) does not increase in any Expense Year following the Base Year as a result of an increase in size of the Management Office, and (ii) is the Fair Market Rent applicable to the Management Office;
- (39) payment of any management fee, whether paid to Landlord or an outside managing agent, in excess of the prevailing management fee per rentable square foot charged in the Comparable Buildings, provided, however, that the management fee for the Base Year for the Two Rincon Office Portion shall be at least the product of (I) 1.75% and (II) the amount of gross revenues for the Two Rincon Office Portion (grossed up as though the Building was fully occupied with rent paying tenants);
- (40) any costs expressly excluded from Operating Expenses or Tax Expenses elsewhere in this Lease or which is defined as a Tax Expense;
- (41) “takeover” expenses, including, but not limited to, the expenses incurred by Landlord with respect to space located in another building of any kind or nature in connection with the leasing of space in the Building;
- (42) any costs, fees, dues, contributions or similar expenses for industry associations or similar organizations except to the extent consistent with the type and amount of such costs incurred in the Comparable Buildings;
- (43) any costs associated with the purchase or rental of furniture, fixtures or equipment for any management, security, engineering, or other offices associated with the Building or Common Areas or for Landlord’s offices to the extent such costs are included in the Base Year;
- (44) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord in the Building;
- (45) the entertainment expenses and travel expenses of Landlord, its employees, agents, partners and affiliates;
- (46) costs of traffic studies, environmental impact reports, transportation system management plans and reports, and traffic mitigation measures or due to studies or reports relating to obligations or the terms of the “Building Documents,” as that term is defined below;
- (47) all assessments and special assessments due to deed restrictions, and Building Documents which accrue against the Building and any cost which is part of “Tax Expenses” as that term is defined in Section 4.2.6 of this Lease;
- (48) any improvement installed or work performed or any other cost or expense incurred by Landlord in order to comply with the requirements for obtaining or renewal of a certificate of occupancy for the Building or any space therein;

(49) any costs or expenses relating to any provisions of any development agreements, owner's participation agreement, covenants, conditions, restrictions, conditional use permits, easements or other instruments encumbering the Building or any part thereof or other agreement as all such agreements relate to the initial development, initial entitlement, initial construction or initial financing of the Building (collectively, the "**Building Documents**"), including any initial payments or costs or ongoing payments or costs made in connection with any child-care facilities, traffic demand management programs, transportation impact mitigation fees, water and sewage conservation, recycling, housing replacement and linkage fees, special assessment districts, infrastructure and transportation assessments, art programs, or parking requirements and programs;

(50) any other expenses which would not be treated as a cost of operation (to be reimbursed by tenants) by landlords under sound real property accounting and management practices;

(51) any costs recovered by Landlord to the extent such cost recovery allows Landlord to recover more than 100% of Operating Expenses for any Expense Year from tenants of the Building;

(52) any profit made by Landlord In connection with Landlord's collections of Operating Expenses;

(53) any costs for which Landlord has been reimbursed or receives a credit, refund or discount, provided if Landlord receives the same in connection with any costs or expenditures previously included in Operating Expenses for an Expense Year, Landlord shall immediately reimburse Tenant for any overpayment for such previous Expense Year;

(54) any costs related to inspections, repairs, improvements, alterations, modifications, or other expenses made or incurred in connection with the "Lorna Prieta Earthquake";

(55) any costs associated with the purchase or lease of window washing equipment on or after the Lease Commencement Date;

(56) any costs related to the Postal Facility; and

(57) any costs excluded under Section 4.4 of this Lease.

To the extent that an expense is not specifically included or excluded as a component of Operating Expenses in the definition of "Operating Expenses," whether such expense shall be treated as an Operating Expense shall be determined in accordance with generally accepted accounting principles, consistently applied. Operating Expenses relating to periods of the Lease Term that fall partly within any Expense Year shall be reasonably allocated when determining Tenant's Share of Operating Expenses. In the event Landlord incurs costs or expenses associated with or relating to separate items or categories or subcategories of Operating Expenses which were not part of Operating Expenses during the entire Base Year, Operating Expenses for the Base Year shall be deemed increased by the amounts Landlord would have incurred during the Base Year with respect to such costs and expenses had such separate items or categories or subcategories of Operating Expenses been included in Operating Expenses during the entire Base Year; provided that the foregoing shall not apply to (i) any costs incurred as a result of a governmentally required action by Landlord, and (ii) any costs incurred in connection with a service rendered at the Building which is then being consistently supplied by the landlords of the Comparable Buildings and was not so consistently supplied during the Base Year. As illustrations of the foregoing, (i) in the event any portion of the Building is covered by a warranty at any time during the Base Year, Operating Expenses for the Base Year shall be deemed increased by such amount as Landlord would have incurred during the Base Year with respect to the items or matters covered by the subject warranty, had such warranty not been in effect at the time during the Base Year, or (ii) any additional annual premium resulting from any new forms of insurance (including converting from a blanket to single-asset policy), any increase in insurance limits or coverage, or any decrease in deductibles in any year after the Base Year, shall be deemed to be included in Operating Expenses for the Base Year.

4.2.5 “**Systems and Equipment**” shall mean all building systems (excluding any system installed by Tenant), including, without limitation, any plant, machinery, transformers, duct work, cable, wires, and other equipment, facilities, and systems designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, roof membrane, or fire/life safety systems or equipment, or any other mechanical, electrical, electronic; computer or other systems or equipment which serve the Building in whole or in part.

4.2.6 “**Tax Expenses**” shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Building), which Landlord shall pay during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Real Property.

4.2.6.1 Tax Expenses shall include, without limitation:

(i) Any tax on Landlord’s rent, right to rent or other income from the Real Property or as against Landlord’s business of leasing any of the Real Property;

(ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election (“**Proposition 13**”) and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Building’s contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies, and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for purposes of this Lease;

(iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and

(iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.6.2 During an Option Term, any expenses incurred by Landlord in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid.

4.2.6.3 Notwithstanding anything to the contrary set forth in this Lease, Tax Expenses shall not include (i) any excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord’s general or net income (as opposed to rents or receipts), (ii) taxes on tenant improvements in any space in the Building based upon an assessed level in excess of the assessed level for which Tenant is individually and directly responsible under this Lease, (iii) penalties incurred as a result of Landlord’s negligence, inability or

unwillingness to make payments of, and/or to file any tax or informational returns with respect to, any Tax Expenses, when due, (iv) any cost or expenses incurred by Landlord for real and personal property taxes, leasehold taxes in lieu thereof and any assessments upon the On-site Parking Area or the land upon which it is located, or taxes or assessments levied in lieu thereof, or in addition thereto, (v) any other taxes or assessments charged or levied against Landlord which are not directly incurred as a result of the operation of the Building or which are incurred in connection with Building Documents, (vi) any real estate taxes directly payable by Tenant or any other tenant in the Building under the applicable provisions in their respective leases, (vii) any costs or expenses relating to any provisions of any Building Documents, including any initial payments or costs or ongoing payments or costs made in connection with any child-care facilities, traffic demand management programs, transportation impact mitigation fees, water and sewage conservation, recycling, housing replacement and linkage fees, special assessment districts, infrastructure and transportation assessments, art programs, or parking requirements and programs, (viii) any expenses incurred by Landlord in attempting to protest, reduce or minimize Tax Expenses, and (ix) any items included as Operating Expenses or specifically excluded from Operating Expenses.

4.2.6.4 Notwithstanding anything to the contrary contained in this Lease, Tenant's Share of "Tax Expenses" per rentable square foot of the initial Premises during the initial Lease Term in the following amounts and shall be paid by Tenant:

Year 1:	Year 6:
Year 2:	Year 7:
Year 3:	Year 8:
Year 4:	Year 9:
Year 5:	Year 10:

4.2.7 "**Tenant's Share**" shall mean the percentage set forth in Section 9.2 of the Summary. Tenant's Share was calculated by multiplying the number of rentable square feet of the Premises by 100 and dividing the product by the total rentable square feet in the Building. In the event either the rentable square feet of the Premises and/or the total rentable square feet of the Building is changed pursuant to the terms of this Lease, Tenant's Share shall be appropriately adjusted, and, as to the Expense Year in which such change occurs, Tenant's Share for such year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share was in effect.

4.3 Calculation and Payment of Additional Rent.

4.3.1 Calculation of Excess. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Operating Expenses for such Expense Year exceeds Tenant's Share of the Operating Expenses attributable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.3.2, below, and as Additional Rent, an amount equal to the excess (the "**Excess**").

4.3.2 Statement of Actual Operating Expenses and Payment by Tenant. Landlord shall give to Tenant on or before the first day of April following the end of each Expense Year or as soon thereafter as is practicable, a statement (the "**Statement**") which shall state the Operating Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount, if any, of any Excess. The Statement shall be certified by an officer of Landlord. Upon receipt of the Statement for each Expense Year ending during the Lease Term, if an Excess is present, Tenant shall pay within thirty (30) days after delivery of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Excess", as that term is defined in Section 4.3.3, below. If the amount of Tenant's Share of Operating Expenses is less than the amount paid by Tenant as Estimated Excess during the applicable Expense Year (an "**Overpayment**"), Landlord shall either promptly refund the amount of the Overpayment to Tenant or credit such Overpayment in full against Tenant's payment of Additional Rent next coming due hereunder. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has

vacated the Premises, when the final determination is made of Tenant's Share of the Operating Expenses for the Expense Year in which this Lease terminates, (i) if an Excess is present, Tenant shall within thirty (30) days after delivery of the Statement pay to Landlord an amount as calculated pursuant to the provisions of Section 4.3 of this Lease, or (ii) if an Overpayment is present, Landlord shall within thirty (30) days after delivery of the Statement pay to Tenant the amount of the Overpayment. The provisions of this Section 4.3.2 shall survive the expiration or earlier termination of the Lease Term.

4.3.3 Statement of Estimated Operating Expenses. Prior to the commencement of each Expense Year or as soon thereafter as practicable, Landlord shall notify Tenant of the estimated monthly amount of Tenant's Share of Operating Expenses (the "**Estimate**") payable by Tenant as Additional Rent for such Expense Year (the "**Estimate Statement**"), provided that the Estimate, as it relates to Operating Expenses, shall not exceed one hundred five percent (105%) of the Operating Expenses for the prior Expense Year (the "**105% Cap**") unless Landlord also supplied Tenant with a commercially reasonable explanation of such excess. Tenant shall pay Landlord the Estimate at the same time as and together with Tenant's payment of Base Rent, Tenant shall continue to pay Additional Rent on the basis of the prior Expense Year's Estimate Statement until such notice is given, at which time any necessary adjustments for prior payments made during such year shall be made based upon Landlord's then current Estimate Statement based upon Landlord's actual or projected Operating Expenses for such Expense Year, and subsequent monthly payments of the Estimate as Additional Rent shall be based upon such revised Estimate Statement.

4.4 Allocation of operating and Tax Expenses. In accordance with the terms of this Section 4.4, Landlord shall allocate the operating and tax costs for the Project among the "Cost Pools," as that term is defined below. The "**Cost Pools**" shall be: (i) the Apartment Portion, (ii) the Two Rincon Office Portion, (iii) the Two Rincon Retail Portion (iv) the One Rincon Office Portion, and (v) the One Rincon Retail Portion. To the extent operating or tax costs are directly and solely attributable to a specific Cost Pool, such operating or tax costs will be charged directly to such Cost Pool. To the extent operating or tax costs are attributable and allocable to two or more Cost Pools, such Operating Expense will be prorated on a square footage basis amongst such Cost Pools, and therefore, only operating or tax costs attributable to the Two Rincon Office Portion shall be part of Operating Expenses or Tax Expenses. To the extent operating or tax costs are common to all Cost Pools, such Operating Expense will be allocated among the Cost Pools in accordance with the following percentages: (a) Apartment Portion – 30.52%, (b) Two Rincon Office Portion – 27.78%, (c) Two Rincon Retail Portion – 3.05%, (d) One Rincon Office Portion – 32.54%, and (e) One Rincon Retail Portion – 6.11%. The allocation of operating and tax costs between Cost Pools shall be made on an equitable and reasonable basis and in a manner consistent between the Base Year and any subsequent Expense Year.

4.5 Tenant's Payment of Earthquake Insurance Premiums. Tenant shall pay Tenant's Share of the amount allocated to the Two Rincon Office Portion Cost Pool with respect to any earthquake insurance carried by Landlord in accordance with the terms of Section 10.2.3 of this Lease ("**Tenant's Earthquake Insurance Contribution**") upon the later to occur of (i) thirty (30) days after notice of such amount by Landlord to Tenant, and (ii) five (5) days before the due date of the applicable invoice therefor.

4.6 Landlord's Books and Records: Tenant Audit.

4.6.1 In connection with the delivery of each Statement and Estimate Statement, Landlord shall provide to Tenant substantial detail of the calculations of the Operating Expenses, or of the amounts charged, as the case may be. Landlord shall provide, by account and subaccount, the total Operating Expenses and all adjustments corresponding thereto. Landlord shall also provide in reasonable detail the calculation of Tenant's Share of the Operating Expenses as such calculations are delineated in the Lease. During the Lease Term, as the same be extended, Tenant or an agent designated by Tenant (the "**Outside Agent**"), may, after reasonable notice to Landlord and at reasonable times, inspect, review, audit, and/or copy Landlord's records relating to Operating Expenses or of the amounts charged, as the case may be, and the operation, maintenance, repair and management of the Building at Landlord's offices, which offices shall be located in the City of San Francisco. Landlord shall be obligated to keep such records for all Lease Years associated with this Lease until two (2) years following the termination of the Lease. If an audit, review or inspection by an Outside Agent or by Tenant

alleges an overbilling, Tenant may submit a claim for the overbilled amount to Landlord, detailing the nature of the overbilling, and Landlord shall have thirty (30) days to pay such amount or contest the claim by giving notice thereof to Tenant, detailing the nature of Landlord's contest of Tenant's claims. If Landlord timely and effectively contests the claim, either Landlord or Tenant may submit the claim to the arbitration procedures set forth in Article 24 of this Lease. If (i) the claim is not timely and effectively contested by Landlord, or (ii) if Landlord has timely and effectively contested Tenant's claim and the arbitration shall disclose that Tenant has been overbilled by five percent (5%) of Tenant's Share of Additional Rent as reflected in the Statement or of the amounts charged, as the case may be (such number to be known as the "**Threshold Number**") then in any case, Landlord shall pay the reasonable cost of the audit, review or inspection charged by an Outside Agent to Tenant and the costs of the arbitration within thirty (30) days after delivery to Landlord of demand therefor and Landlord shall pay to Tenant the amount of any overbilling, if any, within thirty (30) days after the date of determination thereof. If the arbitration shall disclose that Tenant was not overbilled by more than the Threshold Number, Tenant shall pay the cost of such arbitration. The results of any inspection, review, and/or audit of the Operating Expenses by or on behalf of any other tenant or other party, which inspection, review, and/or audit is possessed by Landlord or available to Landlord and demonstrates that an error in the calculation of the Operating Expenses was made by Landlord, shall be delivered to Tenant and Tenant shall automatically receive a corresponding adjustments to Tenant's Share of Operating Expenses. Landlord and Tenant hereby agree that any determinations of particular issues by the arbitrator which have application to future Expense Years shall be deemed determinative of such issues for the future Expense Years.

4.6.2 Landlord shall have the right to recover from Tenant the amount of Tenant's Share of any Operating Expenses attributable to a Expense Year, but paid in a subsequent Expense Year; provided, however, that except as set forth below in this Section 4.6.2, Landlord may only adjust the Operating Expenses for any given Expense Year within two (2) years after the expiration of such Expense Year. Notwithstanding the foregoing, Landlord may adjust Operating Expenses more than two (2) years after the expiration of any given Expense Year in connection with Tax Expenses or other governmental or public sector charges (including, but not limited to, utility charges) first billed to Landlord after such two (2) year period but which relate to Operating Expenses for such Expense Year.

4.7 Non-Waiver of Rights. Except as provided in Section 4.6.2, no failure or determination of Landlord in anyone year to include or exclude certain items in its computation of Operating Expenses or to invoice Tenant for the full amount of Tenant's Share of Operating Expenses shall be construed as depriving Landlord of the right to include such items of Operating Expenses or to invoice Tenant for the full amount of Tenant's Share thereof in any subsequent year in strict accordance with the provisions of Article 4.

ARTICLE 5

USE OF PREMISES

5.1 Permitted Use. Tenant shall use the Premises for general office purposes and any other legally permitted, non-retail, uses consistent with the character of the Building as a first-class office building, and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. In connection with, and incidental to, Tenant's use of the Premises Tenant, at its sole cost and expense and upon compliance with all applicable laws, may install "dryer" or similar units, microwave or convection ovens, kitchenettes, dishwashers and an executive dining facility (provided same do not require a modification to the Building's certificate of occupancy) in the Premises for the purpose of warming or re-heating food for the employees and business guests of Tenant (but not for use as a public restaurant or private cafeteria or for cooking), provided that Tenant shall obtain all permits required by any governmental authorities for the operation thereof and such installation shall comply with the provisions of this Lease, including, without limitation, Article 8 of this Lease. Tenant may also install, at its sole cost and expense and subject to and in compliance with the provisions of Article 8 of this Lease, vending machines for the exclusive use of the officers, employees and business guests of Tenant, each of which vending machines (if it dispenses any beverages or other liquids or refrigerates) shall have a waterproof pan located thereunder or refrigerant recovery system connected to a drain.

5.2 Prohibited Uses. Tenant further covenants and agrees that it shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of Exhibit D, attached hereto (the “**Rules and Regulations**”). Tenant shall not at any time use or occupy knowingly or allow any person to use or occupy the Premises or the Building or do or knowingly permit anything to be done or kept in the Premises or the Building or perform any other action in any manner which: (i) violates any agreement relating to the Building or any certificate of occupancy in force for the Premises, or the Building; (ii) causes or is likely to cause damage to the Building, the Premises or any equipment, facilities or other systems therein; or (iii) interferes with the transmission or reception of microwave, television, radio or other communications signals by antennae located on the roof of the Building or elsewhere in the Building. Tenant shall not use or allow another person or entity to use any part of the Premises for the storage (no matter how temporary), use, treatment, analysis, manufacture or sale of any “Hazardous Materials,” as that term is defined in Section 29.33, below. Landlord acknowledges, however, that Tenant will maintain products in the Premises which are incidental to the operation of its offices, such as photocopy supplies, secretarial supplies and limited janitorial supplies, which products contain chemicals which are categorized as Hazardous Materials. Landlord agrees that the use of such products in the Premises in compliance with all applicable laws and in the manner in which such products are designed to be used shall not be a violation by Tenant of this Section 5.2.

ARTICLE 6

SERVICES AND UTILITIES

6.1 Standard Tenant Services. Landlord shall provide the following services on all days during the Lease Term unless otherwise stated below.

6.1.1 Subject to all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating, ventilating and air conditioning (“**HVAC**”) from Monday through Friday, during the period from 6:00 a.m. to 6:30 p.m. and on Saturday during the period from 9:00 a.m. to 1:00 p.m., except for the date of observation of New Year’s Day, President’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and any other nationally enacted and observed holiday (collectively, the “**Holidays**”). Landlord represents that the HVAC equipment in the Building (the “**Building HVAC System**”) is designed to perform in accordance with the HVAC specifications attached to this Lease as Exhibit H (the “**HVAC Specifications**”). Landlord shall use reasonable efforts to cause the Building HVAC System to perform in accordance with the HVAC Specifications at all times that HVAC is required to be provided under this Lease, provided that Tenant uses the Building engineer to review Tenant’s HVAC design and such engineer reasonably approves Tenant’s HVAC design. Tenant shall have the right, at Tenant’s sole expense, to install, maintain and replace a private HVAC system or systems (the “**Tenant HVAC System**”) separate from the Building HVAC System, in Tenant’s computer rooms, user rooms and other areas contained wholly within the Premises, provided that such Tenant HVAC System does not materially interfere with the operation, maintenance, or replacement of the Building HVAC System.

6.1.2 Landlord shall at all times provide electricity to the Premises (including adequate electrical wiring and facilities for connection to Tenant’s lighting fixtures and other equipment) for lighting and power suitable for the use of the Premises up to ten (10) watts per rentable square foot demand load on a continuous annualized basis (the “**Available Electricity**”). Such electrical usage, to the extent the same exceeds seven (7) watts per rentable square foot of the Premises connected load on a continuous, annualized basis shall be known as “**Excess Consumption**.” The amount of Excess Consumption used within the Premises must be verifiable by meters or submeters, purchased by Tenant at its expense. Landlord shall charge Tenant for its Excess Consumption at Landlord’s actual average cost per kilowatt-hour therefor. Tenant shall pay Landlord, as Additional Rent, the cost of its Excess Consumption within thirty (30) days of billing. The cost of the Excess Consumption shall not be charged to Operating Expenses. Landlord shall bear the cost of making the Available Electricity available at the bus riser on each floor of the Premises. Tenant shall bear the cost of horizontally distributing the Available Electricity to the Premises, including costs related to transformers and disconnect switches necessitated by Tenant’s Excess Consumption.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes and shall supply chilled water, at cost to Tenant with no markup, for Tenant's usage in connection with its supplemental HVAC units.

6.1.4 Landlord shall provide janitorial services Monday through Friday except the date of observation of the Holidays, in and about the Premises in accordance with the cleaning specifications attached hereto' as **Exhibit I** (the "**Cleaning Specifications**"). Notwithstanding the foregoing, Tenant reserves the right to provide, at its own cost and expense, its own janitorial service to any part of the Premises designated in writing to Landlord as a high-security area, as determined by Tenant ("**Security Area**"), provided that the janitorial service retained by Tenant shall conduct its activities in and around the Premises in a harmonious relationship with all other subcontractors, laborers, materialmen and suppliers at the Premises, Building and Project, and, if necessary, Tenant shall employ union labor to achieve such harmonious relations. In such case, Tenant's Share of Operating Expenses (as it applies to janitorial services) shall be adjusted to reflect that the Security Area portion of the Premises (reflected on a per-square-foot basis) is not to be allocated the janitorial expense portion of Operating Expenses.

6.1.4.1 **Window Washing Equipment**. Landlord shall not store or operate window washing equipment on the balconies of the Building or along the ledges surrounding the floors of the Building containing the Premises in such a manner so as to interfere with Tenant's use of the Premises. Landlord agrees that during all times that such equipment is not in use, such equipment shall be concealed from view from any and all employees, invitees and guests of Tenant from any portion of the Premises. Landlord agrees that no window washing personnel shall enter the Premises in order to access the exterior of the Building. Otherwise, Landlord agrees that the operation of such window washing equipment shall be conducted in a manner (and during times) consistent with the practices of the Comparable Buildings, provided that the exterior windows of the Building shall be washed at least two (2) time per Lease Year.

6.1.5 Except as otherwise provided in the "Passenger Elevator Specifications," as that term is defined below, Landlord shall provide nonexclusive automatic passenger elevator service. All passenger elevators serving the Premises shall be operational during normal business hours (subject to normal servicing) and at least one (1) (or two (2) upon Tenant's request) passenger elevators in each elevator bank shall be operational at all other times. The passenger elevator service shall be provided in accordance with the passenger elevator specifications attached hereto as **Exhibit J** (the "**Passenger Elevator Specifications**").

6.1.6 Landlord shall provide nonexclusive freight elevator service during the normal business hours, subject to reasonable and nondiscriminatory scheduling by Landlord. Tenant shall also be entitled to non-exclusive use of the freight elevator service at all times other than normal business hours, subject to reasonable and nondiscriminatory scheduling by Landlord, and Tenant shall be charged for such non-normal business hours usage at a rate equal to Landlord's actual cost of providing such service, which rate shall include a labor charge but shall reflect the additional depreciation of the freight elevator as a result of such use, provided that such rate shall not provide Landlord with any profit from Tenant's use of the freight elevator during non-normal business hours. Charges for such service shall be deemed Additional Rent hereunder and shall be billed on a monthly basis. Landlord shall establish adequate security measures to restrict access to the freight elevators by unauthorized personnel. Notwithstanding the foregoing, Landlord shall provide Tenant, at Landlord's sole expense, with priority scheduling by Landlord for freight elevator service during the construction of the tenant improvements in any First Offer Space, Expansion Space, or Hold Space and Tenant's move-in to such space.

6.1.7 Landlord shall provide, twenty-four (24) hours per day, seven (7) days per week, throughout the Lease Term, including the periods of occupancy by Tenant prior to the Lease Commencement Date, security for the Building, including the Building and the On-site Parking Area, including all pedestrian and vehicular entries thereto in a manner consistent with the Comparable Buildings with respect to, among other things, the amount of personnel, time shifts worked by such personnel, the security systems and equipment utilized by such personnel and the Building, and the security procedures used by such personnel ("**Landlord's Security**"). Tenant hereby waives all claims against Landlord arising from the provision of Landlord's Security, except to the extent caused by the gross negligence or willful misconduct of Landlord,

its agents or employees or contractors. Landlord shall maintain Landlord's Security in a first-class, state-of-the-art manner consistent with the security systems, equipment, personnel and procedures maintained at the Comparable Buildings. Landlord's Security shall provide Tenant, upon Tenant's request and subject to availability, with an escort to the vehicles of Tenant's employees located in the Parking Facilities through the use of Landlord's Security personnel. Tenant may, at its own expense, install its own security system (" **Tenant's Security** ") in the Premises and common stairwells of the Building; provided, however, that Tenant shall coordinate the installation and operation of Tenant's Security with Landlord to assure that Tenant's Security is compatible with Landlord's Security. Tenant shall be solely responsible for the monitoring and operation of Tenant's Security system. Tenant shall have the right to refuse admission of persons to the Premises, except for Landlord's representatives in the event of an emergency or pursuant to Landlord's entry right set forth in this Lease.

6.1.8 Landlord shall at all times provide capacity in the existing Building telephone riser conduit and telephone riser closets for Tenant's telephone and telecommunications cabling as set forth in **Exhibit Q** attached hereto. Tenant shall be granted access to the Building telephone closets in the Building, and Landlord shall provide Tenant a key to access such rooms, which rooms shall otherwise be kept locked at all times. Landlord shall notify Tenant, except in case of emergency, prior to any work requiring access to any Building telephone closets on the floors of the Building containing the Premises and shall ensure that such work is completed under the direct supervision of Landlord, or, at Tenant's option, Landlord and Tenant.

6.1.9 Landlord shall, as part of Operating Expenses, (i) supply and install Building standard light bulbs for the Premises, and (ii) install non-Building standard light bulbs in the Premises (if the same are provided to Landlord by Tenant).

6.2 Overstandard Tenant Use. Tenant shall not, without Landlord's prior written consent, use heat-generating machines or equipment or lighting which (i) causes Tenant to use Excess Consumption if such Excess Consumption does affect the temperature otherwise maintained by the air conditioning system or (ii) increases the water normally furnished for the Premises by Landlord pursuant to the terms of Section 6.1 of this Lease. If such consent is given, Landlord shall have the right to install supplementary air conditioning units or other facilities in the Premises, including supplementary or additional metering devices, and the cost thereof, including the cost of installation, operation and maintenance, increased wear and tear on existing equipment, and other similar charges, including the removal thereof upon the expiration or earlier termination of the Lease Term, shall be paid by Tenant to Landlord within thirty (30) days after Tenant's receipt of invoice. If Tenant uses water in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, upon billing, the Actual Cost of such excess consumption, and the Actual Cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease (" **After Hours HVAC** "), Tenant shall give Landlord notice by 3:00 p.m. on weekdays for same day usage and 5:00 p.m. on Fridays for weekend usage of Tenant's desired use and Landlord shall supply such utilities to Tenant at Landlord's Actual Cost. Amounts payable by Tenant to Landlord for such use of additional utilities shall be deemed Additional Rent hereunder and shall be billed on a monthly basis.

6.3 Interruption of Use. Tenant agrees that, except as otherwise provided in this Lease, including Section 6.3.1, below, Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service, or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building after reasonable effort to do so, by any accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

6.3.1 Notwithstanding anything to the contrary contained in this Lease, if Tenant is prevented from using the Premises or any portion thereof (the “**Affected Area**”) to conduct its normal business operations and Tenant cannot, in fact, use the Affected Area for a period of three (3) consecutive business days or more, (i) due to any service (including but not limited to passenger elevator service, janitorial service, HVAC, (excluding the portion of such designed and constructed by Tenant) electricity or water) (collectively, the “**Essential Services**”) not being provided to the Affected Area as required by the terms of this Lease, (ii) because of the presence, in a form or concentration in violation of applicable law then in effect, of Hazardous Materials regarded as unhealthful under applicable regulations then in effect in or about the Premises (which Hazardous Materials were not brought onto the Premises by Tenant or Tenant’s employees, agents, or licensees), or (iii) due to Force Majeure (other than as a result of fire or other casualty, which is separately addressed in Article 11 of this Lease), the following shall apply (any such set of circumstances as set forth in items (i) through (iii), above, to be known as an “**Abatement Event**”). Tenant shall promptly deliver to Landlord notice (the “**Cure Notice**”) of such condition and if Landlord fails to cure such condition within two (2) business days after delivery to it of the Cure Notice, then Rent applicable to the Affected Area (and to the extent parking passes rented by Tenant pursuant to this Lease correspond to the Affected Area and are not used by Tenant, then fees for such applicable parking passes) shall be abated from the date which occurred three (3) business days prior to delivery to Landlord of the Cure Notice until the date when such failure is cured; provided, however, that if Tenant has previously paid Rent, including parking fees to Landlord for a period of time subsequent to the commencement of Tenant’s right to abate Rent hereunder, then Landlord shall, within ten (10) business days following the date of such abatement, credit to Tenant the amount of such excess payments against the sums next due under this Lease; provided, however, that if Landlord has not cured such Abatement Event within twelve (12) months after receipt of the Cure Notice (or, in the event that the Premises or the Building are rendered inaccessible to Tenant by a casualty or act of Landlord, twelve (12) months following the date of Landlord’s actual knowledge of the occurrence of the Abatement Event) (which applicable twelve (12) month period shall not be extended in excess of six (6) months as a result of any event of Force Majeure), Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such twelve (12) month period until such time as Landlord has cured the Abatement Event, which right may be exercised only by delivery of notice to Landlord (the “**Abatement Event Termination Notice**”) during such five (5) business-day period, and shall be effective as of a date set forth in the Abatement Event Termination Notice (the “**Abatement Event Termination Date**”), which Abatement Event Termination Date shall not be earlier than the end of the month. Tenant may at any time prior to any Abatement Event Termination Date void any previously delivered Abatement Event Termination Notice. Notwithstanding the foregoing, if Tenant delivers a Abatement Event Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Abatement Event Termination Date for a period ending thirty (30) days after the Abatement Event Termination Date set forth in the Abatement Event Termination Notice by delivering to Tenant, within five (5) business days of Landlord’s receipt of the Abatement Event Termination Notice, a certificate of Landlord’s contractor responsible for the repair of the Abatement Event certifying that it is such contractor’s good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Abatement Event Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Abatement Event Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period. Tenant shall have no rights at law or in equity to terminate this Lease, except as expressly set forth in this Lease, including this Section 6.3.1.

6.3.2 If any governmental entity promulgates or revises any statute, ordinance, building code, fire code or other code or imposes mandatory controls on Landlord or the Real Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions or the provision of any other utility or service provided with respect to this Lease or if Landlord is required to make alterations to the Building or any other part of the Real Property in order to comply with such mandatory or voluntary controls or guidelines, then Landlord shall comply with such mandatory controls or make such alterations to the Building or any other part of the Real Property related thereto without creating any liability of Landlord to Tenant under this Lease, provided that the Premises are not thereby rendered untenable. Such compliance and the making of such permitted alterations shall, except as provided in Section 6.3.1, not entitle Tenant to any damages, relieve

Tenant of the obligation to pay the full Rent reserved hereunder or constitute or be construed as a constructive or other eviction of Tenant.

6.4 Additional Services. Landlord shall also have the non-exclusive right, but not the obligation, to provide any additional services which may be required by Tenant, including, without limitation, locksmithing, lamp replacement, additional janitorial service, and additional repairs and maintenance, provided that Tenant shall pay to Landlord upon billing, Landlord's Actual Costs of such additional services.

6.5 Actual Cost. When Tenant is required to pay Landlord for any service or utility, Tenant shall pay Landlord's "Actual Cost." "Actual Cost" shall be the actual costs paid or incurred by Landlord (including reasonable administrative costs to cover actual labor costs, which are not part of Operating Expenses), unless such actual costs paid or incurred cannot be readily ascertained, in which event "Actual Cost" shall be the amount reasonably estimated by Landlord. Upon written request by Tenant from time to time, Landlord shall, within ten (10) business days thereafter, disclose to Tenant in writing the basis for any such estimate. In the event that such disclosure demonstrates that Landlord's estimate of its Actual Cost was unreasonably calculated, then Actual Cost shall be appropriately adjusted. In the case of any increase resulting from such adjustment, Tenant shall pay Landlord the difference within ten (10) days of Landlord's demand therefor. In the case of a decrease, Landlord shall credit to Tenant the difference against the next due amount of Operating Expenses. In the event that more than one tenant orders any extra service or utility, if any cost item is applicable to more than one tenant, such cost shall be apportioned among such tenants in accordance with the ratios of the square footages of their respective premises. Such Actual Cost, to the extent reimbursed to Landlord by Tenant and/or other tenants, shall be netted out of Operating Expenses to the extent previously charged to Operating Expenses or to the extent that the work was performed by individuals whose salaries or charge for services are included in Operating Expenses.

6.6 No Preferential Treatment to Other Tenants. Landlord shall not offer any other tenants of the Building preferential economic treatment with respect to After-Hours HVAC or other non-standard services or utilities provided to Tenant pursuant to this Lease, including this Article 6.

ARTICLE 7

REPAIRS

7.1 Operation of Building: Compliance with Law

7.1.1 General. Landlord shall, as part of Operating Expenses to the extent permitted under Article 4 of this Lease, operate, improve, lease, manage and maintain the Building, Base Building, Common Areas, and the On-site Parking Area in accordance with all governmental laws, rules and regulations in a manner consistent with Class "A" buildings located in the vicinity of the Building.

7.1.2 Landlord Repair. Landlord shall keep and maintain the Common Area, the Building's exterior walls, glass, roof and foundation, the Base Building, the "Building Systems," as that term is defined in Section 7.2.3, below, located outside the Premises, and the Building Systems that are located in the Premises in proper working order, condition and repair, except to the extent such repairs are caused by the negligence or wilful misconduct of Tenant, or its invitees, employees, agents or contractors and such repairs are not covered by insurance (deductibles are not deemed to be covered by insurance) required to be carried by Landlord under this Lease.

7.1.3 Compliance with Law by Landlord and Tenant. Landlord shall keep and maintain the Building, Base Building, the Building Systems located outside the Premises and the Building Systems located in the Premises, in compliance with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated, including any standard or regulation now or hereafter imposed on Landlord by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational health or safety standards for employers, employees, landlords or tenants, that relates to Tenant's use or occupancy of the Premises or the operation of the Building (collectively, "**Legal Requirements**"); provided, however, that Tenant hereby

covenants and agrees that if such compliance is required in the Premises or the Building, and (i) such compliance relates to the Tenant Improvements or Alterations, or (ii) such compliance is required as a result of Tenant's non-general office use of the Premises, Tenant shall be responsible for the cost of causing, and Tenant shall cause, the Tenant Improvements, the Alterations, the Base Building or the Building Systems and Equipment located outside the Premises and on the floor(s) on which the Premises are located (but then only to the extent that the cost of such compliance is not included in Operating Expenses), as the case may be, to comply with such requirements.

7.2 Tenant Maintenance and Repair

7.2.1 If Tenant provides notice (the "**Repair Notice**") to Landlord of an event or circumstance (i) which constitutes a failure by Landlord in the performance of its obligations pursuant to Section 6.1, above, except with respect to elevators and window washing equipment; or (ii) which constitutes a failure by Landlord in the performance of its obligations under Article 7 of this Lease, and the failure to fulfill such obligation will (a) materially interfere with Tenant's access to the Project, Building or Premises, (b) materially interfere with the provision by Landlord of services and utilities to the Premises as required by Section 6.1 of this Lease, (c) materially interfere with Tenant's business operation in the Premises, or (d) cause Tenant not to have the legal right to occupy the Premises; or (iii) which constitutes a failure by Landlord in the performance of its obligations under this Lease which relates to an "Emergency," as that term is defined in Section 7.2.2, below (a "Required Action"), and Landlord fails to provide the Required Action within the time period required by this Lease, or a reasonable period of time, if no specific time period is specified in this Lease, after the receipt of the Repair Notice (the "**Notice Date**"), or, in any event, does not commence the Required Action within ten (10) days after the Notice Date and complete the Required Action within thirty (30) days after the Notice Date (provided that if the nature of the Required Action is such that the same cannot reasonably be completed within a thirty (30) day period, Landlord's time period for completion shall not be deemed to have expired if Landlord diligently commences such cure within such period and thereafter diligently proceeds to rectify and complete the Required Action, as soon as possible), then Tenant may proceed to take the Required Action, pursuant to the terms of this Lease, and shall deliver a second notice to Landlord specifying that Tenant is taking the Required Action (the "**Second Notice**").

7.2.2 Notwithstanding the foregoing, if there exists an emergency (an "**Emergency**") such that the Premises or a portion thereof are rendered in such a state so as to create an imminent threat to health or human safety and if Tenant gives the Building's management office notice (the "**Emergency Notice**") of Tenant's intention to take action with respect thereto (the "**Necessary Action**") and the Necessary Action is also a Required Action, Tenant may take the Necessary Action if Landlord does not commence the Necessary Action within one (1) business day after the Emergency Notice (the "**Emergency Cure Period**") and thereafter use its best efforts and due diligence to complete the Necessary Action as soon as possible.

7.2.3 If any Necessary Action will affect the systems and equipment located within the Building (the "**Building Systems**"), the structural integrity of the Building, or the exterior appearance of the Building, Tenant shall use only those contractors used by Landlord in the Building for work on the Building Systems, or its structure, and Landlord shall provide Tenant (when available and upon Tenant's request) with notice identifying such contractors and any changes to the list of such contractors, unless such contractors are unwilling or unable to perform such work or the cost of such work is not competitive, in which event Tenant may utilize the services of any other qualified contractors which normally and regularly performs similar work in the Comparable Buildings except for any contractors who Landlord specifically notifies Tenant in writing within five (5) business days of Landlord's receipt of a Repair Notice or within one (1) business day of Landlord's receipt of an Emergency Notice that Tenant may not use for such work (which notice shall specify the commercially reasonable reasons for Landlord's not allowing Tenant to use such contractor.)

7.2.4 If any Required Action or Necessary Action is taken by Tenant pursuant to the terms of this Section 7.2, then Landlord shall reimburse Tenant for its reasonable, actual and documented costs and expenses in taking the Required Action or Necessary Action within thirty (30) days after receipt by Landlord of an invoice from Tenant which sets forth a reasonably particularized breakdown of its costs and expenses in connection with taking the Required

Action or Necessary Action on behalf of Landlord (the “ **Repair Invoice** ”). Notwithstanding the foregoing, if Landlord delivers to Tenant within thirty (30) days after receipt of the Repair Invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord’s reason for its claim that the Required Action or Necessary Action did not have to be taken by Landlord pursuant to the terms of this Lease or that Tenant breached the terms of this Section 7.2, or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then the dispute shall be submitted to arbitration in accordance with the terms of Article 24 of this Lease for resolution. In the event Landlord does not timely object as set forth above, and Landlord does not reimburse Tenant for the Repair Invoice within thirty (30) days of receipt, then Tenant may deduct from the next Rent payable by Tenant under this Lease, the amount set forth in the Repair Invoice plus interest at the Interest Rate.

7.3 Tenant Repair. Except as set forth in Section 7.1 as Landlord’s obligations, and in addition to the obligations of Tenant set forth in Section 7.1, above, Tenant shall, at Tenant’s own expense, keep all other portions of the Premises, including all Tenant Improvements, all telephone and telecommunications cabling systems utilized by Tenant (“ **Telecommunication Systems** ”), fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term and Tenant shall promptly notify Landlord of any damage to the Premises from any cause. In addition, Tenant shall, at Tenant’s own expense but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately repair all damage to the Premises for which it is responsible; provided however, that, at Landlord’s option, if Tenant fails to make such repairs, Landlord may, but need not, upon reasonable advance notice to Tenant, make such repairs and replacements, and Tenant shall pay to Landlord, Landlord’s Actual Cost thereof plus interest at the Interest Rate within thirty (30) days after being billed for same. Tenant hereby waives and releases any right it may have to make repairs at Landlord’s expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, ordinance or common law now or hereafter in effect.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 Landlord’s Consent to Alterations. Except for the “Tenant Improvements,” as that term is defined in Section 2.1 of the Tenant Work Letter, which shall be governed by the terms of the Tenant Work Letter, Tenant may not make any improvements, alterations, additions or changes to the Premises (collectively, the “ **Alterations** ”) without first procuring the prior written consent of Landlord to such Alterations, which consent shall not be unreasonably withheld, conditioned or delayed by Landlord and shall be approved or denied by notice received by Tenant within ten (10) business days of Landlord’s receipt of request for consent and shall be deemed disapproved, if such notice of consent or denial is not received by Tenant within such ten (10) business day period; provided, however, the parties hereby agree that it shall be reasonable under this Lease for Landlord to withhold consent to any proposed Alteration only where such Alteration alters the Building’s exterior appearance, or has a material adverse effect on the Building Systems and equipment or the Building structure (collectively, “ **Adverse Effects** ”). Notwithstanding the foregoing, Tenant may (i) make Alterations to the Premises which do not cause Adverse Effects without Landlord’s consent, provided that Tenant shall give Landlord at least five (5) business days prior notice of the same, or (ii) replace the floor and wall coverings and the furniture, fixtures and equipment in the Premises without prior notice to Landlord so long as such Alterations do not cause Adverse Effects. The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 Plans/Contractors. Prior to commencing any Alterations which require Landlord’s consent under this Article 8, Tenant must submit to Landlord for Landlord’s reasonable approval detailed plans and specifications for such work. Landlord’s approval or disapproval shall be delivered to Tenant within ten (10) business days following Tenant’s delivery to Landlord of such plans and specifications; and if Landlord disapproves such plans and specifications, Landlord shall state the reasons for its disapproval. Any material changes in, deviations from, modifications of, or amendments to any plans and specifications approved by Landlord shall also require Landlord’s prior approval Landlord’s review and approval of any plans and specifications (and any material modifications thereto) shall not create any

responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with applicable Laws. Prior to commencing any Alterations which require Landlord's consent, Tenant must obtain Landlord's reasonable approval of Tenant's proposed general contractor, if any, and any mechanical, electrical, plumbing and fire protection trade contractors; and Tenant specifically acknowledges that it shall not be unreasonable for Landlord to withhold approval of any proposed contractor on the grounds that Landlord reasonably believes that the performance of work in the Building by such contractor or any of its subcontractors could invalidate any warranty or guaranty covering any Building System or component thereof or could result in labor disputes with Landlord's own contractors or employees of Landlord or Landlord's contractors.

8.3 Manner of Construction. Landlord may impose, as a condition of its consent to all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant perform any work which in Landlord's judgment is likely to disturb other tenants of the Building only during non-business hours. Tenant shall construct such Alterations and perform such repairs in conformance with any and all applicable rules and regulations of any federal, state, county or municipal code or ordinance and pursuant to a valid building permit, issued by the City of San Francisco, in conformance with Landlord's reasonable and non-discriminatory construction rules and regulations. All work with respect to any Alterations must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period of work. In performing the work of any such Alterations, Tenant shall have the work performed in such manner as not to obstruct access to the Building or the common areas for any other tenant of the Building. Upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Francisco in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Building management office a reproducible copy of the "as built" drawings of the Alterations; provided, however, that if Tenant does not cause a timely Notice of Completion to be recorded, such failure shall not constitute a default under this Lease but Tenant shall protect, defend, indemnify and hold Landlord harmless from any loss, cost, damage, claim or expense incurred by Landlord in connection with Tenant's failure to record the Notice of Completion.

8.4 Payment for Improvements. Upon completion of such work not ordered from Landlord, Tenant shall deliver to Landlord, if payment is made directly to contractors, evidence of payment, contractors' affidavits and fun and final waivers of all liens for labor, services or materials.

8.5 Construction Insurance. In the event that Tenant makes any Alterations, Tenant agrees to carry "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof.

8.6 Landlord's Property. All Alterations, improvements, fixtures and/or equipment which may be installed or placed in or about the Premises or the Real Property, and all signs installed in, on or about the Premises or the Real Property, from time to time, shall be at the sole cost of Tenant and shall be and become the property of Landlord, except that Tenant may remove (i) any trade fixtures and/or equipment and (ii) the "Wall Partition System" within the Premises (collectively, "**Tenant's Property**") and Tenant may also remove any "Personal Property," as that term is defined in Section 15.1, provided, in each instance, Tenant repairs any damage to the Premises and Building caused by such removal. Tenant shall have no obligation to remove any Alteration upon the expiration or early termination of the Lease Term, but Tenant shall broom clean the Premises concurrently with Tenant's vacation thereof. If Tenant fails to repair any damage caused by the removal of any of Tenant's Property or Personal Property, Landlord may do so and may charge the cost thereof to Tenant. Tenant shall have the right, but not the obligation, to finance the purchase of and grant security interests in and otherwise encumber Tenant's Personal Property, and Landlord shall, promptly upon request, execute a waiver and consent form required by any lender of Tenant granting such lender the right, upon reasonable notice, to enter the Premises to take possession of and remove Tenant's Personal Property notwithstanding any alleged breach by Tenant of the terms of this Lease. Tenant hereby indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any

such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, except damages caused by the negligence, willful misconduct or breach of this Lease by Landlord, its employees, agents, and contractors, or covered by Landlord's insurance carried as required under this Lease or if Landlord fails to carry such coverage, which would have been covered by Landlord's insurance required to be carried under this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Real Property, Building or Premises, and any and all liens and encumbrances created by Tenant shall attach to Tenant's interest only. Landlord shall have the right at all times to post and keep posted on the Premises any notice which it deems necessary for protection from such liens. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Real Property, the Building or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Tenant or the Premises, and, in case of any such lien attaching or notice of any lien, Tenant covenants and agrees to cause it to be released and removed of record within thirty (30) days after Tenant's receipt of notice from Landlord regarding the existence of such lien. Notwithstanding anything to the contrary set forth in this Lease, in the event that such lien is not released and removed on or before the date occurring thirty (30) days after notice of such lien is delivered by Landlord to Tenant, Landlord, at its sole option, upon an additional notice to Tenant, may take all reasonable action necessary to release and remove such lien, without any duty to investigate the validity thereof, and all reasonable sums, costs and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with such lien shall be deemed Additional Rent under this Lease and shall be due and payable by Tenant within thirty (30) days after Tenant's receipt of an invoice therefor.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver**. To the extent not prohibited by law, and except as caused by the negligence or willful misconduct of Landlord, its agents and employees, Landlord, its partners and their respective officers, agents, servants, employees, and independent contractors shall not be liable for, and Tenant hereby waives any claim against Landlord and such other persons for, any damage to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, due to the Building or any part thereof or any appurtenances thereof becoming out of repair (including any improvements, materials, or equipment relating to telephone or telecommunication systems), or due to the occurrence of any accident or event in or about the Building or due to any act or neglect of any tenant or occupant of the Building, including the Premises, or of any other person, and Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to person and property in, upon or about the Real Property from any cause whatsoever. The provisions of this Section 10.1 shall apply particularly, but not exclusively, to damage caused by gas, electricity, steam, sewage, sewer gas or odors, fire, water or by the bursting or leaking of pipes, faucets, sprinklers, plumbing fixtures and windows, and shall apply without distinction as to the person whose act or negligence was responsible for the damage and whether the damage was due to any of the causes specifically enumerated above or to some other cause of an entirely different nature. Tenant further agrees that all personal property upon the Premises, or upon loading docks, receiving and holding areas, or freight elevators of the Building, shall be at the risk of Tenant only, and that Landlord shall not be liable for any loss or damage thereto or theft thereof. To the extent not prohibited by law, and, subject to Section 10.6, below, Tenant shall indemnify, defend, protect, and hold harmless Landlord, its partners and their respective officers, agents, servants, employees, and independent contractors from and against any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises, including, without limiting the generality of the foregoing: (i) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; (ii) the use or occupancy of the Premises by Tenant or any person claiming by, through or under Tenant;

(iii) the condition of the Premises or any occurrence or happening on the Premises from any cause whatsoever; or (iv) any acts, omissions or negligence of Tenant or any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, visitors or licensees of Tenant or any such person, in the Premises or the Real Property, including, without limitation, any acts, omissions or negligence in the making or performance of any alterations, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or its agents, contractors, employees or licensees (except for damage to the Tenant Improvements and Tenant's personal property, trade fixtures, furniture and equipment in the Premises, to the extent Tenant is required to obtain the requisite insurance coverage pursuant to this Lease). Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers' accountants' and attorneys' fees. Subject to Section 10.6, below, Landlord shall indemnify, defend, protect, and hold harmless Tenant and its parent, subsidiary and affiliated companies, including but not limited to their respective directors, officers, agents, servants, employees and independent contractors (collectively, the "**Tenant's Group**"), from any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys' fees) incurred in connection with or arising from or caused by any of the following occurrences or circumstances: (i) any occurrence in, on, or about the Premises if such injury or damage is caused by the negligence or willful misconduct of Landlord; or (ii) any occurrence in, on, or about any portion of the Building not within the Premises to the extent such injury or damage shall be caused by the negligence or willful misconduct of Landlord. The terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Tenant. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

10.2 Landlord's Insurance. From and after the date hereof and throughout the Lease Term, Landlord shall maintain in full force and effect the policies of insurance set forth below in Sections 10.2.1 through 10.2.3.

10.2.1 Landlord's Fire and Casualty Insurance. Property damage insurance covering the Building, the On-Site Parking Area, and the Tenant Improvements and the Alterations (but excluding the value of the Tenant Improvements to the extent such value exceeds the value of the Building standard improvements and excluding Tenant's "Personal Property," as that term is defined in Section 15.1, below), and all other improvements in and about the Common Areas in which Landlord may have an insurable interest, providing protection against any peril included within the classification "All Risk" inclusive of standard fire and extended coverage insurance, including endorsements against vandalism, malicious mischief and other perils, but excluding, except as set forth below in Section 10.2.3, all in amounts not less than one hundred percent (100%) of their full replacement cost. Landlord's policy shall contain at least twelve (12) months of "rental income loss" coverage payable in instances in which Tenant is entitled to Rent abatement hereunder, and shall include (i) an "extended coverage" endorsement, (ii) a "building laws" and/or "law and ordinance" coverage endorsement (which endorsement may, notwithstanding the foregoing provisions of this Section 10.2.1, contain a commercially reasonable sublimit) that covers "costs of demolition," "increased costs of construction" due to changes in building codes and "contingent liability" with respect to undamaged portions of the Building, and (iii) an "earthquake sprinkler leakage" endorsement, with each such endorsement to be of a kind required by Landlord to assist Landlord in funding its obligations under this Lease to repair and restore the Building, the On-Site Parking Area, the Tenant Improvements, the Alterations and the Common Areas. Such policy shall also contain a "stipulated value" endorsement deleting any co-insurance provisions. In addition, Landlord shall maintain "boiler machinery" coverage (and a joint loss agreement if the boiler machinery coverage is issued by a different insurance company than the basic property insurance).

10.2.2 General Liability Insurance. Comprehensive general liability insurance for bodily injury and property damage, adequate to protect Landlord and all additional insureds against liability for (i) the actions of Landlord and Landlord's agents, employees and contractors and (ii) injury to or death of anyone or more persons in an occurrence, and for damage to property, arising in connection with the (a) construction or alteration of the Building, the On-Site Parking Area and all improvements in and about the Common Areas, (b) the use, operation or condition of the Common Areas, or (c) the condition of the Premises unrelated to Tenant's use. Such insurance shall be in an amount of not less than Ten Million Dollars (\$10,000,000.00)

Combined Single Limit, which amount shall be increased throughout the Lease Term to the extent of such coverage customarily carried by landlords of Comparable Buildings, and which shall insure against any and an liability of the insured as aforesaid.

10.2.3 Earthquake Coverage. Landlord hereby represents that the holder of the first deed of trust on the Building, Citicorp Real Estate, Inc. (“**CRE**”) is requiring Landlord to obtain a policy of insurance covering the risk of earthquake damage to the Building (“**CRE’s Requirement**”). Accordingly, Landlord will, to the extent available, obtain and maintain in full force and effect a policy of insurance covering earthquake damage to the Building (the “**Earthquake Policy**”). Notwithstanding anything to the contrary set forth in this Section 10.2.3, Tenant shall only be responsible to pay Tenant’s Earthquake Insurance Contribution if (i) CRE or any subsequent holder of a first deed of trust on the Building (the “**Subsequent Lender**”) requires Landlord to carry the Earthquake Policy, and Tenant receives written evidence from CRE or any Subsequent Lender regarding CRE’s Requirement or the requirement of a Subsequent Lender, respectively, and (ii) Tenant receives a copy of the Earthquake Policy and the invoice for the premium for the Earthquake Policy.

10.2.4 Other Terms. Upon inquiry by Tenant, from time to time, Landlord shall inform Tenant of such coverage carried by Landlord. The minimum limits of policies of insurance required of Landlord under the Lease shall limit the liability of Landlord under this Lease with respect to claims covered by such insurance. The insurance obtained by Landlord pursuant to this Section 10.2 shall: (i) specifically cover the indemnification liability of Landlord under Section 10.1 of this Lease; (ii) be issued by an insurance company having a rating of not less than A-X in Best’s Insurance Guide (the “**Best’s Rating**”) or which is otherwise reasonably acceptable to Tenant and licensed to do business in the State of California; (iii) primary insurance (A) with respect to the insurance described in Section 10.2.1 and 10.2.3, above, as to all claims thereunder and (B) with respect to insurance described in Section 10.2.2, above, as to claims arising outside the Premises, and in either event, such insurance shall provide that any insurance carried by Tenant is excess and is non-contributing with any such insurance requirement of Landlord; and (iv) provide that said insurance shall not be canceled or coverage materially reduced unless thirty (30) days’ prior written notice shall have been given to Tenant. With respect to the insurance described in Sections 10.2.2 and 10.2.3, Tenant shall be named as an additional insured as its interests may appear. Tenant shall neither use the Premises nor permit the Premises to be used or acts to be done therein which will (a) increase the premium of any insurance described in this Section 10.2; (b) cause a cancellation of or be in conflict with any such insurance policies; or (c) result in a refusal by insurance companies of good standing to insure the Building in amounts reasonably satisfactory to Landlord, provided, however, that Tenant shall at all times be permitted to use the Premises for the uses permitted by Article 5 of this Lease without being required to pay additional insurance premiums. Tenant shall, at Tenant’s expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant’s conduct or use of the Premises causes any increase in the premium for such insurance policies and such conduct or use is not permitted by the terms of this Lease, then Tenant shall reimburse Landlord for any such Increase.

10.3 Tenant’s Insurance. Tenant shall maintain Comprehensive General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage arising out of Tenant’s operations, assumed liabilities or use of the Premises, including a Broad Form Comprehensive General Liability endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property Damage Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate
Personal Injury Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate
0% Insured’s participation	

10.4 Form of Policies. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance

shall (i) name Landlord, Landlord's property manager, Landlord's lender, and the ground lessor as an additional insured; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-X in Best's Insurance Guide or which is otherwise reasonably acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder arising within the Premises and provide that any insurance carried by Landlord with respect to claims arising within the Premises is excess and is non-contributing with any insurance requirement of Tenant; (v) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord whose names and addresses have been provided by Landlord together with a specific reference to this requirement; and (vi) contain a cross-liability endorsement or severability of interest clause reasonably acceptable to Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof.

10.5 Self-Insurance. The Tenant named in the Summary shall be entitled to self-insure its insurance requirements set forth in Sections 10.3 and 8.5 of this Lease, and Section 6.12 of the Tenant Work Letter. Any self-insurance shall be deemed to contain all of the terms and conditions applicable to such insurance as required in this Article 10, including, without limitation, a full waiver of subrogation. If Tenant elects to so self-insure, then with respect to any claims which may result from incidents occurring during the Lease Term, such self-insurance obligation shall survive the expiration or earlier termination of this Lease to the same extent as the insurance required would survive. Notwithstanding the foregoing, Tenant shall only have the right to self-insure its insurance requirements under Section 10.3 of this Lease, if Tenant shall, concurrent with a notice to Landlord electing to self-insure, provide Landlord with evidence that Tenant has a net worth of equal to or greater than Three Hundred Million Dollars (\$300,000,000.00) (the "**Financial Requirement**"). If Tenant at any time does not satisfy the Financial Requirement, it shall notify Landlord of the same and supply Landlord with the insurance policies required under Section 10.3 of this Lease.

10.6 Subrogation. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance carried by Landlord and Tenant, respectively, is not invalidated thereby. As long as such waivers of subrogation do not invalidate such insurance, Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is insurable under policies of insurance for fire and all risk coverage, theft, public liability, or other similar insurance. If either party fails to carry the amounts and types of insurance required to be carried by it pursuant to this Article 10, such failure shall be deemed to be a covenant and agreement by such party to self-insure with respect to the type and amount of insurance which such party so failed to carry, with full waiver of subrogation with respect thereto.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 Repair of Damage to Premises by Landlord. Tenant shall promptly notify Landlord of any damage to the Premises ("**Premises Damage**") resulting from fire or any other casualty. If the Premises or the Real Property shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Real Property, the Premises, and such common areas (the "**Restoration**"). The Restoration shall be to substantially the same condition of the Real Property, the Premises, and common areas prior to the casualty, except for modifications required by zoning and building codes and other laws, provided access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, of Real Property Landlord shall repair any injury or damage to the Tenant Improvements and Alterations or Real Property and shall return such Tenant Improvements and Alterations or Real Property to their original condition. In connection with such repairs and replacements, Tenant shall, prior to the commencement of construction, submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating to the

Tenant Improvements and Alterations, and Tenant and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or common areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, however, that if the Premises is damaged such that the remaining portion thereof is not sufficient to allow Tenant to conduct its business operations from such remaining portion and Tenant does not conduct its business operations therefrom, Landlord shall allow Tenant a total abatement of Rent during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result of the subject damage. All insurance proceeds from the policies as described in Sections 10.2.1 and 10.2.3 shall be assigned by Landlord and Tenant to be used in connection with the repair of damage to the Premises and Real Property. Notwithstanding anything to the contrary set forth in this Section 11.1, to the extent Landlord does not commence Restoration within sixty (60) days of the date of damage, Tenant shall deliver notice (the "**Restoration Failure Notice**") to Landlord of Landlord's failure to commence Restoration, and provided that Landlord has not exercised the Reimbursement Right pursuant to Section 3.4, above, Tenant may elect to pursue any remedies available to Tenant at law or in equity including, but not limited to, an action against Landlord for specific performance with respect to the Restoration, which remedy of specific performance Landlord and Tenant hereby agree shall be available to Tenant.

11.2 Tenant's Termination Right. If the repairs cannot be completed within twelve (12) months after the date of damage (which twelve (12) month period shall not be extended in excess of six (6) months as a result of any event of "Force Majeure," as that term is defined in Section 29.17, below), Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than the ninety (90) days after the date of such damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Furthermore, if Landlord has advised Tenant that repairs can be completed within a twelve (12) month period, and Tenant has not terminated this Lease, and the repairs are not actually completed within such twelve (12) months' period (which twelve (12) month period shall not be extended in excess of six (6) months as a result of any event of Force Majeure), Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are complete, by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be earlier than the end of each such month. Tenant may at any time prior to any Damage Termination Date void any previously delivered Damage Termination Notice. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the damage, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days. If Tenant terminates this Lease pursuant to the terms of this Section 11.2, Tenant shall receive, and Landlord shall assign to Tenant, insurance proceeds equal to the Unamortized Value as of the Tenant Termination Date of the Tenant Costs (as calculated pursuant to Section 3.4.2 above), provided that Landlord has not exercised the Reimbursement Right pursuant to Section 3.4, above.

11.3 Waiver of Statutory Provisions. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or any other

portion of the Real Property, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or any other portion of the Real Property.

11.4 Damage Near End of Term. In the event that the Premises or the Building is destroyed or damaged to any substantial extent during the last twenty-four (24) months of the Lease Term, then notwithstanding anything contained in this Article 11, Tenant shall have the option to terminate this Lease by giving written notice to Landlord of the exercise of such option within sixty (60) days after such damage or destruction, in which event this Lease shall cease and terminate as of the date of such notice, Tenant shall pay the Base Rent and Additional Rent, properly apportioned up to such date of damage, and both parties hereto shall thereafter be freed and discharged of all further obligations hereunder, except as provided for in provisions of this Lease which by their terms survive the expiration or earlier termination of the Lease Term.

ARTICLE 12

NONWAIVER

No waiver of any provision of this Lease shall be implied by (i) any failure of either party to insist in any instance on the strict keeping, observance or performance of any covenant or agreement contained in this Lease or to exercise any election contained in this Lease or (ii) any failure of either party to enforce any remedy on account of the violation of such provision, even if such violation shall continue or be repeated subsequently. Any waiver by either party of any provision of this Lease may only be in writing, and no express waiver shall affect any provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

13.1 Permanent Taking. If ten percent (10%) or more of the Premises or Building shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease upon one hundred eighty (180) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking, condemnation, reconfiguration, vacation, deed or other instrument. If so much of the Premises is taken so as to substantially interfere with the conduct of Tenant's business from the Premises, or if access to the Premises is substantially impaired, Tenant shall have the option to terminate this Lease upon one hundred eighty (180) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking. Landlord shall be entitled to receive the entire award or payment in connection therewith including the "Bonus Value" relating to the amount of the Base Rent, provided that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure.

13.2 Temporary Taking. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of

one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the number of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking, except that Tenant shall have the right to file any separate claim available to Tenant for claims made by Tenant as a result of the necessity of Tenant's moving to temporary space during the period of such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 Transfers. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment or other such foregoing transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or permit the use of the Premises by any persons other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than ten (10) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including a calculation of the "Transfer Premium", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, financial statements from the proposed Transferee if necessary, under Section 14.2(iv), below, and a copy of all existing and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, and such other information as Landlord may reasonably require. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect. If Landlord shall grant consent, Tenant shall pay Landlord's out-of-pocket reasonable legal fees reasonably incurred by Landlord, within thirty (30) days after written request by Landlord.

14.2 Landlord's Consent. Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Landlord shall notify Tenant in writing within fifteen (15) days after Landlord's receipt of a Transfer Notice as to whether Landlord consents to the proposed Transfer or withholds its consent thereto; failure of Landlord to so notify Tenant in writing within said fifteen (15) period shall be deemed to constitute Landlord's consent to the proposed Transfer 14.2.1 The parties hereby agree that, it shall not be reasonable under this Lease for Landlord to withhold its consent for any of the following reasons without implying that any other grounds not set forth in this Section 14.2 are reasonable grounds for withholding consent:

- (i) The assignment or sublease occurs when any particular proportion of the Building or Project is not leased or is at economic terms which are not acceptable to Landlord for any reason;
- (ii) The terms of the proposed assignment or sublease will allow the proposed assignee to exercise an option to extend or expand held by Tenant (or will allow the proposed subtenant to occupy space leased by Tenant pursuant to any such right);
- (iii) Either the proposed Transferee, or any person or entity which directly or indirectly controls, is controlled by, or is under common control with, the proposed assignee or subtenant, (a) occupies space in the Project at the time of the request for consent, or (b) is negotiating or has negotiate with Landlord to lease space in the Project;
- (iv) The Subject Space for the proposed Transferee is less than or equal to 75,000 rentable square feet, and the proposed Transferee (if such Transferee is subleasing space, as opposed to taking an assignment of the Lease) is not a party of adequate financial worth and/or financial stability; or

(v) The proposed Transferee is either a governmental agency or instrumentality thereof, unless such entity (i) is of a character or reputation, is engaged in a business, or is associated with a political orientation or faction, which is not consistent with the quality of the Building, or (ii) has the legal ability to exercise the power of eminent domain or condemnation, or (iii) would significantly increase the human traffic in the Premises or Building.

It is understood and agreed that, without limiting Landlord's right of consent as provided herein, Landlord's withholding consent shall be deemed reasonable if the proposed Transfer or the proposed use of the Premises by the proposed Transferee shall conflict with or result in a breach of this Lease, or shall violate any exclusivity arrangements relating to retail uses that Landlord may then have with any retail tenant of the Building which exists as of the date hereof.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2, Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14.

14.3 **Transfer Premium.** If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of the amount of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in excess of the Rent (using a Base Rent figure of \$24.00 per rentable square foot) and Additional Rent payable by Tenant under this Lease on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, and (ii) any brokerage commissions in connection with the Transfer (iii) any costs to buy-out or takeover the previous lease of a Transferee, (iv) reasonable legal fees incurred in connection with the Transfer including those fees and costs reimbursed to Landlord pursuant to the last sentence of Section 14.1, and (v) the amount of any Base Rent and Additional Rent paid by Tenant to Landlord with respect to the Subject Space during the period commencing on the later of (a) the date Tenant contracts with a reputable broker to market the Subject Space, and (b) the date Tenant vacates the Subject Space, until the date six months after the commencement of the period, and (vi) any other "out-of-pocket" monetary concessions reasonably provided in connection with the Transfer including, but not limited to, tenant improvement or decorating allowances (collectively, the "**Subleasing Costs**"). "Transfer Premium" shall also include, but not be limited to, key money and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. Tenant covenants that any allocation of payments or other consideration payable or deliverable to Tenant in connection with any subletting of the Premises or assignment of this Lease shall be made in good faith and not with a purpose to avoid Tenant's obligation to pay fifty percent (50%) of the Transfer Premium to Landlord.

14.4 **Effect of Transfer.** If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from liability under this Lease, and (vi) such Transfer shall at all times be subject and subordinate to the terms of this Lease. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof Landlord agrees, if set forth in, and required by, a written document between Tenant and a Transferee (the "**Assignment Document**"), (i) to amend

the notice blocks set forth on the first page of the Lease to add one (1) additional party and (ii) to deliver to the Tenant or its successor concurrently with the delivery thereof to such Transferee, copies of any notices of default delivered pursuant to the terms of this Lease. Additionally, if requested of Landlord pursuant to the Assignment Document, the Transferee shall have the right to cure any default under this Lease within the applicable cure period provided for the Tenant in this Lease. If the Assignment Document permits the Tenant to recover possession of the Premises and again become the "Tenant" under this Lease, Landlord agrees to accept Tenant as the "Tenant" under this Lease pursuant thereto.

14.5 Assumption of Obligations. Each permitted assignee shall assume all obligations of Tenant under this Lease with respect to the Premises. No Transfer shall be valid and no transferee shall take possession of the Premises or any part thereof unless, within ten (10) days after the execution of the documentary evidence thereof, Tenant shall deliver to Landlord a duly executed duplicate original of the Transfer instrument in a form satisfactory to Landlord that (i) provides that the transferee assumes Tenant's obligations for the payment of rent (in the case of an assignment), and for the fun and faithful observance and performance of the covenants, terms and conditions contained herein, applicable to the Premises in the event of an assignment, and (ii) provides that an assignee will, at Landlord's election, attorn directly to landlord in the event this Lease is terminated for any reason on the terms set forth in the instrument of transfer. The failure or refusal of a transferee to execute such an instrument of assumption shall not release or discharge the transferee from its obligations set forth above.

14.6 Non-Transfers. Notwithstanding anything to the contrary contained in this Article 14, neither (i) an assignment or subletting of all or a portion of the Premises to an entity which is controlled by, controls, or is under common control with, Tenant, or to a purchaser of all or substantially all of the assets of Tenant, or to an entity resulting, by operation of law or otherwise, from the merger, consolidation or other reorganization of Tenant (any such entity, an "Affiliate"), nor (ii) a transfer, by law or otherwise, in connection with the merger, consolidation or other reorganization of Tenant or Affiliate, shall be deemed a Transfer under this Article 14, provided that such assignment, sublease or transfer is not a subterfuge by Tenant to avoid its obligations under this Lease, and no such assignment, sublease or transfer shall relieve Tenant or any guarantor of this Lease from liability under this Lease. Tenant shall notify Landlord of any such assignment, sublease, action, or use. "Control," as used in this Section 14.6, shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and polices of a person or entity, or ownership of any sort, whether through the ownership of voting securities, by contract or otherwise.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 Surrender of Premises. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises. Tenant shall remove those items of furniture, furnishings, business machines and equipment, communications equipment and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises (collectively, "Personal Property") and Tenant shall remove Personal Property at times reasonably acceptable to Landlord and subject to the availability of freight elevators, provided that Landlord shall insure that adequate hours for the usage of the freight elevator are made reasonably available to Tenant.

15.2 Removal of Tenant Property by Tenant. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15 and Section 8.5, above, quit and surrender possession of the Premises to Landlord in

as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, casualty and repairs which are specifically made the responsibility of Landlord hereunder excepted.

15.3 Removal of Tenant's Property by Landlord. Whenever Landlord shall re-enter the Premises as provided in this Lease, any Personal Property not removed by Tenant upon the expiration of the Lease Term, or within forty-eight (48) hours after a termination by reason of Tenant's default as provided in this Lease, shall be deemed abandoned by Tenant and may be disposed of by Landlord in accordance with Sections 1980 through 1991 of the California Civil Code and Section 1174 of the California Code of Civil Procedure, or in accordance with any laws or judicial decisions which may supplement or supplant those provisions from time to time.

15.4 Landlord's Actions on Premises. Tenant hereby waives all claims for damages or other liability in connection with Landlord's reentering and taking possession of the Premises or removing, retaining, storing or selling the property of Tenant as herein provided.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable at a monthly rate equal to one hundred twenty-five percent (125%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. Tenant shall indemnify Landlord from and against all losses, costs, claims, liabilities, and expenses (including, without limitation, reasonable attorney's fees, costs, and disbursements) sustained by Landlord by reason of such holdover by Tenant (including, without limitation, claims for damages by any other person to whom Landlord may have agreed to lease an or any part of such portion of the premises effective on or after the date Tenant was obligated to surrender possession thereof), but only to the extent such holdover continues more than sixty (60) days after the expiration of the then-current Lease Term. No acceptance by Landlord of rent during any such holding over without Landlord's consent shall reinstate, continue, or extend the Term of this Lease with respect to such portion of the Premises or shall affect any notice of termination given to Tenant prior to the payment of such money, it being agreed that after the service of such notice or the commencement of any suit by Landlord to obtain possession of any portion of the Premise, Landlord may receive and collect when due any and all payments owed by Tenant under this Lease, and otherwise exercise its rights and remedies. The making of any such payments by Tenant shall not waive such notice, or in any manner affect any pending suit or judgment obtained.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within thirty (30) days following a request in writing by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit E, attached hereto, (or such other form as may be required by any prospective mortgagee or purchaser of the Building, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Failure of Tenant to timely execute and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements made in good faith included in the estoppel certificate are true and correct, without exception. Landlord hereby agrees to provide to Tenant an estoppel certificate signed by Landlord, containing the same types of information, and within

the same period of time, as set forth above, with such changes as are reasonably necessary to reflect that the estoppel certificate is being granted and signed by Landlord to Tenant, rather than from Tenant to Landlord or a lender of Landlord.

ARTICLE 18

SUBORDINATION

This Lease is subject and subordinate to all present and future ground or underlying leases of the Real Property and to the lien of any mortgages or trust deeds, now or hereafter in force against the Real Property and the Building, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages or trust deeds, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. In consideration of, and as a condition precedent to, Tenant's agreement to permit its interest pursuant to this Lease to be subordinated to any particular future ground or underlying lease of the Building or the Real Property or to the lien of any first mortgage or trust deed hereafter enforced against the Building or the Real Property and to any renewals, extensions, modifications, consolidations and replacements thereof, Landlord shall deliver to Tenant a non-disturbance agreement reasonably approved by Tenant executed by the landlord under such ground lease or underlying lease or the holder of such mortgage or trust deed. Tenant hereby approves the form attached hereto as **Exhibit R** and any form substantially similar thereto. Except as may be indicated in the form of agreement as **Exhibit R** hereto, each such non-disturbance agreement provided by Landlord shall acknowledge that Tenant may offset against Rent next owing under this Lease, (i) any unpaid commission due and owing to Tenant's Broker as set forth in Section 29.25, (ii) any abatements of Rent as allowed pursuant to Section 6.3.1 of this Lease, and (iii) any abatements of Rent as allowed pursuant to Section 7.2 of this Lease. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage, to attend, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale if so requested to do so by such purchaser, and to recognize such purchaser as the lessor under this Lease. Tenant shall, within thirty (30) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, within five (5) business days of notice that the same is due, which notice shall be in addition to and not in lieu of any notice required under California Code of Civil Procedure Section 1161 or any similar or successor law; provided, however, in the event Tenant shall fail to make timely payment of rent more than two times in any twelve (12) consecutive month period, then for the remainder of such twelve (12) consecutive month period such five-day cure period shall be reduced to a three (3) business day cure period; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in addition to, and not in lieu of, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor law; and provided further that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30)-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default as soon as possible.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity,

the option to pursue anyone or more of the following remedies, each and all of which shall be cumulative and nonexclusive.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease as allowed by applicable law; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Interest Rate. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.3 Waiver of Default. No waiver by Landlord or Tenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord or Tenant in enforcement of one or more of the remedies available to such party upon an event of default shall not be deemed or construed to constitute a waiver of such default. The acceptance of any Rent hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default, except only a default in the payment of the Rent so accepted. Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future law to redeem the Premises or to continue the Lease after being dispossessed or ejected from the Premises by Landlord after the occurrence of an Event of Default.

19.4 Efforts to Relet. For the purposes of this Article 19, Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

REASONABLENESS AND GOOD FAITH

Except for determinations expressly described as being in the “absolute discretion” of the applicable party, neither Landlord nor Tenant shall unreasonably withhold or delay any consent, approval or other determination provided for hereunder, and determinations subject to absolute discretion shall not be unreasonably delayed. In the event that either Landlord or Tenant disagrees with any determination made by the other hereunder (other than a determination in the absolute discretion of the determining party) and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within five (5) business days following such request. Furthermore, in addition to the foregoing, whenever the Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations, make allocations or other determinations, or otherwise exercise rights or fulfill obligations, Landlord and Tenant shall act reasonably and in good faith and take no action which might result in the frustration of the reasonable expectations of a sophisticated landlord and sophisticated tenant concerning the benefits to be enjoyed under this Lease.

ARTICLE 22

STORAGE SPACE

Landlord shall reserve up to five thousand 5,000 square feet of storage space for lease by Tenant during the Lease Term (the “**Storage Space**”). The Storage Space shall be located in one or more private rooms selected by Landlord in the On-Site Parking Area designated on **Exhibit P** attached hereto. Tenant shall have the right to increase or decrease (but not in excess of the 5,000 square foot limit set forth above) the amount of Storage Space leased by Tenant on thirty (30) days written notice to Landlord. The Storage Space described above required to be provided by Landlord to Tenant shall be leased at a rental rate equal to () per usable square foot per month during the Lease Term. Notwithstanding the foregoing, to the extent that any Storage Space in addition to the Storage Space required to be reserved by Landlord for Tenant’s use hereunder shall become available for use by tenants of the Building, Landlord agrees that Tenant shall have the right, upon written notice to Landlord, to lease such additional Storage Space on a month-to-month basis to the extent and for the duration that Landlord does not require the use of such additional Storage Space by other tenants in the Building or for another purpose. Any such additional Storage Space shall be leased at a rental rate equal to () per usable square foot per month. The Storage Space rental amounts shall be due on a monthly basis concurrent with Tenant’s payment of the Base Rent due with respect to the Premises, and shall constitute Rent under the Lease. All Storage Space leased by Tenant shall be in a condition reasonably suitable for use as storage space. Tenant acknowledges that Landlord, by providing Tenant with the Storage Space is not assuming the responsibility to ensure the security of or provide security for the Storage Space, and Tenant hereby waives all claims against Landlord for damage to or theft of any property stored by Tenant in the Storage Space, except to the extent caused by the negligence or willful misconduct of Landlord or Landlord’s agents, contractors or representatives. Landlord shall deliver the Storage Space to Tenant in its “as-is” condition, without any obligation on the part of Landlord to remodel, refurbish or otherwise improve the Storage Space, provided that the Storage Space shall have a ceiling, walls, a door and lighting. Landlord shall have the right, not more than once per calendar year, upon thirty (30) days’ prior notice to Tenant, to relocate the Storage Space to another area of the Building of approximately the same aggregate square footage as the Storage

Space; in the event of such relocation of the Storage Space, Landlord shall pay Tenant's actual costs of moving materials stored in the Storage Space to the replacement Storage Space.

ARTICLE 23

SIGNS

23.1 **Interior of Premises**. Tenant, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobbies of the Premises, provided that such signs must not be visible from the exterior of the Building. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and shall comply with Landlord's Building standard signage.

23.2 **Exterior of Premises**. Commencing on a date which, in Tenant's reasonable judgment, is necessary to allow "Tenant's Signage," as that term is defined below, to be installed in and fully operational on the first day of the Pre-Occupancy Period, Tenant shall have an ongoing right to install (and replace) the name of Tenant and/or an Affiliate, or an entity designated by Tenant (and, at Tenant's sole discretion, Tenant's logo), ("**Tenant's Signage Name**"), at Tenant's sole cost and expense, on the following signage (collectively, "**Tenant's Signage**"): (i) a sign in the ground floor elevator bank, and (ii) monument signs on the exterior of the Building, all as further set forth on **Exhibit G** attached hereto. The installation of Tenant's Signage shall be subject to all laws and requirements of government authorities with jurisdiction over the Building. Notwithstanding anything to the contrary set forth in the preceding sentence, Tenant shall be entitled to install additional signage in or outside of the Building in the location(s) depicted on **Exhibit G**, provided that the location, materials and design criteria thereof shall be subject to Landlord's approval, which shall not be unreasonably withheld or delayed. Tenant, at Tenant's sole cost and expense, shall obtain all necessary government approvals and permits required for the installation and maintenance of Tenant's Signage; provided that Landlord shall use commercially reasonable efforts to assist Tenant in obtaining all necessary governmental permits and approvals for Tenant's Signage. Tenant, at Tenant's sole cost and expense, shall maintain Tenant's Signage in a first class manner and in compliance with all applicable laws and regulations, and shall pay the cost of all electricity, if any, consumed in connection with Tenant's Signage. Upon the expiration or earlier termination of the Lease, Tenant shall remove Tenant's Signage from the Building and the Premises.

23.3 **Transferability**. The rights to the Tenant's Signage (the "**Signage Rights**"), may be transferred by Tenant in their entirety to any Affiliate, or to any assignee or sublessee in connection with any assignment or sublease of Tenant's interest in this Lease which is permitted pursuant to the provisions of Article 14 of this Lease.

23.4 **Directory Board Space**. Landlord shall provide Tenant, at no cost to Tenant, with space for a maximum of one (1) designated name per two thousand (2,000) rentable square feet of the Premises on the Building directory board located in the lobby of the Building. Tenant will be permitted group and alphabetical listings on such directory board for Tenant's professionals and any other employees, and listings for the names of any approved subtenants.

23.5 **Exclusivity**. Tenant's Signage Rights are exclusive to Tenant, any Affiliate and any transferee of Tenant's interest in this Lease. Therefore, except for all existing signage and reasonable modifications to such existing signage which is pursuant to Landlord's standard signage program and does not identify a competitor of Tenant, Landlord shall not (i) grant any signage rights to, (ii) consent to any granting of signage rights for, or (iii) permit any signage to be installed on behalf of, any tenants of the Real Property, or anyone else, anywhere on or in the Building, On-site Parking Area or the Real Property, unless such signage is on the Building directory board or consist of Building standard identification signage located on the floor that a tenant in the Building occupies. For purposes of this Section 23.5, the term "signage" shall include any logos or pictures which identify a tenant of the Real Property or anyone else.

ARTICLE 24

ARBITRATION

24.1 General Submittals to Arbitration. The submittal of all matters to arbitration in accordance with the terms of this Article 24 is the sole and exclusive method, means and procedure to resolve any and all claims, disputes or disagreements arising under this Lease, including, but not limited to any defaults by Landlord, or any defaults by Tenant, except for (i) disputes for which a different resolution determination is specifically set forth in this Lease, (ii) all claims by either party which (A) seek anything other than enforcement of rights under this Lease, or (B) are primarily founded upon matters of fraud, wilful misconduct, bad faith or any other allegations of tortious action, and seek the award of punitive or exemplary damages, and (iii) claims relating to Landlord's exercise of any unlawful detainer rights pursuant to California law or rights or remedies used by Landlord to gain possession of the Premises or terminate Tenant's right of possession to the Premises, which disputes shall be resolved by suit filed in the Superior Court of San Francisco County, California, the decision of which court shall be subject to appeal pursuant to applicable law. The parties hereby irrevocably waive any and all rights to the contrary and shall at all times conduct themselves in strict, full, complete and timely accordance with the terms of this Article 24 and all attempts to circumvent the terms of this Article 24 shall be absolutely null and void and of no force or effect whatsoever. As to any matter submitted to arbitration (except with respect to the payment of money) to determine whether a matter would, with the passage of time, constitute a default, such passage of time shall not commence to run until any such affirmative arbitrated determination, as long as it is simultaneously determined in such arbitration that the challenge of such matter as a potential Tenant default was made in good faith. As to any matter submitted to arbitration with respect to the payment of money, to determine whether a matter would, with the passage of time, constitute a default, such passage of time shall not commence to run in the event that the party which is obligated to make the payment does in fact make the payment to the other party. Such payment can be made "under protest, II which shall occur when such payment is accompanied by a good faith notice stating the reasons that the party has elected to make a payment under protest. Such protest will be deemed waived unless the subject matter identified in the protest is submitted to arbitration as set forth in this Article 24.

24.2 JAMS. Any dispute to be arbitrated pursuant to the provisions of this Article 24 shall be determined by binding arbitration before a retired judge of the Superior Court of the State of California (the "**Arbitrator**") under the auspices of Judicial Arbitration & Mediation Services, Inc. ("**JAMS**"). Such arbitration shall be initiated by the parties, or either of them, within ten (10) days after either party sends written notice (the "**Arbitration Notice**") of a demand to arbitrate by registered or certified mail to the other party and to JAMS. The Arbitration Notice shall contain a description of the subject matter of the arbitration, the dispute with respect thereto, the amount involved, if any, and the remedy or determination sought. The parties may agree on a retired judge from the JAMS panel. If they are unable to promptly agree, JAMS will provide a list of three available judges and each party may strike one. The remaining judge (or if there are two, the one selected by JAMS) will serve as the Arbitrator. In the event that JAMS shall no longer exist or if JAMS fails or refuses to accept submission of such dispute, then the dispute shall be resolved by binding arbitration before the American Arbitration Association ("AAA") under the AAA's commercial arbitration rules then in effect.

24.3 Arbitration Procedure.

24.3.1 Pre-Decision Actions. The Arbitrator shall schedule a pre-hearing conference to resolve procedural matters, arrange for the exchange of information, obtain stipulations, and narrow the issues. The parties will submit proposed discovery schedules to the Arbitrator at the pre-hearing conference. The scope and duration of discovery will be within the sole discretion of the Arbitrator. The Arbitrator shall have the discretion to order a pre-hearing exchange of information by the parties, including, without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of parties and third-party witnesses. This discretion shall be exercised in favor of discovery reasonable under the circumstances.

24.3.2 The Decision. The arbitration shall be conducted in San Francisco, California. Any party may be represented by counselor or other authorized representative. In rendering a decision(s), the Arbitrator shall determine the rights and obligations of the parties

according to the substantive and procedural laws of the State of California and the terms and provisions of this Lease. The Arbitrator's decision shall be based on the evidence introduced at the hearing, including all logical and reasonable inferences therefrom. The Arbitrator may make any determination, and/or grant any remedy or relief that is just and equitable. The decision must be based on, and accompanied by, a written statement of decision explaining the factual and legal basis for the decision as to each of the principal controverted issues. The decision shall be conclusive and binding, and it may thereafter be confirmed as a judgment by the Superior Court of the State of California, subject only to challenge on the grounds set forth in the California Code of Civil Procedure Section 1286.2. The validity and enforceability of the Arbitrator's decision is to be determined exclusively by the California courts pursuant to the provisions of this Lease. The Arbitrator may award costs, including without limitation attorneys' fees, and expert and witness costs, to the prevailing party, if any, as determined by the Arbitrator in his discretion. The Arbitrator's fees and costs shall be paid by the non-prevailing party as determined by the Arbitrator in his discretion. A party shall be determined by the Arbitrator to be the prevailing party if its proposal for the resolution of dispute is the closer to that adopted by the Arbitrator. To the extent Tenant is the prevailing party and receives a monetary award, and Landlord does not pay the amount of such award to Tenant within thirty (30) days after the date Tenant receives such award, Tenant may deduct from the next Rent payable by Tenant under this Lease, the amount of such award.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after Tenant's receipt of notice from Landlord that said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the amount due. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment of Rent by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except as otherwise provided in this Lease. If Tenant shall fail to perform any of its obligations under this Lease, within a reasonable time after such performance is required by the terms of this Lease, Landlord may, but shall not be obligated to, after reasonable prior notice to Tenant, and the expiration of a reasonable cure period, make any such payment or perform any such act on Tenant's part without waiving its right based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times, upon reasonable notice to the Tenant, and in compliance with all other terms of this Lease, to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or ground or underlying lessors, or during the last six (6) months of the initial Lease Term (or Option Term, as applicable), to prospective tenants; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building if necessary to comply with current building codes or other applicable laws, or for structural alterations, repairs or improvements to the Building. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant

fails to perform. Landlord may make any such entries without the abatement of Rent (except as otherwise provided herein) and may take such reasonable steps as required to accomplish the stated purposes; provided, however, that any such entry shall be accomplished after business hours, as expeditiously as reasonably possible and in a manner so as to cause as little interference to Tenant as reasonably possible. Tenant hereby waives any claims for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

ARTICLE 28

TENANT PARKING

28.1 Number of Parking Spaces. Tenant shall be entitled, but not obligated, to rent Valet Spaces and/or Reserved Spaces on a monthly basis throughout the Lease Term up to the amounts set forth in Section 11 of the Summary, which Parking Passes shall pertain to the On-site Parking Area. The Valet Spaces shall be located in the area of the On-Site Parking Area set forth in Exhibit M attached hereto, and the Reserved Spaces shall be in the designated spaces set forth on Exhibit N. Landlord acknowledges that only a portion of the Valet Spaces are depicted in Exhibit M and that the Valet Spaces Tenant leases which are not depicted in Exhibit M shall be in a location to be mutually agreed upon by Landlord and Tenant, provided that such Valet Spaces shall be in locations comparable to such Valet Spaces depicted on Exhibit M. Tenant shall be entitled to vary the number of Parking Passes rented by Tenant (up to the maximum amount set forth in Section 11 of the Summary) upon at least thirty (30) days notice to Landlord.

28.2 Parking Rate. Tenant shall pay to Landlord for automobile parking passes on a monthly basis the prevailing rate charged for such Parking Passes; provided, however, that during the first ten (10) Lease Years, the monthly rates for such Parking Passes, inclusive of all taxes, shall be the lesser of (i) the prevailing parking rates charged by Landlord, and (ii) () per month for the Valet Spaces, and (iii) () per month for the Reserved Spaces.

28.3 Use, Operation and Maintenance of On-site Parking Area. Tenant shall instruct its employees to abide by all rules and regulations which are prescribed from time to time for the orderly operation and use of the On-site Parking Area. Landlord specifically reserves the right to reasonably change the size, configuration, design, layout and all other aspects of the On-site Parking Area at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the On-site Parking Area for purposes of permitting or facilitating any such construction, alteration or improvements so long as Landlord provides adequate substitute parking reasonably acceptable to Tenant. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord.

28.4 Transferability. The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval; provided, however, Tenant may transfer a portion of the parking passes rented by Tenant pursuant to this Article 28 to an assignee or subtenant permitted pursuant to Article 14 of this Lease. Tenant agrees to cooperate with Landlord in providing names of holders of the parking passes, license plate numbers and other reasonable information to Landlord so as to enable Landlord to monitor the On-Site Parking Area.

28.5 Visitor Parking. Landlord shall provide visitor parking for Tenant's visitors in an amount consistent with the Comparable Buildings, subject to their payment of an hourly rate which shall not exceed the hourly rate generally charged in Comparable Buildings.

28.6 Overselling. Landlord agrees not to sell monthly parking passes for the On-Site Parking Area in an amount in excess of the product of (i) the number of stripped, legal size parking spaces in the On-Site Parking Area, and (ii) 1.20. Notwithstanding the foregoing, Landlord shall use its good faith efforts to not sell more parking passes in the On-Site Parking Area than the numbers of parking spaces in the On-Site Parking Area. A reasonable amount of visitor parking shall be available in the Real Property and shall be at rates reasonably set by Landlord from time to time and standard for all tenants of the Building.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 Terms. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed.

29.2 Binding Effect. Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 No Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Building, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 When Payment is Due. Whenever a payment is required to be made by one party to the other under the Lease, but a specific date for payment or a specific number of days within which payment is to be made is not set forth in the Lease, or the words "immediately," "promptly" and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the party which is entitled to such payment sends written notice to the other party demanding such payment.

29.5 Transfer of Landlord's Interest. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Real Property and Building and in this Lease, and Tenant agrees that in the event of any such transfer, provided and to the extent that the transferee has agreed to assume liability, Landlord shall automatically be released from all further liability under this Lease arising after the date of such transfer and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer. The liability of any transferee of Landlord shall be limited as provided in Section 29.14 below. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 Memorandum of Lease. Concurrently with the execution and delivery of this Lease by Landlord and Tenant, Landlord shall execute and notarize a short form Memorandum of Lease, in recordable form, and shall deliver same to Tenant for Tenant's recording in the form attached hereto as Exhibit L.

29.7 Landlord's Title. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 Captions. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.9 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any act of

the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

29.10 Days. All references in this Lease to less than “ten (10) days” shall mean business days. All references in the Lease to “month” or “months” shall be deemed to include the actual number of days in such actual month or months.

29.11 Time of Essence. Time is of the essence of this Lease and each of its provisions.

29.12 Partial Invalidity. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.13 No Warranty. In executing and delivering this Lease, Tenant has not relied on any representation, including, but not limited to, any representation whatsoever as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.14 Landlord Exculpation. It is expressly understood and agreed that notwithstanding anything in this Lease to the contrary, and notwithstanding any applicable law to the contrary, the partners of Landlord shall have no liability whatsoever under this Lease and the liability of Landlord hereunder and any recourse by Tenant against Landlord shall be limited solely and exclusively to the interest of Landlord in and to the Real Property and Building including any proceeds resulting from any sale or condemnation of the Building or insurance payments made in connection with the Building, and neither Landlord, nor any of its constituent partners, shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. It is further expressly understood and agreed that, notwithstanding anything in this Lease to the contrary, and notwithstanding any applicable law to the contrary, the obligations of Tenant under this Lease do not constitute personal obligations of the individual partners, directors, officers or shareholders of Tenant, and Landlord will not seek recourse against the individual partners, directors, officers or shareholders of Tenant or any of their personal assets for satisfaction of any liability of Tenant in respect of this Lease.

29.15 Entire Agreement. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto and none thereof shall be used to interpret or construe this Lease. This Lease and any side letter or separate agreement executed by Landlord and Tenant in connection with this Lease and dated of even date herewith contain all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Premises, shall be considered to be the only agreements between the parties hereto and their representatives and agents, and none of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.16 Right to Lease. Landlord reserves the absolute right to effect such other tenancies in the Building as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building.

29.17 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, the “**Force Majeure**”), notwithstanding anything to the contrary contained in this

Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure. Notwithstanding the foregoing, Force Majeure shall not extend any time periods set forth in Sections 2.1, 6.3 or 7.2 of the Lease, or the Tenant Work Letter.

29.18 Comparable Buildings. “ **Comparable Buildings** ” means the high-rise commercial office buildings located in the City of San Francisco, State of California which are of comparable size and location and are located in the immediate vicinity of the Building.

29.19 Notices. All notices, demands, statements or communications (collectively, “Notices”) given or required to be given by either party to the other hereunder shall be in writing, shall be sent by United States certified or registered mail, postage prepaid, return receipt requested, or delivered personally (i) to Tenant at the appropriate address set forth in Section 5 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord; or (ii) to Landlord at the addresses set forth in Section 3 of the Summary, or to such other firm or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given on the date it is mailed as provided in this Section 29.19 or upon the date personal delivery is made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail.

29.20 Joint and Several. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.21 Authority. If Landlord or Tenant is a corporation or partnership, each individual executing this Lease on behalf of such party hereby represents and warrants that such party is a duly formed and existing entity qualified to do business in California and that such party has full right and authority to execute and deliver this Lease and that each person signing on behalf of such party is authorized to do so.

29.22 Attorneys' Fees. If either party commences litigation against the other for the specific performance of this Lease, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a trial by jury and, in the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

29.23 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

29.24 Submission of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.25 Brokers.

29.25.1 Tenant assumes the obligations of Landlord to pay, and hereby agrees to pay all brokerage commissions (the “ **Commissions** ”) owing to Tooley & Company (“ **Broker** ”) in connection with the lease of the initial Premises by Tenant and pursuant to that certain agreement dated February 28, 1996, and attached hereto as Exhibit O (“ **Commission Agreement** ”). Landlord shall pay all other commission owed to Broker under the Commission Agreement (the “ **Landlord Obligations** ”). Landlord and Tenant each represent and warrant to the other that other than the Broker, no broker, agent, or finder negotiated or was instrumental in negotiating or consummating this Lease on its behalf and that it knows of no broker, agent, or finder, other than the Broker, who is, or might be, entitled to a commission or compensation in connection with this Lease. In the event of any such claims for additional brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Lease, then Landlord shall indemnify, save harmless and defend Tenant from and against such claims if they shall be based upon any statement, representation or agreement by Landlord, and

Tenant shall indemnify, save harmless and defend Landlord if such claims shall be based upon any statement, representation or agreement made by Tenant.

29.25.2 Landlord and Tenant hereby acknowledge and agree that Tenant's Broker is an intended third party beneficiary of the provisions of Section 29.25.1 above and of this Section 29.25.2. To the extent that Landlord fails to pay to Tenant's Broker any amounts due under the Commission Agreement which are Landlord Obligations on or before the date due thereunder, then such amounts shall accrue interest at the Interest Rate. In addition, if Landlord fails to pay any amounts to Tenant's Broker on or before the date due under the Commission Agreement which are Landlord Obligations, Tenant's Broker may send written notice to Landlord and Tenant of such failure and if Landlord fails to pay such amounts within ten (10) days after said notice, Tenant shall be entitled to offset such amounts owed to Tenant's Broker from Landlord against Tenant's next rental obligations which may become due under this Lease. Any amounts so offset from Tenant's rental obligations hereunder shall no longer be owed from Landlord to Tenant's Broker under the Commission Agreement, but will become due from Tenant to Tenant's Broker.

29.26 Independent Covenants . This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent.

29.27 Building Name . Landlord hereby agrees that during the Lease Term (i) the name of the Two Rincon Office Portion shall not be changed from "Two Rincon Center", (n) the name of One Rincon Center shall not be changed from "One Rincon Center", and (iii) the name of its Project shall not be changed from "Rincon Center"; provided, however, the prohibitions set forth in items (ii) and (iii) above shall not apply to a lender that forecloses on Two Rincon Center to the extent such lender does not own One Rincon Center. Notwithstanding anything to the contrary set forth in this Section 29.27, Tenant shall have the option, upon thirty (30) days prior notice to Landlord, to cause Landlord to change the name of "Two Rincon Center" to "Two Rincon Center – San Francisco Insurance Center."

29.28 Transportation Management . Tenant shall fully comply with all present or future governmentally mandated programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.29 Confidentiality . Landlord and Tenant acknowledge that the content of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than their financial, legal, and space planning consultants.

29.30 Minimization of Interference . Landlord shall exercise its rights and perform its obligations hereunder, and otherwise operate the Building, in such a way as to reasonably minimize any resulting interference with Tenant's use of the Premises, and Tenant shall exercise its rights and perform its obligations hereunder, and otherwise operate the Premises, except as provided under this Lease, in such a way as to reasonably minimize any resulting interference with the operation of the Building.

29.31 Waiver of Consequential Damages . Notwithstanding anything to the contrary contained in this Lease, neither Landlord nor Tenant shall be liable under any circumstances, for injury or damage to, or interference with, Landlord's business or Tenant's business, as the case may be, including but not limited to, as applicable, loss of title to the Building or any portion thereof, loss of profits, loss of rents or other revenues (excluding payments thereof which Tenant or Landlord is otherwise obligated to make under this Lease), loss of business opportunity, loss of goodwill or loss of use, in each case however occurring.

29.32 Telecommunication Equipment . At any time during the Lease Term, Tenant may install, in accordance with plans reasonably approved by Landlord, at Tenant's sole cost and expense, telecommunication equipment upon the roof of the Building of a size and configuration and in locations reasonably approved by Landlord, without the payment of Base Rent or Operating Expenses or any charge for the same except utilities necessary to Tenant's operation of the telecommunication equipment, provided that such telecommunications equipment is for

Tenant's use in connection with the conduct of its business at the Premises. Landlord may require Tenant to install screening around such equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Tenant shall maintain such equipment, at Tenant's sole cost and expense. In the event Tenant elects to exercise its right to install telecommunication equipment as set forth in this Section 29.32, then Tenant shall give Landlord prior written notice thereof and Landlord and Tenant shall execute an amendment to this Lease covering the installation and maintenance of such equipment, Tenant's indemnification of Landlord with respect thereto, Tenant's obligation to remove such equipment upon the expiration or earlier termination of this Lease, and other related matters. Tenant shall not lease or otherwise make available such telecommunications equipment to any third party (except a Transferee or an Affiliate). Tenant shall remove all of the telecommunications equipment at the expiration of the Term or the earlier termination of this Lease. Tenant shall make any repairs and restorations to the roof of the Building that may be required in Landlord's reasonable judgment as a consequence of such removal. Landlord shall have no responsibility, obligation or liability of any nature whatsoever with respect to the telecommunications equipment; and Tenant shall protect, defend, and indemnify Landlord against and save Landlord harmless from any and all loss, costs, liability, damage or expense (including, without limitation, reasonable attorney's fees and costs) incurred in connection with or in any way arising from the presence of the telecommunications equipment on the roof of the Building or the installation, use, operation, maintenance, repair, replacement or removal thereof by Tenant.

29.33 Definition of Hazardous Materials. “**Hazardous Materials**” means any hazardous or toxic substance, material or waste which is (i) defined as a “hazardous waste,” “extremely hazardous waste” or “restricted hazardous waste” under Sections 25115, 25117 or 25112.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25136 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage or Hazardous Substances), (v) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (vi) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (vii) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (viii) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., (ix) defined as a hazardous waste, “hazardous material,” “hazardous substance,” “toxic chemical,” “toxic air contaminant,” or “hazardous air pollutant” under the Clean Water Act, 33 V.S.C Section 1251 et seq., the Clean Air Act, 42 U.S.C. Section 7901 et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., the Porter-Cologne Water Quality Control Act, California Water Code Section 13000 et seq., or listed as a substance known to cause cancer or reproductive toxicity pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65), the California Health and Safety Code Section 25249.5 et seq., Chapter 3.5, Division 26, the California Health and Safety Code (Toxic Air Contaminants), Superfund Amendments and Reauthorization Act of 1986, Occupational Safety and Health Act of 1970, or California Occupational Safety and Health Act of 1973, (x) defined as a hazardous waste, hazardous material or hazardous substance under any regulations promulgated under any of the foregoing laws, or (xi) any hazardous or toxic material, substance, chemical, waste, contaminant, emission, discharge or pollutant or comparable material listed, identified, or regulated pursuant to any federal, state or local law, ordinance or regulation which has as a purpose the protection of health, safety or the environment, including but not limited to petroleum or petroleum products or wastes derived therefrom. Each reference to a statute, law or regulation herein shall be deemed to include any amendments or successor statutes thereto which are enacted from time to time. Tenant will not cause, suffer or permit any Hazardous Substance (as hereinafter defined) to be brought, kept or stored within the Premises, and Tenant will not engage in or permit any other person to engage in any activity, operation or business upon the Premises that involves the refining, transportation, treatment, storage, handling or disposal of any Hazardous Substance that would or could result in Tenant, Landlord, the Premises, or the Building to be subject to any law, statute, ordinance, or regulation or rule of common law pertaining to health, industrial hygiene,

or the environment. Tenant hereby agrees that it will remediate, on a basis consistent with applicable laws, any release of Hazardous Material which is required to be remediated under applicable laws, to the extent such release results or resulted from the acts of Tenant, its agents, employees, or contractors. In those instances where Tenant has a duty to remediate pursuant to the immediately preceding sentence, Tenant shall commence the process necessary for such remediation with reasonable promptness, and thereafter shall pursue such remediation to completion with reasonable promptness. Notwithstanding any provision to the contrary contained in this Lease, (i) Tenant shall not be responsible for any current, preexisting, or future contamination of the Building by Hazardous Material to the extent such contamination did not result from the acts of Tenant, its agents, employees, or contractors, and (ii) Tenant shall have no obligation to pay to or to reimburse Landlord for (or otherwise bear) any expense, cost, or liability to the extent that same did not result from the acts of Tenant, its agents, employees, or contractors.

29.34 Right to Apartment Units. Landlord hereby grants to Tenant an ongoing superior right during the Lease Term to lease up to three (3) apartment units designated by Landlord and reasonably approved by Tenant, in the Apartment Portion of the Building from the group of then available market rate apartments (as opposed to those units designated “affordable” apartments) (collectively, the “**Apartment Units**”). If Tenant elects to lease all or any of the Apartment Units, Tenant shall give Landlord notice (the “**Apartment Exercise Notice**”) of the number and location of the Apartment Units Tenant desires to lease. Upon Landlord’s receipt of the Apartment Exercise Notice, Landlord and Tenant shall promptly execute an amendment to lease the Apartment Units specified in the Apartment Exercise Notice. Tenant shall pay rent for the Apartment Units to be leased by Tenant in an amount equal to the then prevailing rate charged for apartment units in the Building which are comparable in size and location to the Apartment Units to be leased by Tenant (the “**Apartment Rent**”). The determination of the Apartment Rent shall take into consideration any Economic Terms granted to tenants leasing the apartment units in the Apartment Portion of the Building. Tenant shall have the right to increase or decrease the number of Apartment Units leased by Tenant during the Lease Term upon sixty (60) days prior written notice to Landlord; provided that (i) any apartment units Tenant desires to lease in excess of the three (3) Apartment Units granted to Tenant in this Section 29.34 shall be subject to availability, and (ii) if Tenant decreases the number of Apartment Units leased, Tenant’s ability to thereafter lease additional Apartment Units shall be subject to availability. Notwithstanding anything to the contrary set forth in this Section 29.34, in the event the Apartment Portion is converted to condominiums by Landlord, Tenant shall have a right of first offer to purchase up to three (3) Apartment Units upon the terms and conditions presented by Landlord, and if such offer is not accepted within thirty (30) days by Tenant, Tenant shall have no further rights under this Section 29.34.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

“Landlord”:

RINCON CENTER ASSOCIATES,
a California limited partnership
By: PERINI LAND AND DEVELOPMENT COMPANY, INC.,
a Massachusetts corporation, General Partner

By: /s/ Signature Illegible

Its: President

By: _____

Its: _____

“Tenant”:

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA, a
Pennsylvania corporation

By: /s/ Signature Illegible

Its: Senior Vice-President

By: _____

Its: _____

EXHIBIT A-1

TWO RINCON CENTER

OUTLINE OF FLOOR PLAN OF PREMISES

EXHIBIT B

TWO RINCON CENTER

TENANT WORK LETTER

EXHIBIT C

TWO RINCON CENTER

NOTICE OF LEASE TERM DATES

To:

Re: Office Lease dated _____, 19 __, between _____, a _____ (“Landlord”),
and _____, a _____ (“Tenant”) concerning Suite _____ on floor(s) _____ of the
office building located at _____, San Francisco, California.

Gentlemen:

In accordance with the Office Lease (the “Lease”), we wish to advise you and/or confirm as follows:

That the Substantial Completion of the Premises has occurred, and that the Lease Term shall commence as of _____ for a term of
_____ ending on _____.

That in accordance with the Lease, Rent commenced to accrue on
_____.

If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing
thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

Rent is due and payable in advance on the first day of each and every month during the Lease Term. Your rent checks should be made
payable to

_____ at
_____.

“Landlord”:

a _____

By: _____

Its: _____

By: _____

Its: _____

Agreed to and Accepted as
of _____, 19 __.

“Tenant”:

By: _____

Its: _____

EXHIBIT D

TWO RINCON CENTER

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for each 1,000 rentable square feet of the Premises, and any additional keys required by Tenant must be obtained from Landlord at Landlord's "Actual Cost," as that term is defined in the Lease.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises, unless electrical hold backs have been installed.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for Comparable Buildings. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register when so doing. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of same by any means it deems appropriate for the safety and protection of life and property.

4. No bulky furniture, freight or equipment which requires use of the Building's freight elevator shall be brought into or removed from the Building without prior notice to Landlord. All moving of the same into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord shall reasonably designate. Landlord shall have the right to reasonably approve the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if reasonably considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. All damage done to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property by Tenant or its agents, employees or contractors shall be the sole responsibility of Tenant and any expense of said damage or injury shall be borne by Tenant, except to the extent covered by insurance required to be carried by Landlord or actually carried by Landlord.

5. No furniture, packages, supplies, equipment or merchandise will be carried up or down in the passenger elevators, except between such hours and in such specific elevator as shall be designated by Landlord.

6. Subject to the terms of the Lease, Landlord shall have the right to control and operate the public portions of the Building, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of tenants, in such manner as is customary for Comparable Buildings.

7. The requirements of Tenant will be attended to only upon application at the Office of the Building or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

8. Tenant shall not solicit or canvass any occupant of the Building and shall cooperate with Landlord or Landlord's agents to prevent same.

9. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting

from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it, to the extent not covered by warranty or insurance.

10. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof without Landlord's consent first had and obtained.

11. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines of any description other than office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

12. Tenant shall not use or keep in or on the Premises or the Building any kerosene, gasoline or other inflammable or combustible fluid or material.

13. Tenant shall not use any method of heating or air conditioning other than that which may be supplied by Landlord, without the prior written consent of Landlord.

14. Subject to Section 5.2 of the Lease, Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations.

15. Tenant shall not bring into or keep within the Building or the Premises any animals (except seeing-eye and hearing dogs), birds, bicycles or other vehicles.

16. No cooking shall be done or permitted by any tenant on the Premises, nor shall the Premises be used for the storage of inventory or for lodging. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations, and does not cause odors which are objectionable to Landlord and other tenants.

17. Landlord will reasonably approve where and how telephone and telegraph wires are to be introduced to the Premises. No boring or cutting for wires shall be allowed without the consent of Landlord.

18. Landlord reserves the right to exclude or expel from the Building any person who, in the reasonable judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

19. Tenant, its employees and agents shall not loiter in the entrances or common area corridors, nor in any way obstruct the sidewalks, lobby, common area halls, stairways or elevators, and shall use the same only as a means of ingress and egress for the Premises.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the San Francisco area without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations reasonably established by Landlord or any governmental agency.

22. Landlord may waive any one or more of these Rules and Regulations on a nondiscriminatory basis, but no such waiver by Landlord shall prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Building.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. The washing and/or detailing of or, the installation of windshields, radios, telephones in or general work on, automobiles shall not be allowed on the Real Property.

26. Food vendors shall be allowed in the Building upon receipt of a written request from the Tenant. The food vendor shall service only the tenants that have a written request on file in the Building Management Office. Under no circumstance shall the food vendor display their products in a public or common area including corridors and elevator lobbies. Any failure to comply with this rule shall result in immediate permanent withdrawal of the vendor from the Building.

27. Tenant shall use reasonable efforts to comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

28. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable and non-discriminatory Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises and Building, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein.

EXHIBIT D - Page 3

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT E

TWO RINCON CENTER

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of _____ 19____ and between _____, a _____, as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the Office Building located at _____, San Francisco, California, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.
2. The undersigned has commenced occupancy of the Premises described in the Lease, currently occupies the Premises, and the Lease Term commenced on _____.
3. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.
4. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:
5. Tenant shall not modify the documents contained in Exhibit A or prepay any amounts owing under the Lease to Landlord in excess of thirty (30) days without the prior written consent of Landlord's mortgagee.
6. Base Rent became payable on _____.
7. The current Lease Term expires on _____.
8. To Tenant's actual knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and to Tenant's actual knowledge, Landlord is not in default thereunder.
9. To Tenant's actual knowledge, all initial improvement work required to be performed by Landlord to the Premises under the Lease has been performed.
10. No rental has been paid in advance and no security has been deposited with Landlord except as provided in the Lease.
11. As of the date hereof, to Tenant's actual knowledge, there are no existing defenses or offsets that the undersigned has, which preclude enforcement of the Lease by Landlord.
12. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is \$ _____.
13. The undersigned acknowledges that this Estoppel certificate may be delivered to Landlord's prospective mortgagee, or a prospective purchaser, and acknowledges that it recognizes that if same is done, said mortgagee, prospective mortgagee, or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property

of which the Premises are a part, and in accepting an assignment of the Lease as collateral security, and that receipt by it of this certificate is a condition of making of the loan or acquisition of such property.

Executed at _____ on the _____ day of _____, 19____.

“Tenant”:

_____’

a _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT E - Page 2

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT F

TWO RINCON CENTER

INTENTIONALLY OMITTED

EXHIBIT F - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT G

TWO RINCON CENTER

SIGNAGE SPECIFICATIONS

EXHIBIT G - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT H

TWO RINCON CENTER

HVAC SPECIFICATIONS

The Building has the following number of heat and air conditioning capable ceiling heat pumps on each floor:

- Floor 3 – 39 heat pumps, 1 air cleaner
- Floor 4 – 37 heat pumps, 1 air cleaner
- Floor 5 – 41 heat pumps, 6 air cleaners
- Floor 6 – 37 heat pumps, 4 air cleaners

Operation hours are controlled by timeclocks and there are two available on each floor. The timeclocks are located in the PI Electric Room.

Fresh air is generated from Supply fans 9 and 10, with an exhaust fan on the 7th Floor.

Carrier is the manufacturer of most of our heat pumps. Each heat pump outputs approximately 36,000 BTU per hour. Service of these units is provided by our Engineering department.

The existing Building HVAC system was installed and is operated and maintained pursuant to the “Installation, Operation, Maintenance” manual prepared by Trane, dated January, 1986 (No. WPHC-IOM-1), which manual provides that the existing HVAC system in its current configuration shall be capable of maintaining an average inside temperature of 75° +/- 2° F.D.B. during summer outdoor temperatures of 78° F.D.B and 66 F.W.B and 72° +/- 2° F.D.B at winter outside temperatures of 44°F.D.B. and in accordance with an occupancy of one person per 150 square feet (average per floor) and an electrical load of up to 4 watts per square foot (lighting and power).

EXHIBIT H - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT I

CLEANING SPECIFICATIONS

1. OFFICE AREAS

A. NIGHTLY SERVICES (Monday through Friday)

1. Gather all waste paper and place for disposal in dumpster located in parking lot.
2. Empty and damp wipe all ashtrays.
3. Sweep and/or dust mop all tile floors.
4. Spot clean or damp mop all stains on tile floors as needed.
5. Vacuum all carpeted areas.
6. Spot minor stains on carpets, as needed.
7. Dust desks, chairs, tables, file cabinets, counter tops, telephones, and other flat surfaces within reach.
8. Remove fingerprints from doors, walls & partition glass.
9. Spot clean coffee stains, etc. from desk tops.
10. Wash all drinking fountains.
11. Close all drapes as directed.
12. Turn off all lights, leaving only designated lights on.
13. Secure all doors as directed.
14. Keep janitor closet clean and orderly.
15. Properly arrange chairs in offices and conference rooms.

B. WEEKLY SERVICES

1. Remove fingerprints from woodwork, walls, partitions.
2. Dust all pictureframes and chair rugs.

C. MONTHLY SERVICES

1. Polish or clean door kick plates and thresholds.
2. Dust all door jambs.
3. Dust all high partitions, ledges and wall mounted objects.
4. Clean and refinish all resilient floors with a slip retardant floor finish.
5. Dust all venetian blinds.
6. Detail vacuum all carpeting and other hard to reach areas.
7. Vacuum all return air vents.

D. QUARTERLY SERVICES

1. Vacuum all fabric furniture.
2. Wipe or wash vinyl furniture.

E. THREE TIMES PER YEAR

1. Dust or vacuum all return air vents.
2. Vacuum walls covered with fabric.
3. Wash vinyl walls.

F. TWICE PER YEAR

1. Lift and clean under all plastic floor pads.

2. Vacuum all draperies.
3. Wash all metal partitions.
4. Oil wood panels.

G. ANNUALLY (Once per year)

1. Wash and clean all chair pads.

2. LUNCH ROOM AND KITCHEN AREA

- A. NIGHTLY SERVICES (Monday through Friday)
1. Remove trash and place for disposal.
 2. Empty and wipe ashtrays.
 3. Wipe tables, chairs and counter tops.
 4. Wash kitchen sink.
 5. Wipe coffee maker.
 6. Wipe front of oven, refrigerator & dishwasher.
 7. Dust window sills.
 8. Spot clean floor.
- B. WEEKLY SERVICES
1. Spot clean doors and walls.
 2. Spray buff vinyl floor.
- C. BI-WEEKLY SERVICES
1. Wash interior of refrigerator and oven.
 2. Wash under stove burners.
 3. Wash vents.
- D. MONTHLY SERVICES
1. Wipe vinyl walls.
 2. Scrub and refinish vinyl floors.
 3. Polish wood cabinets.
 4. Wipe clean vinyl chairs, chair rungs and table pedestals.
- E. SEMI-ANNUAL SERVICES
1. Wash interior of kitchen cabinets.

3. RESTROOMS

- A. NIGHTLY SERVICES (Monday through Friday)
1. Clean and sanitize all urinals, commodes and wash basins to include all chrome fittings and bright work.
 2. Clean mirrors and frames.
 3. Wet mop floors.
 4. Dust ledges and partitions.
 5. Spot clean walls, doors and partitions.
 6. Fill all dispensers from stock.
 7. Empty and remove all trash from containers, clean exteriors of containers.
 8. Empty and damp wipe all ashtrays.
 9. Report any fixtures not working properly.
 10. Report any light fixtures burnt out.
- B. WEEKLY SERVICES
1. Empty, remove and sanitize all feminine napkin disposal units.
 2. Spray buff traffic paths in lounges.

C. MONTHLY SERVICES

1. Clean and/or polish all door kick plates and thresholds.
2. Dust all door jambs.
3. Thoroughly machine scrub all floors.
4. Wash all hands and metal partitions.

4. GARAGE AND PARKING LOT AREAS

- A. GARAGE AND PARKING LOT
1. Police garage & parking lot daily.
 2. Sweep garage areas once a week.
 3. Hose down and remove stains in garage area every two (2) months.
 4. Sweep parking lot every two (2) weeks.
- B. SIDEWALK AND ALLEY AREAS
1. Police sidewalk and alley daily.
 2. Hose down sidewalk weekly.
 3. Spot exterior building walls up to 4 feet in height every three (3) months.

5. ELEVATOR LOBBIES AND PUBLIC CORRIDORS

- A. NIGHTLY SERVICES (Monday through Friday)
1. Empty and damp wipe all ashtrays.
 2. Sweep and/or dust mop all tile floors; spot clean all stains.
 3. Vacuum all carpeted areas. Spot minor stains.
 4. Remove fingerprints from doors, walls, etc.
 5. Secure all doors as directed.
 6. Dust all artwork and picture frames.
 7. Report any burnt out lights.
- B. WEEKLY SERVICES
1. Spot wash all lobby walls and doors.
 2. Polish or clean all door kick plates and thresholds.
 3. Dust all door jambs.
 4. Buff all lobby and corridor floors where tile is installed.
 5. Vacuum clean all carpeted areas.
- C. QUARTERLY SERVICES
1. Thoroughly scrub and refinish all resilient floors with a slip retardant floor finish.
 2. Wash vinyl walls of main lobby and apply dressing.
 3. Clean light diffusers.
 4. Wash walls of 2nd floor corridor.

6. ELEVATOR CABS

- A. NIGHTLY SERVICES (Monday through Friday)
1. Dust all walls and ceilings.
 2. Vacuum carpets and spot stains.
 3. Spot clean all elevator saddles.
 4. Clean all metal work.
 5. Report burnt out light fixtures.
- B. WEEKLY SERVICES

1. Wash elevator door fonts.
2. Steel; wool and vacuum all saddles.

7. STAIRWAYS

A. NIGHTLY SERVICES

1. Report burnt out light fixtures.
2. Police all stairwells.

B. WEEKLY SERVICES

1. Sweep down all stairways.
2. Dust all stairway lights.
3. Dust all doors.
4. Dust all handrails.
5. Spot clean walls.

C. BI-MONTHLY SERVICES

1. Damp mop all stairwells.

D. QUARTERLY SERVICES

1. Dust down all walls.

EXHIBIT J

TWO RINCON CENTER

PASSENGER ELEVATOR SPECIFICATIONS

Quantity: 4 Units (7-10)
Use: Passenger
Control: AC Variable Voltage Variable Frequency (VVVF)
Operation: 4C Group Control (4C-0S-21C) for elevators nos. 7-10
Capacity: 3500 lbs (23 Persons) for elevators nos. 7-10
Speed: 350 FPM
No. Of Stops: Nos. 7:7 Stops and 7 openings
Nos. 8, 9, 10: 6 Stops and 6 openings
Power Supply: AC: 480 Volts, 3 Phase, 60HZ
Door Type: Single Speed – Center Opening Automatic Doors
Quantity: 1 Units (6)
Use: Passenger
Control: AC Reduced Voltage Starting
Operation: Simplex Selective Collective
Capacity: 3500 lbs (23 Persons)
Speed: 125 FPM
No. Of Stops: 2 Stops and 2 openings
Power Supply: AC: 480 Volts, 3 Phase, 60HZ
Lighting Source: AC: 120 Volts, 1 Phase, 60HZ
Door Type: Single Speed – Center Opening Automatic Doors

EXHIBIT K

TWO RINCON CENTER

INTENTIONALLY OMITTED

EXHIBIT K - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT L

TWO RINCON CENTER

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

National Union Fire Insurance Company of Pittsburgh P.A.
c/o Allen, Matkins, Leck, Gamble & Mallory
1999 Avenue of the Stars
Los Angeles, California 90067
Attention: Anton N. Natsis. Esq.

MEMORANDUM OF OFFICE LEASE AND RIGHT OF FIRST OFFER

THIS MEMORANDUM OF OFFICE LEASE AND RIGHT OF FIRST OFFER (this "Memorandum") is entered into as of the day of , 1996, by and between RINCON CENTER ASSOCIATES, a ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A., a Pennsylvania corporation ("Tenant").

1. **Terms and Premises**. Landlord leases to Tenant, and Tenant leases from Landlord, certain premises (the "Premises") to be located on a portion of the real property (the "Property") legally described on Exhibit A-1 attached hereto (including parking areas) on the provisions of that certain Office Lease between the parties hereto, dated of even date (the "Lease"). The provisions of the Lease are incorporated herein.

2. **Term**. The initial term of the Lease expires , or as otherwise set forth in the Lease. Tenant also has two (2) options to extend the Lease for a period of five (5) years each.

3. **Right of First Offer**. Landlord grants to Tenant a right of first offer to lease, which right of first offer encumbers all of the office space in the building known as Rincon Two located on the Property other than the Premises, as set forth in Section 1.6 of the Lease.

4. **Provisions Binding on Parties**. The provisions of the Lease to be performed by Landlord or Tenant, whether affirmative or negative in nature, are intended to and shall bind or benefit the respective parties and their assigns or successors, as applicable, at all times.

EXHIBIT L - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

5. Purpose of Memorandum of Lease. This Memorandum is prepared solely for purposes of recordation, and in no way modifies the provisions of the Lease.

“Landlord” :

RINCON CENTER ASSOCIATES
a [INSERT LEGAL ENTITY]

By: _____
Its: _____

“Tenant”:

NATIONAL UNION FIRE INSURANCE COMPANY
OF PITTSBURGH, P.A.

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT L - Page 2

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

STATE OF)
) SS.

COUNTY OF)

On , before me, , a Notary Public in and for said state, personally appeared , personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his/her authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

STATE OF)
) SS.
COUNTY OF)

On , before me, , a Notary Public in and for said state, personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

STATE OF)
) SS.
COUNTY OF)

On , before me, , a Notary Public in and for said state, personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

STATE OF)
) SS.
COUNTY OF)

On , before me, , a Notary Public in and for said state, personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

EXHIBIT L - Page 4

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT A TO EXHIBIT L

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE PROVIDED]

EXHIBIT A to EXHIBIT L - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT M

TWO RINCON CENTER

OUTLINE OF AREA FOR VALET SPACES

EXHIBIT N
TWO RINCON CENTER
DESIGNATION OF LOCATION OF RESERVED SPACES

EXHIBIT O
TWO RINCON CENTER
COMMISSION AGREEMENT

EXHIBIT P

TWO RINCON CENTER

STORAGE SPACE AREA

[NEED EXPLANATION OF ATTACHED STORAGE AREA]

EXHIBIT P - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT Q

TELEPHONE RISER CONDUIT

CABLE USAGE, FLOORS 3, 4, 5, 6

<u>Level</u>	
PI	Incoming Usage - (1) 3" trunk line Available - (5) 4" conduits
	Outgoing Usage - (2) 3" trunk lines Available - (4) 4" conduits
3 rd	Incoming Usage - (4) 2" trunk lines, (1) 2" fiber optics cable, large group of phone lines Available - (4) 4" conduits
	Outgoing Usage - (5) 3" trunk lines, (2) 2" fiber optics cable, move phone wires Available - most of (2) 4" conduits
4 th	Incoming Usage - Same for 3 rd outgoing usage Available - most of (4) 4" conduits
	Outgoing Usage - (5) 3" trunk lines, (1) 2" fiber optics Available - (1) 4" conduit, most of (5) 4" conduits
5 th	Incoming Usage - same from 4 th outgoing usage Available - same from 4 th outgoing available
	Outgoing Usage - (4) 2" trunk lines, move phone wires Available - most of (3) 4" conduits
6 th	Incoming Usage - same as 5 th outgoing usage Available - same as 5 th outgoing available

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

National Union Fire Insurance Company of Pittsburgh P.A.
c/o Allen, Matkins, Leck, Gamble & Mallory
1999 Avenue of the Stars
Los Angeles, California 90067
Attention: Anton N. Natsis. Esq.

MEMORANDUM OF OFFICE LEASE AND RIGHT OF FIRST OFFER

THIS MEMORANDUM OF OFFICE LEASE AND RIGHT OF FIRST OFFER (this "Memorandum") is entered into as of the 9th day of August, 1996, by and between RINCON CENTER ASSOCIATES, a California limited partnership ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A., a Pennsylvania corporation ("Tenant").

1. Terms and Premises. Landlord leases to Tenant, and Tenant leases from Landlord, certain premises (the "Premises") to be located on a portion of the real property (the "Property") legally described on Exhibit A-1 attached hereto (including parking areas) on the provisions of that certain Office Lease between the parties hereto, dated of even date (the "Lease"). The provisions of the Lease are incorporated herein.

2. Term. The initial term of the Lease expires after ten (10) years as further set forth in the Lease. Tenant also has two (2) options to extend the Lease for a period of five (5) years each.

3. Right of First Offer. Landlord grants to Tenant a right of first offer to lease, which right of first offer encumbers all of the office space in the building known as Rincon Two located on the Property other than the Premises; as set forth in Section 1.6 of the Lease.

4. Provisions Binding on Parties. The provisions of the Lease to be performed by Landlord or Tenant, whether affirmative or negative in nature, are intended to and shall bind or benefit the respective parties and their assigns or successors, as applicable, at all times.

5. Purpose of Memorandum of Lease. This Memorandum is prepared, solely for purposes of recordation, and in no way modifies the provisions of the Lease.

"Landlord"

RINCON CENTER ASSOCIATES
a California Limited partnership

By: /s/ Signature Illegible
Its President

"Tenant":

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, P.A.

By: /s/ Signature Illegible
Its: Senior Vice-President

By: _____

Its: _____

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT A-1

LEGAL DESCRIPTION OF THE PROPERTY

THE PROPERTY

That certain real property located in the City and County of San Francisco, State of California, described as follows:

Parcel One, Two, Three and Four as shown on the Parcel Map showing The Subdivision of Airspace being 100 Vara Block No. 321, filed June 23, 1988, in Book 37 of Parcel Maps, at pages 67-71 inclusive, Official Records of the City and County of San Francisco.

Assessors Parcel Numbers: Lot 21, 22, 23 and 24, Block 3716.

EXHIBIT A-1 - Page 1

TWO RINCON CENTER
[National Union Fire Insurance Company of Pittsburgh, P.A.]

EXHIBIT C

**TWO RINCON CENTER
NOTICE OF LEASE TERM DATES**

To: Andrew T Kasman
American International Realty Corp
72 Wall Street, 10th Floor
New York, New York 10005

Re: Office Lease dated August 30th, 1996 between Rincon Center Associates a California Limited Partnership ("Landlord"), and National Union Fire Insurance Company of Pittsburgh, P.A, a Pennsylvania corporation ("Tenant") Concerning Floor(s) 3, 4, 5, & 6 of the office building located at 121 Spear Street, San Francisco, California.

Gentlemen:

In accordance with the Office Lease (The "Lease"), we wish to advise you and/or confirm as follows:

That the Substantial Completion of the Premises has occurred, and that the Lease Term shall commence as of July 1, 1997 for a term of 10 years ending on June 30, 2007.

That in accordance with the Lease, Rent commenced to accrue on July 1, 1997.

If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each Billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

Rent is due and payable in advance on the first day of each and every month during the Lease Term. Your rent checks should be made payable to:

Rincon Center Associates at:
101 Spear Street, Suite 222
San Francisco, CA 94105

"Landlord"

Rincon Center Associates
A California Limited Partnership

By: Perini Land & Dev. Co.
Its: Managing General Partner

By: /s/ Signature Illegible
Its: President

Agreed to and Accepted as

of Sept. 15, 1997

"Tenant",

By: /s/ Signature Illegible

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("First Amendment") is entered into as of June 20, 1997, by and between Rincon Center Associates, a California limited partnership ("Landlord"), and National Union Fire Insurance Company of Pittsburgh, P. A., a Pennsylvania corporation ("Tenant"), with reference to the following facts:

A. Landlord and Tenant entered into that certain Office Lease dated August 30, 1996 (the "Lease"), pursuant to which Landlord leased to Tenant and Tenant leased from Landlord certain premises (the "Premises") located in Two Rincon Center, San Francisco, California (the "Building"). The location of the Premises is more particularly described in the Lease.

B. Landlord and Tenant desire to expand the Premises to include 18,565 rentable square feet of space located on the second (2nd) floor of the Building (the "Expansion Premises"), as such space is more particularly shown on the floor plan attached hereto as Exhibit A.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows (capitalized terms used herein but not herein defined shall have the meaning ascribed to them in the Lease):

1. Term. The term of the Lease with respect to the Expansion Premises shall commence on October 28, 1997 (the "Expansion Premises Commencement Date"), and shall expire, unless sooner terminated, pursuant to the terms of the Lease, as of the date upon which the term of the Lease is fixed to expire. From and after the Expansion Premises Commencement Date, the Expansion Premises shall be added to and deemed to be a part of the Premises; and references in the Lease to the "Premises" shall be deemed to include the Expansion Premises, unless the context clearly requires otherwise. Notwithstanding the foregoing, Tenant shall have the right to occupy all or any portion of the Expansion Premises between July 1, 1997 and October 28, 1997, provided a certificate of occupancy has been issued for such portion of the Expansion Premises which allows for such occupancy. Such early occupancy shall be on all the same terms and conditions of this First Amendment, except for Tenant's obligation to pay Rent.

2. Base Rent. From and after the Expansion Premises Commencement Date, Tenant shall pay as Base Rent for the Expansion Premises the sum of _____ per rentable square foot per year (i.e., _____ per month) in accordance with the terms of the Lease. Notwithstanding the foregoing, for purpose of convenience only for the Tenant, and with no intention whatsoever of modifying the rights and obligations of Landlord or Tenant in the Lease or this First Amendment, Landlord and Tenant agree to specify a "blended" Base Rent for the original Premises (i.e. _____ per rentable square foot per year times 154,928 rentable square feet) and the Expansion Premises (i.e., _____ per rentable square foot per year times 18,565 rentable square feet) of _____ per rentable square foot per year for 173,493 rentable square feet.

3. Tenant's Proportionate Share. From and after the Expansion Premises Commencement Date, Tenant's Share with respect to the Expansion Premises shall be 9.68% and Tenant's Share with respect to the Expansion Premises and the initial Premises combined shall be 90.97%, and the Base Year with respect to the Expansion Premises shall be the same Base Year as with respect to the initial Premises under the terms of the Lease.

5. Improvement of Expansion Premises .

(a) Improvements. Tenant, at Tenant's sole cost and expense, shall construct improvements in the Expansion Premises (the "Improvements") in accordance with the terms of the Tenant Work Letter attached to the Lease as Exhibit B, with the following provisions expressly deleted: Section 1, Section 5, and Section 6.5. Tenant hereby agrees to accept the Premises and the Building in an "as-is" condition, with no obligation to repair, remodel, alter or modify the Premises or the Building, except that Landlord, at its sole cost and expense, shall be responsible for remodeling the restrooms on the second floor of the Building so as to comply with the Americans with Disabilities Act and with finishes of a standard similar to those of the other floors of the Building and for performing any work in the currently existing common

corridor on the second floor of the Building expressly required by governmental authorities so as to bring the corridor into compliance with all laws as of the Expansion Premises Commencement Date.

6. Parking. The number "fifty" appearing in Section 11 of the Summary of Basic Lease information of the Lease referring to the number of parking spaces provided to Tenant is hereby deleted and the number "fifty-six" is hereby substituted therefore.

7. Brokerage. Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provisions of this paragraph shall survive the expiration or termination of this Lease.

8. Landlord's Right to Reimburse Tenant Improvements.

(a) Exercise of Right. At any time during the initial Lease Term for the Expansion Premises, Landlord shall have the right ("Reimbursement Right") to reimburse Tenant for the costs of constructing the tenant improvements in the Expansion Premises (which shall be deemed equal to _____ per rentable square foot of the Expansion Premises) (hereinafter "Tenant Improvement Costs"). Landlord shall give Tenant notice (the "Reimbursement Notice") that Landlord exercises the Reimbursement Right effective as of the first day for the second (2nd) month following the date of delivery of the Reimbursement Notice to Tenant (the "Effective Date"), the Base Rent for the Expansion Premises shall be increased to equal _____ per rentable square foot, and Landlord shall pay Tenant on the Effective Date an amount equal to the "Unamortized Value" as that term is defined in Section 8(b), below, as of the Effective Date of the Tenant Improvement Costs.

(b) Calculation of Unamortized Value. The "Unamortized Value" of the Tenant Improvement Costs shall be equal to the product of (i) _____ per rentable square foot of the Expansion Premises and (ii) a fraction in which the numerator is (A) the number of months remaining in the Lease Term as of one of the following dates, as applicable: (a) the Effective Date, (b) the date, if any, Tenant terminates the Lease pursuant to Section 11.2 of the Lease (the "Tenant Termination Date"), or (c) the "Restoration Date," as that term is defined in Section 11.1 of the Lease, and (B) the denominator is 116.

9. Status of Lease. Except as amended hereby, the Lease remains unamended, and as amended hereby, the Lease and all the terms and conditions thereof remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment as of the date first set forth above.

TENANT:

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, P.A.,
A Pennsylvania corporation

By: /s/ Signature Illegible
Its: Senior Vice President

LANDLORD:

RINCON CENTER ASSOCIATES,
a California limited partnership

By: /s/ Signature Illegible
Its: President Perini Land & Dev. Co.
Managing General Partner

EXHIBIT A

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Second Amendment") is entered into as of September , 1998, by and between RINCON CENTER ASSOCIATES, a California limited partnership ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, a Pennsylvania corporation ("Tenant"), with reference to the following facts:

RECITALS

A. Pursuant to that certain Office Lease dated August 30, 1996 (the "Lease"), Landlord leased to Tenant certain space (the "Original Premises") on the third, fourth, fifth and sixth floors of the building (the "Building") located at Two Rincon Center, San Francisco, California. The exact location of the Premises is described in the Lease.

B. Pursuant to a First Amendment to Lease dated June 20, 1997 (the "First Amendment"), Landlord leased to Tenant an additional 18,565 rentable square feet of space located on the second floor of the Building (the "Expansion Premises"). The Original Premises and the Expansion Premises are referred herein together as the "Premises".

C. Landlord and Tenant desire to terminate the Lease with respect to the approximately 9,069 rentable square feet of the Expansion Premises (the "Terminated Premises"), as such space is more particularly shown on Exhibit A attached hereto.

TERMS

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows (capitalized terms used herein but not herein defined shall have the meaning ascribed to them in the Lease):

1. Recitals. The recitals are incorporated herein and made a part hereof.
2. Term. The term of the Lease with respect to the Terminated Premises shall terminate as of October 1, 1998 ("Termination Date"), except for any obligations with respect to the Terminated Premises arising prior to the Termination Date; and all references to the "Premises" in the Lease shall be deemed to mean the Premises without the Terminated Premises, unless the context clearly requires otherwise.
3. Termination Fee. Upon execution of this Second Amendment, Tenant shall pay the sum of _____ dollars (\$) to Landlord in consideration for Landlord terminating the Terminated Premises.
4. Tenant's Proportionate Share. From and after the Termination Date, Tenant's Share with respect to the Premises shall be 86.28% and the Base Year with respect to the Premises shall be the same Base Year as with respect to the Original Premises under the terms of the Lease.
5. Installation of Demising Wall. Landlord shall install a demising wall between the Premises and the Terminated Premises. Tenant shall reimburse Landlord for one-half (1/2) of the cost of such installation within thirty (30) days after receiving an invoice therefor which shall be mailed to American International Realty Corp., 72 Wall Street, 16th Floor, New York, New York 10270, Attn: Frank L. Cuevas. Other than such installation, the parties agree that Landlord shall have no obligation to repair, remodel, alter or modify the Premises.
6. Parking. The number "fifty" appearing in Section 11 of the Summary of Basic Lease Information of the Lease, which number was changed to "fifty-six" pursuant to Paragraph 6 of the First Amendment, referring to the number of parking spaces provided to Tenant, is hereby deleted and the number "fifty-three" is hereby substituted therefor.
7. Brokerage. Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any broker, agent or other person claiming a commission or other form

of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provisions of this paragraph shall survive the expiration or termination of the Lease.

8. Status of Lease. Except as amended hereby, the Lease dated August 30, 1996, as amended by the First Amendment to Lease dated June 20, 1997, and all the terms and conditions thereof shall remain in full force and effect.

IN WITNESS WHEREOF Landlord and Tenant have executed this Second Amendment as of the date first set forth above.

TENANT:

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, a
Pennsylvania corporation

By: /s/ Signature Illegible

Its: _____

LANDLORD:

RINCON CENTER ASSOCIATES, a
California limited partnership

By: Perini Land & Development
Company, Inc., a
Massachusetts Corporation

Its: Managing General Partner

By: /s/ Signature Illegible

Its: President & COO

EXHIBIT A

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE ("Third Amendment") is dated as of October , 1999, and is entered into by and between BRE/Rincon Leasehold LLC, a Delaware limited liability company ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation ("Tenant"), with reference to the following facts:

RECITALS

A. Pursuant to that certain Office Lease dated August 30, 1996, as amended by that certain First Amendment dated June 20, 1997, and that certain Second Amendment dated September 30, 1998 (collectively, the "Lease"), Rincon Center Associates ("Rincon"), a California limited partnership, leased to Tenant certain space (the "Premises") on the second, third, fourth, fifth and sixth floors of the building (the "Building") located at Two Rincon Center, San Francisco, California. The exact location of the Premises is described in the Lease.

B. Landlord has succeeded to the interests of Rincon in the Premises and the Lease.

C. Landlord and Tenant desire to amend the Lease with respect to the terms governing parking and the addresses of each party, as set forth herein.

TERMS

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows (capitalized terms used herein but not herein defined shall have the meaning ascribed to them in the Lease):

1. Recitals. The recitals are incorporated herein and made a part hereof.
2. Parking. Article 28 of the Lease is hereby deleted and replaced with the following:

ARTICLE 28

TENANT PARKING

28.1 Number of Parking Spaces. Commencing as of May 1, 1999, Tenant shall be entitled to rent 53 Tandem Spaces and Reserved Spaces on a monthly basis throughout the Lease Term. Landlord shall from time to time determine the ratio of Tandem Spaces and Reserved Spaces. As of the date of this Third Amendment, the ratio is 31 Reserved Spaces and 22 Tandem Spaces. Landlord and Tenant agree that Landlord may adjust this ratio, not more than once per calendar year, by as much as twenty percent (20%).

28.2 Parking Rate. Commencing as of May 1, 1999 and continuing through the initial lease term (thereafter, at the prevailing market rate charged by Landlord), Tenant shall pay to Landlord for Parking Passes on a monthly basis the following rates, which rates are inclusive of all taxes: Dollars (\$) per month for the Tandem Spaces, and Dollars (\$) per month for the Reserved Spaces.

28.3 Additional Parking. Landlord shall also make available to Tenant up to seven (7) additional Tandem Spaces and/or Reserved Spaces, the ratio of which shall be determined from time to time by Landlord. Tenant shall pay the prevailing market rate for such spaces.

28.4 Use Operation and Maintenance of On-Site Parking Area. Tenant shall instruct its employees to abide by all rules and regulations which are prescribed from time to time for the orderly operation and use of the On-Site Parking Area. Landlord specifically reserves the right to reasonably change the size, configuration, design, layout and all other aspects of the On-site Parking Area at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the On-Site

Parking Area for purposes of permitting or facilitating any such construction, alteration or improvements so long as Landlord provides adequate substitute parking reasonably acceptable to Tenant. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord.

28.5 Transferability. The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval; provided, however, Tenant may transfer a portion of the parking passes rented by Tenant pursuant to this Article 28 to an assignee or subtenant permitted pursuant to Article 14 of this Lease. Tenant agrees to cooperate with Landlord in providing names of holders of the parking passes, license plate numbers and other reasonable information to Landlord so as to enable Landlord to monitor the On-Site Parking Area.

28.6 Visitor Parking. Landlord shall provide visitor parking for Tenant's visitors in an amount consistent with the Comparable Buildings, subject to their payment of an hourly rate which shall not exceed the hourly rate generally charged in Comparable Buildings.

28.7 Overselling. Landlord agrees not to sell monthly parking passes for the On-Site Parking Area in an amount in excess of the product of (i) the number of stripped, legal size parking spaces in the On-Site Parking Area, and (ii) 1.20. Notwithstanding the foregoing, Landlord shall use its good faith efforts to not sell more parking passes in the On-Site Parking Area than the number of parking spaces in the On-Site Parking Area. A reasonable amount of visitor parking shall be available in the Real Property and shall be at rates reasonably set by Landlord from time to time and standard for all tenants of the Building.

3. The Address of Landlord as set forth in Section 3 of the Summary is hereby deleted and replaced with the following:

One Rincon Center
101 Spear Street
Suite 222
San Francisco, CA 94105
Attention: General Manager

With a copy to:

Glenborough Realty Trust Incorporated
400 S. El Camino Real, Suite 1100
San Mateo, CA 94402-1708
Attn: Legal Department

4. The Address of Tenant as set forth in Section 5 of the Summary is hereby deleted and replaced with the following:

American International Realty Corp.
72 Wall Street – 10th Floor
New York, NY 10005
(212) 770-7789 Office
(212) 480-5975 Facsimile
Attn: Vice President and Associate General Counsel

With a copy to:

American International Realty Corp.
72 Wall Street – 16th Floor
New York, NY 10005
(212) 770-3051 Office
(212) 770-5107 Facsimile
Attn: Director of Leasing

IN WITNESS WHEREOF, Landlord and Tenant have executed this Third Amendment as of the date first set forth above.

TENANT:

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,
a Pennsylvania corporation

By: /s/ John James Blumenstock

Its: John James Blumenstock

LANDLORD:

BRE/RINCON LEASEHOLD, LLC,
a Delaware limited liability company

By: /s/ Signature Illegible

Its: Vice President

BRE/RINCON LEASEHOLD L.L.C.
345 PARK AVENUE – 32ND FLOOR
NEW YORK, NEW YORK 10154

November 19, 1999

American International Realty Corp.
72 Wall Street – 10th Floor
New York, New York 10005

Attention: Rosemarie Sailer
Vice President and Associate General Counsel

Re: Office Lease (the “Original Lease”) made and entered into as of August 30, 1996 and between BRE/Rincon Leasehold L.L.C. (successor-in-interest to Rincon Center Associates), a Delaware limited liability company, as landlord (“Landlord”), and National Union Fire Insurance Company of Pittsburgh, PA, as tenant (“Tenant”), as amended by that certain First Amendment to Lease dated as of June 20, 1997 (the “First Amendment”), as further amended by that certain Second Amendment to Lease dated as of September 30, 1998 (as so amended, the “Lease”)

Dear Ms. Sailer:

Reference is made herein to the Lease. Capitalized terms used and not otherwise defined herein shall be as defined in the Lease.

Landlord and Tenant hereby agree as follows:

1. This letter constitutes the Reimbursement Notice as set forth in Section 3.4 of the Original Lease and in Paragraph 8 of the First Amendment.
2. As of the date hereof, the Unamortized Value of the Tenant Costs with respect to the initial Premises is the “Initial Costs”). As of the date hereof, the Unamortized Value of the Tenant Improvement Costs with respect to the Expansion Premises is the “Expansion Costs”; together with the Initial Costs, the “Costs”)
3. Landlord shall pay Tenant (which amount represents the Costs) on or before January 1, 2000.

4. Provided that Tenant has received the total amount of the Costs, effective January 1, 2000 (a) the Base Rent for the initial Premises (as defined in the Original Lease) shall be increased to equal _____ per rentable square foot and (b) the Base Rent for the Expansion Premises shall be increased to equal _____ per rentable square foot.

Please execute where indicated below to acknowledge your agreement with the foregoing. If you have any questions, please feel free to call Karen Sprogis at (212) 583-5854.

Very truly yours,

BRE/RINCON LEASEHOLD L.L.C., as
Landlord

By: /s/ Karen Sprogis
Karen Sprogis
Vice President

**THE ABOVE TERMS ARE
ACKNOWLEDGED AND AGREED
TO 10 DAY OF DECEMBER, 1999 BY:**

NATIONAL UNION FIRE INSURANCE COMPANY
OF PITTSBURGH, PA, as Tenant

By: /s/ John James Blumenstock
Name: John James Blumenstock
Title: Vice President

FOURTH AMENDMENT TO OFFICE LEASE

This FOURTH AMENDMENT TO OFFICE LEASE ("Fourth Amendment") is made and entered into as of October 18, 2000, by and between BRE/RINCON LEASEHOLD LLC, a Delaware limited liability company ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation ("Tenant").

R E C I T A L S :

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord ("Prior Landlord") and Tenant entered into that certain Office Lease dated August 30, 1996 (the "Office Lease"), as amended by that certain First Amendment to Lease, dated June 20, 1997 (the "First Amendment"), as amended by that certain Second Amendment to Lease, dated September 30, 1998 (the "Second Amendment"), as amended by that certain Third Amendment to Lease, dated October, 1999 (the "Third Amendment"), as modified by that certain Letter Agreement, dated November 19, 1999 (the "November 1999 Letter Agreement"), whereby Prior Landlord leased to Tenant and Tenant leased from Prior Landlord that certain space consisting of approximately 164,424 rentable square feet (the "Premises") located on the second (2nd), third (3rd), fourth (4th), fifth (5th) and sixth (6th) floors of the building (the "Building") located at Two Rincon Center, 101 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment and the November 1999 Letter Agreement are collectively referred to herein as the "Lease".

B. The parties desire to reduce the amount of the Premises and otherwise amend the Lease on the terms and conditions set forth in this Fourth Amendment.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Terms**. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Fourth Amendment.

2. **Initial Termination Space**. Landlord and Tenant hereby acknowledge and agree that, effective as of November 30, 2000 (the "Initial Termination Date"), notwithstanding anything in the Lease to the contrary, (i) Tenant shall quit and surrender to Landlord approximately 2,882 rentable square feet of the Premises, located on a portion of the second (2nd) floor, as more particularly set forth on Exhibit A, attached hereto (the "Initial Termination Space"), in accordance with the terms and conditions of the Lease and this Fourth Amendment, (ii) the Initial Termination Space shall no longer be a part of the Premises, and Tenant's lease of the Initial Termination Space shall terminate and be of no further force or effect, (iii) Landlord and Tenant shall be relieved of their respective obligations under the Lease with respect to the Initial Termination Space, except those obligations under the Lease which specifically survive the expiration or earlier termination of the Lease, including, without limitation, the payment of all amounts owed by Tenant with respect to the Initial Termination Space, up to and including the Initial Termination Date. Following Tenant's vacation and surrender of the Initial Termination Space, the Premises shall consist of approximately 161,542 rentable square feet of space. The Option Terms set forth in Section 2.2 of the Office Lease shall have no applicability to the Initial Termination Space. Furthermore, the Initial Termination Space shall no longer be deemed to be a part of the First Offer Space as that term is defined in Section 1.6 of the Office Lease.

3. **Initial Termination Fee**. In consideration of Tenant's execution of this Fourth Amendment and the vacation and surrender of the Initial Termination Space, Landlord shall pay to Tenant the amount of _____ Dollars

(\$) (the "Initial Termination Fee"), which sum shall be payable as follows: Upon the full execution and delivery of this Fourth Amendment, Landlord shall pay to Tenant Dollars (\$) which amount represents fifty percent (50%) of the Initial Termination Fee, and, within five (5) business days following the vacation and surrender of the Initial Termination Space in accordance with the terms of this Fourth Amendment and the terms of the Lease, as modified by this Fourth Amendment, Landlord shall pay to Tenant the remaining fifty percent (50%) of the Initial Termination Fee, which amount equals Dollars (\$) (the "Remaining Initial Termination Fee"). Subject to Section 7, below, in the event Tenant does not timely vacate and surrender the Initial Termination Space, then the terms of Article 16 of the Office Lease shall apply, provided, however, notwithstanding anything in Article 16 to the contrary, Tenant shall pay Base Rent for the Initial Termination Space at a monthly rate equal to one hundred fifty percent (150%) of the then current Base Rent applicable for the Initial Termination Space, for the first two (2) months, and two hundred percent (200%) thereafter. In addition, in the event Tenant does not vacate and surrender the Initial Termination Space on or before December 31, 2000, then the amount of the Remaining Initial Termination Fee payable by Landlord to Tenant shall be reduced by the amount of Dollars (\$) per each month, or portion thereof, of such delay, thereafter.

4. **Demising Work**. Tenant hereby acknowledges and agrees that Landlord shall, at Landlord's sole cost and expense, separately demise the Initial Termination Space from the remaining Premises (the "Initial Demising Work"), in which event (i) Landlord shall be permitted to complete the Initial Demising Work during normal business hours, without any obligation to pay overtime or other premiums, (ii) the completion of the Initial Demising Work shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of rent under the Lease, as hereby amended, or entitle Tenant to any other damages of any kind. Landlord shall use commercially reasonable efforts to match the Tenant's existing finishes in the Premises. In addition, Landlord shall use commercially reasonable efforts to not interfere with Tenant's use of the Premises. Other than such Initial Demising Work, Tenant hereby acknowledges and agrees that Landlord have no obligation to repair, remodel, alter or otherwise modify the Premises, and Tenant shall continue to accept the Premises in its currently existing, "as-is" condition.

5. **Rent**.

5.1 **Base Rent**.

5.1.1 **Initial Termination Date**. Commencing as of the Initial Termination Date, Tenant shall pay Base Rent for the remaining Premises, as modified herein, in the amount of Dollars (\$) per month (i.e., the sum of \$ for 154,928 rentable square feet of the portion of the Premises located on the 3rd, 4th, 5th and 6th floors and \$ for the 6,614 rentable square feet of the portion of the Premises located on the 2nd floor), in accordance with the terms and conditions of Article 3 of the Office Lease.

5.2 **Tenant's Share**. Notwithstanding anything in the Lease to the contrary, the term "Tenant's Share," as set forth in Section 9.2 of the Summary of Basic Lease Information of the Office Lease, as amended, shall mean the following:

5.2.1 As of the Initial Termination Date: 84.77%.

6. **Parking**. Notwithstanding anything in the Lease to the contrary, throughout the remainder of the Lease Term Tenant shall continue to rent parking passes pursuant to the terms of Article 28 of the Lease, as amended.

7. **Failure to Vacate and Surrender Initial Termination Space**.

7.1 **Failure to Vacate and Surrender Initial Termination Space**.

7.1.1 **Initial Termination Space** In the event Tenant fails to vacate and surrender the Initial Termination Space on or before February 28, 2001 (the "Initial Termination Space Outside Date"), then the termination of the Lease with respect to the Initial Termination

Space shall be null and void and of no further force or effect, and the Initial Termination Space shall be deemed to remain a part of the Premises and subject to all of the terms and conditions of the Lease, as amended hereby, and shall expire coterminously with the term of Tenant's Lease, which date is July 31, 2007 (the "Lease Expiration Date"). Sections 2 and 9 of this Fourth Amendment shall be null and void and of no further force or effect with respect to the Initial Termination Space, and Landlord's obligation to pay the Remaining Initial Termination Fee under Section 3, above, shall be null and void and of no further force or effect.

7.1.2 Rent for Initial Termination Space .

(a) **Base Rent** . In the event Tenant fails to vacate and surrender the Initial Termination Space on or before the Initial Termination Space Outside Date, the Base Rent payable by Tenant for the Initial Termination Space shall be equal to _____ Dollars (\$) _____ per rentable square foot of the Initial Termination Space per annum, and Tenant's Share for the Initial Termination Space shall be as set forth in Section 7.1.2(b), below, and the Base Year shall be as set forth in the Lease.

(b) **Tenant's Share** . Tenant's Share for the Initial Termination Space shall be deemed to be 1.51% (i.e., the product of (i) 2,882 rentable square feet of the Initial Termination Space and (ii) 100, divided by 190,577 rentable square feet of the Building).

(c) **Adjusted Initial Termination Fee** . Within five (5) business days following the Initial Termination Space Outside Date, Landlord shall pay to Tenant an adjusted Initial Termination Fee in the amount of _____ Dollars (\$) _____ (the "Adjusted Initial Termination Fee"), and Tenant's rights to the Remaining Initial Termination Fee set forth in Section 3, above shall be null and void and of no further force or effect.

8. **Brokers** . Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Fourth Amendment, and that they know of no real estate broker or agent who is entitled to a commission in connection with this Fourth Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, occurring by, through, or under the indemnifying party. The terms of this Section 8 shall survive the expiration or earlier termination of the Lease Term.

9. **Representations of Tenant** . Tenant represents and warrants to Landlord that, with respect to the Initial Termination Space, (a) Tenant has not heretofore sublet the Initial Termination Space, nor assigned all or any portion of its interest in the Lease, as amended by this Fourth Amendment; (b) excluding Tenant's Affiliates, as that term is defined in the Office Lease, no other person, firm or entity has any right, title or interest in the Lease, as amended by this Fourth Amendment; (c) Tenant has the full right, legal power and actual authority to enter into this Fourth Amendment and to terminate the Lease, as amended by this Fourth Amendment, with respect to the Initial Termination Space without the consent of any person, firm or entity; and (d) the individuals executing this Fourth Amendment on behalf of Tenant have the full right, legal power and actual authority to bind Tenant to the terms and conditions hereof. Tenant further represents and warrants to Landlord that as of the date hereof, there are no mechanic's liens or other liens encumbering all or any portion of the Initial Termination Space by virtue of any act or omission on the part of Tenant, its predecessors, contractors, agents, employees, successors, assigns or subtenants. Tenant covenants that Tenant shall not create any mechanics liens or other liens to encumber the Initial Termination Space, and, in the event of any such liens, Tenant shall, at Tenant's sole cost and expense, remove such liens prior to the Initial Termination Date. The representations and warranties set forth in this Section 9 shall survive the termination of Tenant's lease of the Initial Termination Space and Tenant shall be liable to Landlord for any inaccuracy or any breach thereof.

10. **No Further Modification.** Except as specifically set forth in this Fourth Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Fourth Amendment has been executed as of the day and year first above written.

“LANDLORD”

BRE/RINCON LEASEHOLD LLC,
a Delaware limited liability company

By: /s/ Signature Illegible

Its: Vice President

“TENANT”

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, P A,
a Pennsylvania corporation

By: /s/ Signature Illegible

Its: President

By: /s/ Signature Illegible

Its: Corporate Secretary

EXHIBIT A

OUTLINE OF THE INITIAL TERMINATION SPACE

FIFTH AMENDMENT TO OFFICE LEASE

This FIFTH AMENDMENT TO OFFICE LEASE ("Fifth Amendment") is made and entered into as of October 18, 2000, by and between BRE/RINCON LEASEHOLD LLC, a Delaware limited liability company ("Landlord"), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation ("Tenant").

R E C I T A L S :

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord ("Prior Landlord") and Tenant entered into that certain Office Lease dated August 30, 1996 (the "Office Lease"), as amended by that certain First Amendment to Lease, dated June 20, 1997 (the "First Amendment"), as amended by that certain Second Amendment to Lease, dated September 30, 1998 (the "Second Amendment"), as amended by that certain Third Amendment to Lease, dated October, 1999 (the "Third Amendment"), as modified by that certain Letter Agreement, dated November 19, 1999 (the "November 1999 Letter Agreement"), as amended by that certain Fourth Amendment to Office Lease, dated October 18, 2000 (the "Fourth Amendment") whereby Prior Landlord leased to Tenant and Tenant leased from Prior Landlord that certain space consisting of approximately 161,542 rentable square feet (the "Premises") located on the second (2nd), third (3rd), fourth (4th), fifth (5th) and sixth (6th) floors of the building (the "Building") located at Two Rincon Center, 101 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment, the November 1999 Letter Agreement and the Fourth Amendment are collectively referred to herein as the "Lease".

B. The parties desire to reduce the amount of the Premises and otherwise amend the Lease on the terms and conditions set forth in this Fifth Amendment.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Terms**. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Fifth Amendment.

2. **Second Termination Space**. Landlord and Tenant hereby acknowledge and agree that, effective as of August 31, 2001 (the "Second Termination Date"), notwithstanding anything in the Lease to the contrary, (i) Tenant shall quit and surrender to Landlord approximately 32,124 rentable square feet of space located on a portion of the fourth (4th) floor, as more particularly set forth on Exhibit A, attached hereto (the "Second Termination Space", * in accordance with the terms of the Lease and this Fifth Amendment, (ii) the Second Termination Space shall no longer be a part of the Premises, and Tenant's lease of the Second Termination Space shall terminate and be of no further force or effect, and (iii) Landlord and Tenant shall be relieved of their respective obligations under the Lease with respect to the Second Termination Space, except those obligations which specifically survive the expiration or earlier termination of the Lease, including, without limitation, the payment of all amounts owed by Tenant with respect to the Second Termination Space, up to and including the Second Termination Date. Following Tenant's vacation and surrender of the Second Termination Space, the Premises shall consist of approximately 129,418 rentable square feet of space. The Option Terms set forth in Section 2.2 of the Office Lease shall have no applicability to the Second Termination Space. Furthermore, the Second Termination Space shall no longer be deemed to be a part of the First Offer Space as that term is defined in Section 1.6 of the Office Lease.

3. **Second Termination Fee**. In consideration of Tenant's execution of this Fifth Amendment and the vacation and surrender of the Second Termination Space, Landlord shall pay

* and Landlord approves Tenant's remaining space configuration as outlined in Exhibit B,

to Tenant the amount of _____ Dollars (\$) (the "Second Termination Fee") as follows: Six (6) business days following the full execution and delivery of this Fifth Amendment, Landlord shall pay to Tenant _____ Dollars (\$) which amount represents fifty percent (50%) of the Second Termination Fee, and, within five (5) business days following Tenant's vacation and surrender of the Second Termination Space in accordance with the terms of this Fifth Amendment and the terms of the Lease, as modified by this Fifth Amendment, Landlord shall deliver the remaining fifty percent (50%) of the Second Termination Fee which amount shall equal _____ Dollars (\$) (the "Remaining Second Termination Fee"). Subject to Section 7, below, in the event Tenant does not timely vacate and surrender the Second Termination Space, then the terms of Article 16 of the Office Lease shall apply, provided, however, notwithstanding anything in Article 16 to the contrary, Tenant shall pay Base Rent for the Second Termination Space at a monthly rate equal to one hundred fifty percent (150%) of the then current Base Rent applicable for the Second Termination Space, for the first two (2) months, and two hundred percent (200%) thereafter. In addition, in the event Tenant does not vacate and surrender the Second Termination Space on or before September 30, 2001, then the amount of Landlord's Remaining Second Termination Fee shall be reduced by an amount equal to _____ Dollars (\$) per each month, or portion thereof, of such delay, thereafter.

4. **Demising Work.** Tenant hereby acknowledges and agrees that Landlord shall, at Landlord's sole cost and expense, separately demise the Second Termination Space from the remaining Premises (the "Second Termination Space Demising Work"), in which event (i) Landlord shall be permitted to complete the Second Termination Space Demising Work during normal business hours, without any obligation to pay overtime or other premiums, (ii) the completion of the Second Termination Space Demising Work shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of rent under the Lease, as hereby amended, or entitle Tenant to any other damages of any kind. Landlord shall use commercially reasonable efforts to match the Tenant's existing finishes in the Premises. In addition, Landlord shall use commercially reasonable efforts to not interfere with Tenant's use of the Premises. Other than such Second Termination Space Demising Work, Tenant hereby acknowledges and agrees that Landlord have no obligation to repair, remodel, alter or otherwise modify the Premises, and Tenant shall continue to accept the Premises in its currently existing, "as-is" condition.

5. **Rent.**

5.1 **Base Rent.**

5.1.1 **Second Termination Date.** Commencing as of the Second Termination Date, Tenant shall pay Base Rent for the Premises, as modified herein, in the amount of _____ Dollars (\$) per month (i.e., the sum of \$ _____ for the 122,804 rentable square feet of the portion of the Premises located on the 3rd, 4th, 5th and 6th floors, and \$ _____ for the 6,614 rentable square feet of the portion of the Premises located on the 2nd floor) in accordance with the terms and conditions of Article 3 of the Office Lease.

5.2 **Tenant's Share.** Notwithstanding anything in the Lease to the contrary, the term "Tenant's Share," as set forth in Section 9.2 of the Summary of Basic Lease Information of the Office Lease, as amended, shall mean the following:

5.2.1 As of the Second Termination Date: 67.91%.

6. **Parking.** Notwithstanding anything in the Lease to the contrary, throughout the remainder of the Lease Term Tenant shall continue to rent parking passes pursuant to the terms of Article 28 of the Lease, as amended; provided, however, the number of parking passes set forth in Section 28.1 as set forth in Section 2 of the Third Amendment, is hereby changed from fifty-three (53) to forty-six (46).

7. **Failure to Vacate and Surrender Second Termination Space.**

7.1 **Failure to Vacate and Surrender Second Termination Space**

7.1.1 **Second Termination Space** In the event Tenant fails to vacate and surrender the Second Termination Space on or before December 31, 2001 (the "Second Termination Space Outside Date"), then the termination of the Lease with respect to the Second Termination Space shall be null and void and of no further force or effect, and the Second Termination Space shall be deemed to remain a part of the Premises under subject to all of the terms and conditions of the Lease, as amended, and shall expire coterminously with the term of Tenant's Lease on the Lease Expiration Date. In addition, Sections 3 and 9 of this Fifth Amendment shall be null and void and of no further force or effect with respect to the Second Termination Space, and Landlord's obligation to pay the Remaining Second Termination Fee shall be null and void and of no further force or effect. Notwithstanding the foregoing to the contrary, in the event Tenant is in the process of physically moving and vacating the Second Termination Space, Landlord shall grant to Tenant additional time following the Second Termination Space Outside Date, up to and including January 8, 2002 to complete such move, and in the event timely vacates and surrenders the Second Termination Space on or before January 8, 2002, this Section 7.1 shall be deemed null and void and of no further force or effect.

7.1.2 **Rent for Second Termination Space** .

(a) **Base Rent** . In the event Tenant fails to timely vacate and surrender the Second Termination Space on or before the Second Termination Space Outside Date, the Base Rent payable by Tenant for the Second Termination Space shall be equal to the amount of Dollars (\$) per rentable square foot of the Second Termination Space, per annum., and Tenant's Share for the Second Termination Space shall be as set forth in Section 7.1.2 (b), below, and the Base Year shall be as set forth in the Lease.

(b) **Tenant's Share** . Tenant's Share for the Second Termination Space shall be deemed to be 16.86% (i.e., the product of (i) 32,124 rentable square feet of the Second Termination Space and (ii) 100, divided by 190,577 rentable square feet of the Building).

(c) **Adjusted Second Termination Fee** . Within five (5) business days following the Second Termination Space Outside Date, Landlord shall pay to Tenant an adjusted Second Termination Fee in the amount of Dollars (\$) (the "Adjusted Second Termination Fee"), and Tenant's rights to the Remaining Second Termination Fee as set forth in Section 3, above shall be null and void and of no further force or effect.

8. **Brokers** . Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Fifth Amendment, and that they know of no real estate broker or agent who is entitled to a commission in connection with this Fifth Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, occurring by, through, or under the indemnifying party. The terms of this Section 8 shall survive the expiration or earlier termination of the Lease Term.

9. **Representations of Tenant** . Tenant represents and warrants to Landlord that, with respect to the Second Termination Space, (a) Tenant has not heretofore sublet the Second Termination Space, nor assigned all or any portion of its interest in the Lease, as amended by this Fifth Amendment; (b) excluding Tenant's Affiliates, as that term is defined in the Office Lease, no other person, firm or entity has any right, title or interest in the Lease, as amended by this Fifth Amendment; (c) Tenant has the full right, legal power and actual authority to enter into this Fifth Amendment and to terminate the Lease, as amended by this Fifth Amendment, with respect to the Second Termination Space without the consent of any person, firm or entity; and (d) the individuals executing this Fifth Amendment on behalf of Tenant have the full right, legal power and actual authority to bind Tenant to the terms and conditions hereof. Tenant further represents and warrants to Landlord that as of the date hereof, there are no mechanic's liens or other liens encumbering all or any portion of the the Second Termination Space by virtue of any act or omission on the part of Tenant, its predecessors, contractors, agents, employees, successors,

assigns or subtenants. Tenant covenants that Tenant shall not create any mechanics liens or other liens to encumber the Second Termination Space, and, in the event of any such liens, Tenant shall, at Tenant's sole cost and expense, remove such liens prior to the Second Termination Date. The representations and warranties set forth in this Section 9 shall survive the termination of Tenant's lease of the Second Termination Space and Tenant shall be liable to Landlord for any inaccuracy or any breach thereof.

10. **Timely Execution.** In the event (i) Tenant executes and delivers this Fifth Amendment to Landlord on or before October 30, 2000, and (ii) Tenant does not exercise its withdrawal right set forth in Section 11, below, Landlord shall pay to Tenant, in addition to the Second Termination Fee, the amount of _____ Dollars (\$) (the "Timely Execution Fee"). Landlord shall pay to Tenant the Timely Execution Fee at the same time Landlord pays to Tenant the first fifty percent (50%) of the Second Termination Fee, in accordance with Section 3, above.

11. **Effectiveness of Fifth Amendment.** Notwithstanding anything in this Fifth Amendment to the contrary, Tenant shall have the right, on Tenant's sole discretion, within five (5) business days following the full execution and delivery of this Fifth Amendment from Tenant to Landlord to withdraw Tenant's delivery of this Fifth Amendment, by written notice from Tenant to Landlord (the "Withdrawal Notice"). Upon Landlord's receipt of the Withdrawal Notice, this Fifth Amendment shall be null and void and of no further force or effect, and Tenant shall immediately return to Landlord any and all sums paid by Landlord to Tenant pursuant to the terms of this Fifth Amendment.

12. **No Further Modification.** Except as specifically set forth in this Fifth Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Fifth Amendment has been executed as of the day and year first above written.

"LANDLORD"

BRE/RINCON LEASEHOLD LLC,
a Delaware limited liability company

By: /s/ Signature Illegible

Its: VP

"TENANT"

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,
a Pennsylvania corporation

By: /s/ Signature Illegible

Its: President

By: /s/ Signature Illegible

Its: Corporate Secretary

EXHIBIT A

OUTLINE OF THE SECOND TERMINATION SPACE

EXHIBIT B

RINCON CENTER COMMERCIAL LLC
c/o Beacon Capital Partners, LLC
11755 Wilshire Boulevard, Suite 1770
Los Angeles, California 90025

September 28, 2006

National Union Fire Insurance Company of Pittsburgh, PA

c/o American International Realty Corp.
72 Wall Street - 16th Floor
New York, NY 10005
Attention: Rosemarie Sailer
Vice President and General Counsel

RE: Office Lease (the “**Office Lease**”) by and between RINCON CENTER COMMERCIAL LLC (“**Landlord**”), as successor-in-interest to Rincon Center Associates, and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA (“**Tenant**”), dated August 30, 1996, for the premises (the “**Premises**”) consisting of approximately 129,418 rentable square feet at the building located at Two Rincon Center, 101 Spear Street, San Francisco, California 94105 (the “**Building**”)

Ms. Sailer:

All capitalized terms used herein shall have the same respective meanings as is given such terms in the Office Lease with respect to the Premises, unless expressly provided otherwise herein. The Office Lease, as previously amended, is referred to herein as the “**Lease**”.

Landlord and Tenant hereby acknowledge that pursuant to Section 2.2 of the Office Lease Tenant holds two (2) options to extend the Lease Term for a period of five (5) years each. Tenant has previously delivered the “Option Interest Notice”, as defined in such Section 2.2. Pursuant to the terms of Section 2.2.1.1, (i) the “Option Rent Notice Outside Date” is the date which is not less than 300 days prior to the expiration of the initial Lease Term, (ii) the “Arbitration Notice Outside Date” and the “Exercise Notice Outside Date” are each the date which is 270 days prior to the expiration of the initial Lease Term.

Notwithstanding any provision of the Office Lease, Landlord and Tenant hereby agree to (A) extend the Option Rent Notice Outside Date to be November 3, 2006, and (B) extend each of the Arbitration Notice Outside Date and the Exercise Notice Outside Date to be December 4, 2006.

Nothing in this letter shall be interpreted as modifying or otherwise amending any provision of the Lease except as expressly provided for herein.

[Signatures on following page]

Please have the appropriate signatories for Tenant countersign this letter where indicated below, acknowledging their respective agreement to the terms set forth herein.

Very truly yours,

“LANDLORD”

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

AGREED TO AND ACCEPTED AS
OF Oct. 4, 2006 BY:

“TENANT”

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: Vice President

By: /s/ Signature Illegible
Its: Secretary

RINCON CENTER COMMERCIAL LLC
c/o Beacon Capital Partners, LLC
11755 Wilshire Boulevard, Suite 1770
Los Angeles, California 90025

November 1, 2006

National Union Fire Insurance Company of Pittsburgh, P.A.
Two Rincon Center
101 Spear Street
San Francisco, California 94105
Attention: Mr. Chris McNulty

RE: Office Lease (the “ **Office Lease** ”) by and between RINCON CENTER COMMERCIAL LLC (“ **Landlord** ”), as successor-in-interest to Rincon Center Associates, and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A. (“ **Tenant** ”), dated August 30, 1996, for the premises (the “ **Premises** ”) consisting of approximately 129,418 rentable square feet at the building located at Two Rincon Center, 101 Spear Street, San Francisco, California 94105 (the “ **Building** ”)

Ladies and Gentlemen:

All capitalized terms used herein shall have the same respective meanings as is given such terms in the Office Lease with respect to the Premises, unless expressly provided otherwise herein. The Office Lease, as previously amended, is referred to herein as the “ **Lease** ”.

Landlord and Office Tenant hereby acknowledge that pursuant to Section 2.2 of the Office Lease Tenant holds two (2) options to extend the Lease Term for a period of five (5) years each. Tenant has previously delivered the “Option Interest Notice”, as defined in such Section 2.2. Pursuant to the terms of Section 2.2.1.1, (i) the “Option Rent Notice Outside Date” is the date which is not less than 300 days prior to the expiration of the initial Lease Term, (ii) the “Arbitration Notice Outside Date” and the “Exercise Notice Outside Date” are each the date which is 270 days prior to the expiration of the initial Lease Term.

Notwithstanding any provision of the Office Lease, or the previous option period extension letter dated September 28, 2006, Landlord and Tenant hereby agree to (A) extend the Option Rent Notice Outside Date to be November 30, 2006, and (B) extend each of the Arbitration Notice Outside Date and the Exercise Notice Outside Date to be December 31, 2006.

Nothing in this letter shall be interpreted as modifying or otherwise amending any provision of the Lease except as expressly provided for herein.

[Signatures on following page]

Please have the appropriate signatories for Tenant countersign this letter where indicated below, acknowledging their respective agreement to the terms set forth herein.

Very truly yours,

“LANDLORD”

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

AGREED TO AND ACCEPTED AS
OF November 2, 2006 BY:

“TENANT”

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: Vice President

By: _____
Its: _____

RINCON CENTER COMMERCIAL LLC
c/o Beacon Capital Partners, LLC
11755 Wilshire Boulevard, Suite 1770
Los Angeles, California 90025

December 1, 2006

National Union Fire Insurance Company of Pittsburgh, P.A.
Two Rincon Center
101 Spear Street
San Francisco, California 94105
Attention: Mr. Chris McNulty

RE: Office Lease (the “ **Office Lease** ”) by and between RINCON CENTER COMMERCIAL LLC (“Landlord”), as successor-in-interest to Rincon Center Associates, and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, P.A. (“ **Tenant** ”), dated August 30, 1996, for the premises (the “ **Premises** ”) consisting of approximately 129,418 rentable square feet at the building located at Two Rincon Center, 101 Spear Street, San Francisco, California 94105 (the “ **Building** ”)

Ladies and Gentlemen:

All capitalized terms used herein shall have the same respective meanings as is given such terms in the Office Lease with respect to the Premises, unless expressly provided otherwise herein. The Office Lease, as previously amended, is referred to herein as the “ **Lease** ”.

Landlord and Office Tenant hereby acknowledge that pursuant to Section 2.2 of the Office Lease Tenant holds two (2) options to extend the Lease Term for a period of five (5) years each. Tenant has previously delivered the “Option Interest Notice”, as defined in such Section 2.2. Pursuant to the terms of Section 2.2.1.1, (i) the “Option Rent Notice Outside Date” is the date which is not less than 300 days prior to the expiration of the initial Lease Term, (ii) the “Arbitration Notice Outside Date” and the “Exercise Notice Outside Date” are each the date which is 270 days prior to the expiration of the initial Lease Term.

Notwithstanding any provision of the Office Lease, or the previous option period extension letters dated September 28, 2006, and November 1, 2006, Landlord and Tenant hereby agree to (A) extend the Option Rent Notice Outside Date to be December 31, 2006, and (B) extend each of the Arbitration Notice Outside Date and the Exercise Notice Outside Date to be January 31, 2007.

Nothing in this letter shall be interpreted as modifying or otherwise amending any provision of the Lease except as expressly provided for herein.

[Signatures on following page]

Please have the appropriate signatories for Tenant countersign this letter where indicated below, acknowledging their respective agreement to the terms set forth herein.

Very truly yours,

“LANDLORD”

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

AGREED TO AND ACCEPTED AS
OF _____, 2006 BY:

“TENANT”

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: VP

SIXTH AMENDMENT TO OFFICE LEASE

This SIXTH AMENDMENT TO OFFICE LEASE (“**Amendment**”) is made and entered into as of February 28, 2007, by and between RINCON CENTER COMMERCIAL LLC, a Delaware limited liability company (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation (“**Tenant**”).

RECITALS:

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord (“**Prior Landlord**”) and Tenant entered into that certain Office Lease dated August 30, 1996 (the “**Office Lease**”), as amended by (i) that certain First Amendment to Lease, dated June 20, 1997 (the “**First Amendment**”), (ii) that certain Second Amendment to Lease, dated September 30, 1998 (the “**Second Amendment**”), (iii) that certain Third Amendment to Lease, dated October, 1999 (the “**Third Amendment**”), (iv) that certain Letter Agreement, dated November 19, 1999 (the “**1999 Letter Agreement**”), (v) that certain Fourth Amendment to Office Lease, dated October 18, 2000 (the “**Fourth Amendment**”), and (vi) that certain Fifth Amendment to Office Lease, dated as of October 18, 2000 (the “**Fifth Amendment**”), pursuant to which Tenant leases space (the “**Original Premises**”) located on the second (2nd), third (3rd), fourth (4th), fifth (5th) and sixth (6th) floors of the building (the “**Two Rincon Building**”) located at Two Rincon Center, 121 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment, the November 1999 Letter Agreement, the Fourth Amendment, and the Fifth Amendment are collectively referred to herein as the “**Lease**”.

B. Currently the Original Premises under the Lease contains approximately 129,418 rentable square feet of space in the Two Rincon Building, comprised of the following spaces: (i) Suite 201 on the 2nd floor, containing approximately 6,614 rentable square feet of space, (ii) the entire 3rd floor, containing approximately 40,899 rentable square feet of space, (iii) Suite 410 on the 4th floor, containing approximately 8,268 rentable square feet of space, (iv) the entire 5th floor, containing approximately 36,716 rentable square feet of space, and (v) the entire 6th floor, containing approximately 36,921 rentable square feet of space (collectively, the “**Existing Premises**”).

C. The parties desire to (i) extend the term of the Lease, (ii) expand the Original Premises to include certain space in the building located at One Rincon Center, 101 Spear Street, San Francisco, California 94105 (the “**One Rincon Building**”), and together with the Two Rincon Building, hereinafter referred to collectively as “**Both Buildings**” or the “**Buildings**”), and (iii) otherwise amend the Lease on the terms and conditions set forth in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms.** For purposes of the Lease, and for purposes of this Amendment, all references to the term “Building” shall be deemed to refer to either the “Two Rincon Office Portion” (as defined in Section 1.1.1 of the Office Lease), or to the One Rincon Building, depending upon whether the relevant provision applies to a portion of the Premises in the Two Rincon Office Portion, or in the alternative, to a portion of the Premises in the One Rincon Building. Otherwise, all undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. **Extension of Lease Term.** The Lease is currently scheduled to expire on July 31, 2007. Landlord and Tenant hereby agree to extend the Lease Term for an additional period of ten (10) years, commencing on August 1, 2007 (the “**Extended Term Commencement Date**”) subject to Landlord Delay determination, and continuing through July 31, 2017 (the “**Lease Expiration Date**”). Such extended period is referred to herein as the “**Extended Term**”.

3. Existing Premises.

3.1 **Square Footage of Existing Premises**. The parties hereto agree that, effective as of the Extended Term Commencement Date, the square footage of Existing Premises shall be restated, and deemed to contain 139,541 rentable square feet of space (the “**Premises**”, for all purposes under the Lease as amended by this Amendment), comprised of the following spaces, all as set forth on **Exhibit A** attached hereto:

- (i) Suite 201 on the 2nd floor, which shall be deemed to contain approximately 6,941 rentable square feet of space;
- (ii) the entire 3rd floor, which shall be deemed to contain approximately 44,523 rentable square feet of space,
- (iii) Suite 410 on the 4th floor, which shall be deemed to contain approximately 8,963 rentable square feet of space,
- (iv) the entire 5th floor, which shall be deemed to contain approximately 39,809 rentable square feet of space, and
- (v) the entire 6th floor, which shall be deemed to contain approximately 39,305 rentable square feet of space.

The parties hereby stipulate to the foregoing square footage amounts, and agree that the Premises shall not be subject to remeasurement during the Extended Term. Notwithstanding any provision in the Lease or this Amendment to the contrary, any portion of the Premises other than the Existing Premises which Tenant occupies during the Extended Term shall be calculated pursuant to the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1 – 1996 and its accompanying guidelines (“**BOMA**”).

3.2 **Condition of Existing Premises**. Tenant has been occupying the Existing Premises in accordance with the terms of the Lease, and continues to accept the Existing Premises in their currently existing, “as-is” condition (subject to Landlord’s continuing repair and maintenance obligations as set forth in the Lease). Except as expressly set forth in the Lease, this Amendment, and in the Tenant Work Letter attached hereto as **Exhibit B** (the “**Tenant Work Letter**”) and made a part hereof, Landlord shall have no obligation to make any improvements or alterations of the Existing Premises.

4. Suite 290.

4.1 **Suite 290 Commencement Date**. Upon the earlier of (i) the date of Tenant’s occupancy of Suite 290, or (ii) the date which is, ninety (90) days after the date that Tenant requests access to Suite 290 for purposes of commencing construction (the “**Suite 290 Commencement Date**”) (provided that in no event shall the Suite 290 Commencement Date be later than August 1, 2007), the Premises shall be expanded to include Suite 290 (the “**Suite 290**”), located on the 2nd floor of the Two Rincon Building, which contains an additional 3,114 rentable square feet of space, as set forth on **Exhibit A-1** attached hereto and made a part hereof. Suite 290 shall, as of the Suite 290 Commencement Date, be part of the Premises for all purposes under the Lease, except as set forth in this **Section 4**. Upon the addition of Suite 290 to the Premises, the Premises shall contain 142,655 rentable square feet of space.

4.2 **Suite 290 Base Rent**. Commencing as of the Suite 290 Commencement Date, and continuing until the Extended Term Commencement Date (such period, the “**Early Suite 290 Term**”), Tenant shall pay Base Rent with respect to Suite 290 at a monthly rate equal to \$ (the “**Suite 290 Base Rent**”). During the Early Suite 290 Term, Tenant shall not have any obligation to pay any Direct Expenses with respect to Suite 290. Effective as of the Extended Term Commencement Date, and continuing through the Extended Term, Suite 290 shall be deemed a part of the Premises, and Tenant shall pay Base Rent and Additional Rent for Suite 290 as a portion of the entire Premises.

5. Temporary Premises.

5.1 **Commencement of Temporary Premises Lease**. Commencing as of the date which is the earlier of (i) 120 days after the fun execution and delivery of this Amendment,

and (ii) the date which is five (5) business days after Tenant's written request that Landlord deliver the "Temporary Premises" (as defined below) to Tenant (the "**Temporary Premises Commencement Date**"), Landlord shall lease to Tenant and Tenant shall lease from Landlord approximately 42,000 rentable square feet of space (the "**Temporary Premises**") located on the fourth (4th) floor of the "One Rincon Office Portion" of the Project (as defined in Section 1.1.1 of the Office Lease). Landlord shall deliver, and Tenant shall accept, the Temporary Premises in its currently existing "as-is" condition (subject to Landlord's continuing repair and maintenance obligations as set forth in the Lease), and Landlord shall have no obligation whatsoever to make any improvements or alterations thereto.

5.2 Term of Temporary Premises Lease. Tenant's lease of the Temporary Premises shall commence on the Temporary Premises Commencement Date, and shall continue through the date (the "Temporary Premises Expiration Date") which is the earlier of (i) the date which is eighteen (18) months after the full execution and delivery of this Amendment, and (ii) the date which is one hundred twenty (120) days after the date that Tenant delivers written notice that Tenant desires to terminate its lease of the Temporary Premises.

5.3 Lease of Temporary Premises. Tenant's lease of the Temporary Premises shall be on all of the terms and conditions of the Lease, as if the Temporary Premises were part of the Premises, provided that Tenant shall not be obligated to pay any Base Rent, or any portion of Direct Expenses, or any other rental or charge (other than charges for additional services or other above-standard items provided to Tenant at Tenant's request) with respect to the Temporary Premises. Tenant shall have the right to use the Temporary Premises for general office use, for storage, or for construction staging or furniture, fixture and equal print installation, are in accordance with the terms of the Lease.

6. Must-Take Premises.

6.1 Lease of Must-Take Premises. Effective as of the day following the Temporary Premises Expiration Date (the "**Must-Take Commencement Date**"), Landlord shall lease to Tenant, and Tenant shall lease from Landlord, approximately 18,364 rentable square feet of space located on the Southeast corner of the fourth (4th) floor of the One Rincon Building, as more particularly set forth on Exhibit A-2 attached hereto (the "**Must-Take Premises**"). Landlord shall deliver the Must-Take Premises to Tenant on the Must-Take Commencement Date in its then "as-is" condition, and Tenant acknowledges that as of such delivery, the Must-Take Premises will not be a separately demised suite. Promptly following such delivery, Landlord shall work to construct the applicable demising walls and multi-tenant corridor, which work may be simultaneous with Tenant's construction in the Must-Take Premises, to a reasonable Building standard, as necessary to allow Tenant to legally occupy the Must-Take Premises as a separately demised suite (the "**Landlord Work**"). Landlord shall coordinate with Tenant to minimize any interference with Tenant's construction of improvements in the Must-Take Premises. In any event, Landlord shall have completed the Landlord Work in advance of the "Must-Take Rent Commencement Date", as defined below. If Landlord has not completed the Landlord Work as of the Must-Take Rent Commencement Date, the Must-Take Rent Commencement Date shall be extended on a day for day basis until the Landlord Work is completed. As of the Must-Take Commencement Date, the Premises shall be deemed to be expanded to include the Must-Take Premises, and shall then contain approximately 161,019 rentable square feet of space, and Tenant's lease of the Must-Take Premises shall be on all of the terms and conditions of the Lease, as amended by this Amendment, provided that Tenant shall not be obligated to pay any Base Rent or Direct Expenses attributable to the Must-Take Premises until the date (the "**Must-Take Rent Commencement Date**") which is one hundred twenty (120) days after the Must-Take Commencement Date. Following the Must-Take Rent Commencement Date, Tenant shall pay Base Rent and Additional Rent attributable to the Must-Take Premises in the same amounts per rentable square foot, and in the same manner, as is otherwise payable by Tenant with respect to the Premises.

6.2 Construction in Must-Take Premises. Subject to the terms of the Tenant Work Letter, Tenant shall accept the Must-Take Premises in its currently existing, "as-is" condition (subject to Landlord's continuing repair and maintenance obligations as set forth in the Lease), and Landlord shall have no obligation to make any alterations or improvements thereto, except that Landlord shall construct Landlord's Work, which shall include ensuring code compliance for common area restrooms, as required in Landlord's reasonable discretion, in accordance with Landlord's building standard specifications. Landlord shall provide Tenant

with an improvement allowance in connection with the Must-Take Space equal to \$ _____ per rentable square foot of the Must-Take Space (the “**Must-Take Improvement Allowance**”). Tenant shall construct its improvements in the Must-Take Space in accordance with the terms of the Tenant Work Letter, and may use the Must-Take Improvement Allowance in connection therewith.

7. **Rent.**

7.1 **Base Rent.** Prior to the Extended Term Commencement Date, Tenant shall continue to pay Base Rent for the Existing Premises in accordance with the terms of the Lease. Effective as of the Extended Term Commencement Date, the Base Rent payable by Tenant for the Premises shall be amended to be as follows.

<u>Date</u>	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Base Rent per Rentable Square Foot per Year</u>
August 1, 2007 – July 31, 2008	\$ (provided that, as of the Must-Take Rent Commencement Date, Annual Base Rent shall increase to equal \$ _____)	\$ (provided that, as of the Must-Take Rent Commencement Date, the Monthly Installment of Base Rent shall increase to equal \$ _____)	\$
August 1, 2008 – July 31, 2009	\$ (provided that, as of the Must-Take Rent Commencement Date, Annual Base Rent shall increase to equal \$ _____)	\$ (provided that, as of the Must-Take Rent Commencement Date, the Monthly Installment of Base Rent shall increase to equal \$ _____)	\$
August 1, 2009 – July 31, 2010			
August 1, 2010 – July 31, 2011			
August 1, 2011 – July 31, 2012			
August 1, 2012 – July 31, 2013			
August 1, 2013 – July 31, 2014			
August 1, 2014 – July 31, 2015			
August 1, 2015 – July 31, 2016			
August 1, 2016 – July 31, 2017			

7.2 **Base Rent Abatement.** Provided that Tenant is not then in default of the terms of the Lease, after expiration of any applicable notice and/or cure period, Tenant shall have no obligation to pay any amount of Base Rent for the Premises commencing on the Extended

Term Commencement Date and continuing for six (6) months thereafter (the “**Initial Rent Abatement Period**”). Such abatement shall apply to the Existing Premises and Suite 290 leased as of the Extended Term Commencement Date only, and shall not apply to the Must-Take Premises. The total value of such rent abatement is the Base Rent payable during said six (6) month period (the “**Rent Abatement**”). At Tenant’s option, exercisable by delivery of written notice thereof to Landlord within sixty (60) days after the full execution and delivery of this Amendment (the “**Early Rent Abatement Notice**”), Tenant shall have the right to apply the entire amount of the Rent Abatement to Base Rent coming due under the Lease for the period commencing as of the date which is thirty (30) days after Tenant’s delivery of the Early Rent Abatement Notice, and continuing until the value of the Rent Abatement has been fully credited against the Base Rent due during such period. In the event that Tenant so elects to utilize the Rent Abatement early, then Tenant shall have no right to receive any rent abatement during the Initial Rent Abatement Period.

7.3 **Tenant’s Share; Base Year.** Prior to the Extended Term Commencement Date, Tenant shall continue to pay Tenant’s Share of Direct Expenses in accordance with the terms of the Lease. Commencing as of the Extended Term Commencement Date, and continuing throughout the Extended Term, Tenant shall pay Tenant’s Share of Direct Expenses for the Premises in accordance with the terms of the Lease, provided that (i) Tenant’s Share shall be amended to be equal to 68.62% (based on the 207,899 rentable square feet of office space contained in the Two Rincon Building), and (ii) the Base Year shall be the fiscal year of July 1, 2007, through June 30, 2008. Notwithstanding the foregoing, effective as of the Must-Take Rent Commencement Date, Tenant’s Share shall be amended to be equal to 7.49% (based on the 245,211 rentable square feet of office space contained in the One Rincon Building) for the portion of the Premises in the One Rincon Building, and 68.62% for the portion of the Premises in the Two Rincon Building.

8. **Option to Extend Term.** Section 2.2 of the Office Lease is hereby deleted in its entirety, and replaced with the following.

“2.2 Option Term.

2.2.1 Option Right. Tenant shall have one (1) option to extend the Lease Term for a period of ten (10) years each (the “**Option Term**”), which option shall be exercisable by written notice delivered by Tenant to Landlord as provided below. Upon the proper exercise of the option to extend, the Lease Term shall be extended by the Option Term, subject to every term and condition of this Lease, except that the applicable “Option Rent,” as that term is defined in Section 2.2.1.3, below, shall be determined as set forth in Section 2.2.1.3, below. Tenant shall have the right, exercisable concurrently with Tenant’s delivery of the “Option Notice,” as that term is defined below, to reduce the number of rentable square feet of office space which Tenant shall rent during the ensuing Option Term; provided, however, that Tenant may only reduce the size of the Premises in full floor increments (or so much of a floor as shall be leased by Tenant in the event of less than full floor leasing) (the term “**Renewal Space**” shall mean the portion of the Premises that Tenant elects to continue leasing for the Option Term). Tenant shall incur no penalty or charge in connection with the reduction in the size of the Premises during the ensuing Option Term.

2.2.1.1 Exercise of Option. Subject to the terms of this Section 2.2.1.1, the option shall be exercised by Tenant in the following manner: (i) Tenant shall deliver written notice to Landlord (the “**Option Interest Notice**”) not less than three hundred thirty (330) days prior to the expiration of the Lease Term (the “**Option Interest Notice Outside Date**”), stating that (A) Tenant is interested in exercising its option and (B) the number of rentable square feet of the Premises, subject to the limitations set forth in Section 2.2.1, above, which Tenant desires to lease during the Option Term; (ii) Landlord shall, after receipt of the Option

Interest Notice, deliver written notice (the “ **Option Rent Notice** ”) to Tenant not less than three hundred (300) days prior to the expiration of the Lease Term (the “ **Option Rent Notice Outside Date** ”), setting forth the proposed “Option Rent” as that term is defined in Section 2.2.1.2 below, which shall be applicable to this Lease during the Option Term, and (iii) (A) Tenant may, at its option, on or before the date occurring two hundred seventy (270) days prior to the expiration of the Lease Term (the “ **Arbitration Notice Outside Date** ”), deliver a written notice to Landlord (the “Fair Market Rent Arbitration Notice”), pursuant to which Fair Market Rent Arbitration Notice, Tenant may object to the proposed Option Rent or request the determination of Option Rent, if no Option Rent Notice was given because Tenant did not give the Option Interest Notice, in either of which cases the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.2 of this Lease, or (B) to the extent the terms of Section 2.2.2, below, are inapplicable (since Tenant did not deliver the Fair Market Rent Arbitration Notice), if Tenant wishes to exercise its extension option on the terms set forth in the Option Rent Notice, Tenant shall, on or before the date occurring two hundred seventy (270) days prior to the expiration of the Lease Term (the “ **Exercise Notice Outside Date** ”), exercise the option by delivering written notice thereof to Landlord (the “ **Option Exercise Notice** ”). Notwithstanding the foregoing terms of this Section 2.2.1.1, if the Renewal Space Tenant desires to lease during the Option Term consists of less than two (2) full floors, then for purposes of Tenant exercising its option to extend the Lease Term, the outside dates set forth above shall refer to the following outside dates: (a) the Option Interest Notice Outside Date shall instead mean not less than four hundred twenty-five (425) days prior to the expiration of the Lease Term; (b) the Option Rent Notice Outside Date shall mean not less than three hundred ninety-five (395) days prior to the expiration of the Lease Term; and (c) the Arbitration Notice Outside Date or the Exercise Notice Outside Date shall mean three hundred sixty-five (365) days prior to the expiration of the Lease Term. In the event Tenant fails to exercise its right to extend the Lease Term for the Option Term within the applicable time periods specified above, Tenant’s option rights as set forth in this Section 2.2.1.1 shall be terminated, and Tenant shall have no further rights pursuant to the terms of this Lease to extend the Lease Term.

2.2.1.2 Termination of Option Right. Notwithstanding anything to the contrary contained herein, Tenant shall not be allowed to exercise its option right and the Option Term shall not commence pursuant to the terms of this Section 2.2, if at the time Tenant gives Landlord the Option Exercise Notice, or the time the Option Term commences, as the case may be, Tenant is in material default or monetary default of this Lease pursuant to the terms of Section 19.1 below, after the giving of written notice to Tenant by Landlord and the expiration of all applicable cure periods.

2.2.1.3 Option Rent. The rent payable by Tenant during the Option Term (the “ **Option Rent** ”) shall be equal to ninety-five percent (95%) of the then “Fair Market Rent.” “ **Fair Market Rent** ,” as used in this Lease, shall be equal to the rent, including escalations, if any, which tenants comparable to Tenant, as of the first day of the applicable Option Term, are leasing for a comparable term, non-renewal, non-equity space comparable in size to the Premises, Renewal Space, First Offer Space, or “Management Office,” as that term is defined in Section 4.2.4(38) of this Lease, as applicable, from a willing, comparable landlord, at arm’s length, which comparable space is located in the

“Comparable Buildings,” as that term is defined in Section 29.18, below, taking into consideration the following factors and considering all tenant concessions and inducements given to tenants, including one hundred percent (100%) of the following concessions (which concessions Tenant, at its option, may take in the form as set forth below, or on an in-lieu cash up-front or rental credit basis of the same value as the concession): (i) the amount of protection received by tenants in connection with the payment of operating and tax expenses (i.e. – base year or expense stop), (ii) rental abatement concessions being given such tenants, if any, in connection with such comparable space and, as to First Offer Space only, in connection with the period of construction of such space, (iii) tenant improvement allowances and the value of tenant improvement work provided or to be provided for such comparable space, provided that there shall be deducted from any such comparable space allowance or tenant improvement value, and Landlord shall receive credit for, the value of the then existing improvements, if any, in the Premises, Renewal Space, or the First Offer Space, as applicable, regardless of whether the same were paid for or installed by Landlord or Tenant, with such value to be based upon the age, quality and layout of the improvements and the extent to which the same could be utilized by a general office user (the “ **Existing Improvements Value** ”), (iv) all other tenant inducements and landlord concessions and payments made to tenants, including, but not limited to, lease takeover payments, if any, being granted such tenants in connection with such comparable space, (v) the time the particular rental rate under consideration was agreed upon and became or is to become effective, (vi) the ratio of rentable square feet to usable square feet; (vii) whether the lease transaction in question grants to the tenant any protection from increases in any component or all of real property taxes and operating expenses, and if so, the amount or value thereof; and (viii) any other material factor, benefit or burden which a sophisticated tenant or landlord would believe would have a material impact on a determination of the current Fair Market Rent.

2.2.2 Arbitration of Fair Market Rent. If the determination of Fair Market Rent is appropriately submitted to arbitration, Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker or MAI certified appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the leasing or appraisal of commercial high-rise properties in San Francisco, California. The determination of the arbitrators shall be limited solely to the issue of determining the actual Fair Market Rent for the applicable space, taking into account the requirements of Section 2.2.1.3. Each such arbitrator shall be appointed within fifteen (15) days after Landlord’s receipt of the Fair Market Rent Arbitration Notice by each party delivering notice of its appointment to the other party.

2.2.2.1 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

2.2.2.2 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to the actual Fair Market Rent and shall notify Landlord and Tenant thereof.

2.2.2.3 The decision of the majority of the three arbitrators shall be the decision of the arbitrators and shall be binding upon Tenant and Landlord.

2.2.2.4 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after Landlord's receipt of the Fair Market Rent Arbitration Notice, the arbitrator appointed by one of them shall reach a decision, and shall notify Landlord and Tenant thereof. Such arbitrator's decision shall be binding upon Tenant and Landlord.

2.2.2.5 If the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to the arbitration procedures set forth in Article 24 of this Lease. Such decision shall be binding on Tenant and Landlord.

2.2.2.6 The cost of arbitration shall be paid by Landlord and Tenant equally.

2.2.2.7 If the amount of the Fair Market Rent is not determined within the time periods set forth above in this Section 2.2, and continues to be undetermined as of the commencement of the Option Term, then Tenant shall continue to pay the existing Base Rent for the applicable Renewal Space until the amount of the Fair Market Rent is determined. When such determination is made, if Tenant has underpaid the amount of Base Rent for the Option Term, then Tenant shall pay such deficiency to Landlord with Tenant's payment of its next installment of Base Rent, or if Tenant has overpaid such Base Rent, then Landlord shall either, at Landlord's option, credit such overpayment in full against Tenant's payment of Base Rent next coming due hereunder or pay such overpayment to Tenant upon demand.

9. **Parking**. Commencing as of the Extended Term Commencement Date, Tenant shall have the right to 65 parking spaces (the "Base Allotment"), and up to 7 additional spaces (the "Additional Spaces"), in accordance with the terms of the Lease, provided that as of the commencement of the Extended Term Commencement Date the monthly parking rate for the Base Allotment only shall be (i) \$ per month per car for non-reserved/valet Parking Passes, (ii) \$ per month per car for reserved tandem Parking Passes, and (iii) \$ per month per car for Reserved Spaces. Such parking rates for the Base Allotment shall increased during the first three (3) years of the Extended Term. Thereafter, the rates for all Parking Passes shall be adjusted to the then prevailing rates. Parking rates for the Additional Spaces, and any other additional spaces made available for lease to Tenant, and for the Base Allotment after the first three (3) years of the Extended Term, shall be at the prevailing monthly rate for such spaces. The Base Allotment shall include 19 Tandem Spaces and 27 Reserved Spaces.s

10. **Right of First Offer**. The right of first offer set forth in Section 1.6 of the Office Lease shall continue in full force and effect, provided that, (i) in the first sentence of Section 1.6 of the Office Lease, the words "Two Rincon" are hereby inserted before the word "Building", and (ii) as of the date hereof, Sections 1.6.1 and 1.6.2 of the Office Lease are hereby deleted in their entirety and replaced with the following:

"1.6.1 **Procedure for Offer**. Landlord shall notify Tenant in writing (the "**First Offer Notice**") from time to time as soon as Landlord determines that any portion of the First Offer Space will become available for lease to third parties provided, however, such notification shall be given not earlier than the date which is twelve (12) months before the actual date of physical availability of such First Offer Space. Pursuant to such First Offer Notice, Landlord shall offer to lease to Tenant such First Offer Space. The First

Offer Notice shall describe the space so offered to Tenant, shall set forth the “First Offer Rent,” as that term is defined in this Section 1.6.1, below, and shall set forth the other terms upon which Landlord is willing to lease such space to Tenant, including the estimated delivery date of such space to Tenant, and the date upon which Tenant’s lease of such First Offer Space is to commence (the “**First Offer Commencement Date**”), which First Offer Commencement Date shall not be less than ninety (90) days after the date such space is delivered to Tenant (which 90-day period may or may not be considered in determining the First Offer Rent applicable to such space). The rent payable by Tenant for the First Offer Space (the “First Offer Rent”) shall be at the “**Fair Market Rent**” for the First Offer Space, as that term is defined in Section 2.2.1.3 of this Office Lease (as amended by Section 8 of the Sixth Amendment to Office Lease). In addition to the foregoing, within five (5) business days after request by Tenant, Landlord shall provide to Tenant in writing a listing (the “**Available Space List**”) of the First Offer Space that is then available for leasing or which Landlord reasonably believes will become available for leasing in the twenty-four (24) month period following the date of Tenant’s request, and such Available Space List shall set forth the existing term expiration date, the number of any renewal options and their respective exercise mechanisms and dates, the term of any renewal options, and a description of the specific additional space rights relating to the First Offer Space, for each then existing lease. Thereafter, Tenant may request that Landlord deliver to Tenant a specific First Offer Notice relating to any of the individual spaces listed as First Offer Space on the Available Space List, and Landlord shall deliver a First Offer Notice within five (5) business days after such request by Tenant.

1.6.2 Procedure for Acceptance. If Tenant wishes to exercise Tenant’s right of first offer with respect to the space described in the First Offer Notice, then within fifteen (15) days after delivery of a particular First Offer Notice to Tenant, Tenant shall deliver written notice to Landlord of Tenant’s election to exercise its right of first offer with respect to any specific portion of space as described in the First Offer Notice on the terms contained in such notice. In the event that, concurrently with Tenant’s exercise of the first offer right, Tenant notifies Landlord that it does not accept the First Offer Rent set forth in the First Offer Notice, the First Offer Rent shall be determined in accordance with the procedures set forth in Section 2.2.2 of this Office Lease (as amended by Section 8 of the Sixth Amendment to Office Lease); otherwise, the First Offer Rent shall be as set forth in Landlord’s First Offer Notice. If Tenant does not so notify Landlord within the fifteen (15) day period of Tenant’s exercise of its first offer right, then Landlord shall be free to lease the space described in the First Offer Notice to anyone to whom Landlord desires on any terms Landlord desires, for a period of one hundred eighty (180) days commencing upon the expiration of the fifteen (15) day period, after which time Tenant’s rights to such space under this Section 1.6 shall renew.”

11. Right to Expand Premises. Landlord hereby grants Tenant the right to lease (i) approximately 21,334 rentable square feet of space located on the second (2nd) floor of the Two Rincon Building (the “**Luce Expansion Space**”), and (ii) between 9,000 and 12,000 rentable square feet of space located on the fourth (4th) floor of the Two Rincon Building (the “**State Expansion Space**”), upon the terms and conditions set forth in this Section 11. As used herein, the term “**Expansion Space**” may refer to either the Luce Expansion Space or State Expansion Space, as the context dictates.

11.1 Method of Exercise.

11.1.1 Luce Expansion Space. The right to lease the Luce Expansion Space shall be exercised only in the following manner: (i) Tenant shall deliver written notice to Landlord on or before April 30, 2009, stating that Tenant is interested in exercising its option (the “**Expansion Interest Notice**”); (ii) Landlord, after receipt of the Expansion Interest Notice, shall deliver written notice (the “**Expansion Rent Notice**”) to Tenant on or before June 1, 2009, setting forth the “Expansion Rent,” as that term is defined in Section 11.3 below, applicable to the Luce Expansion Space; and (iii) if Tenant wishes to lease the Luce Expansion Space, Tenant shall, on or before the date which is thirty (30) days after Tenant’s receipt of such Expansion Rent Notice, exercise the option by delivering written notice thereof to Landlord (the “**Expansion Exercise Notice**”). At Tenant’s option, concurrently with the delivery of the Expansion Exercise Notice, Tenant may object to the Expansion Rent set forth in the Expansion Rent Notice, in which case the Expansion Rent shall be determined as set forth in Section 2.2.2 of the Office Lease (as amended by the terms of Section 8 of this Amendment).

11.1.2 State Expansion Space. The right to lease the State Expansion Space shall be exercised only in the following manner: (i) Tenant shall deliver an Expansion Interest Notice, relating to the State Expansion Space, to Landlord on or before the date (the “**State Expansion Exercise Date**”) which is the earlier of (a) June 30, 2011, and (b) the date which is thirty (30) days after the date upon which Landlord notifies Tenant that the State of California has elected to terminate its existing lease of the State Expansion Space (and Landlord shall notify Tenant promptly in writing upon the State of California’s exercise of such early termination right), stating that Tenant is interested in exercising its option; (ii) Landlord, after receipt of the Expansion Interest Notice, shall deliver an Expansion Rent Notice to Tenant within thirty (30) days after receipt of the Expansion Interest Notice, setting forth the Expansion Rent applicable to the State Expansion Space and designating the size and location of the State Expansion Space; and (iii) if Tenant wishes to lease the State Expansion Space, Tenant shall, on or before the date which is thirty (30) days after Tenant’s receipt of such Expansion Rent Notice, exercise the option by delivering an Expansion Exercise Notice with respect to such State Expansion Space. (Commencing as of July 31, 2010, the State of California has a continuing right to terminate its lease of the State Expansion Space on 90 days prior notice. The State of California’s lease of the State Expansion Space will otherwise terminate effective as of July 31, 2012.) At Tenant’s option, concurrently with the delivery of the Expansion Exercise Notice, Tenant may object to the Expansion Rent set forth in the Expansion Rent Notice, in which case the Expansion Rent shall be determined as set forth in Section 2.2.2 of the Office Lease (as amended by the terms of Section 8 of this Amendment).

11.2 Delivery of the Expansion Space. Landlord shall deliver the applicable Expansion Space to Tenant as soon as reasonably practicable following the vacation and surrender thereof by the existing tenant therein.

11.3 Expansion Rent. The Rent payable by Tenant for Expansion Space leased by Tenant (the “**Expansion Rent**”) shall be equal to % of the for such space (as defined in Section 2.2.1.3 of the Office Lease, as amended by the terms of Section 8 of this Amendment).

11.4 Construction in the Expansion Space. Tenant shall take any Expansion Space in its then existing, “as is” condition (subject to Landlord’s continuing repair and maintenance obligations as set forth in the Lease), subject to any improvement allowance granted in connection therewith as a component of the Expansion Rent, and the construction of improvements in the Expansion Space shall comply with the terms of the Tenant Work Letter.

11.5 Amendment to Lease. If Tenant timely exercises Tenant’s right to lease the Expansion Space as set forth herein, Landlord and Tenant shall promptly thereafter execute an amendment adding such Expansion Space to the Lease upon the same terms and conditions as the Existing Premises and Suite 290, except as otherwise set forth in this Section 11. The rent commencement date for any Expansion Space leased by Tenant hereunder shall be the date which is ninety (90) days after the date such Expansion Space is delivered to Tenant by Landlord (which 90-day period shall be considered in determining the applicable Expansion Rent).

11.6 No Defaults. Tenant shall not have the right to lease Expansion Space as provided in this Section 11, if, as of the date of the attempted exercise of the expansion option by

Tenant, or as of the scheduled date of delivery of such Expansion Space to Tenant, Tenant is in default under the Lease, as amended, after expiration of any applicable notice or cure periods.

12. **Downsize Right**. The Downsize Right set forth in Section 1.3 of the Office Lease shall continue in full force and effect provided that (i) such right shall not commence until after the fifth (5th) full year of the Extended Term, and (ii) as a condition precedent to any reduction of the Premises as set forth therein, Tenant shall deliver to Landlord, on or before the applicable Downsize Termination Date, a fee (the “**Downsize Fee**”) equal to the _____ as of the applicable Downsize Termination Date, of the _____ and _____ (including the _____ paid by Landlord with respect to this Amendment. In determining such “_____,” the sum of the _____ and _____ shall be deemed to be amortized over the entire Extended Term of the Lease, commencing as of the Extended Term Commencement Date with respect to the Existing Premises and Suite 290, and commencing as of the Must Take Rent Commencement Date with respect to the Must-Take Premises.

13. **Storage Space**. The rights contained in Article 22 of the Office Lease shall continue in full force and effect, provided that (i) the rental rate applicable to any Storage Space leased by Tenant shall be equal to \$ _____ per usable square foot per month (the “**Storage Rent**”), which Storage Rent shall be increased, as of each anniversary of the Extended Term Commencement Date, to be 103% of the prior amount of the Storage Rent, and (ii) the Storage Space to be leased by Tenant, at Tenant’s option, shall consist of up to approximately 5,738 rentable, and 4,878 usable, square feet of space to be located in the area reasonably designated by Landlord in accordance with the terms of Article 22 of the Office Lease.

14. **Landlord’s Security**. Landlord shall continue to provide the “Landlord’s Security”, as defined in Section 6.1.7 of the Office Lease, during the Extended Term, which Landlord’s Security shall include the number of personnel and the general access control procedures in place as of the date of this Amendment (which numbers and procedures shall not be materially modified without the prior written consent of Tenant, which shall not be unreasonably withheld, conditioned or delayed). In addition, Landlord shall, at Landlord’s sole cost and expense, cause the Two Rincon Building elevators to require “key cards” for access to the 3rd, 5th and 6th floors of the Two Rincon Building, and any future floors of the Buildings which are leased in their entirety by Tenant. The actual key cards to be issued to Tenant’s employees shall be at Tenant’s sole cost and expense. At Tenant’s option, Tenant shall have the right, at Tenant’s sole cost and expense, to cause the southern elevators in the One Rincon Building (i.e., the elevators solely serving the Premises in the One Rincon Building) to require “key cards” for access to the Premises (the “**One Rincon Elevator Security**”). Tenant’s installation of the One Rincon Elevator Security shall be in accordance with all of the applicable terms of the Lease, and subject to Landlord’s prior approval of the design and installation thereof (which shall not be unreasonably withheld). The One Rincon Elevator Security shall be compatible with the Project security systems. The maintenance and repair of the One Rincon Elevator Security shall be at Tenant’s sole cost and expense. At the end of the term or earlier expiration of the Lease, Landlord shall have the right, at Landlord’s option, to cause Tenant to remove the One Rincon Elevator Security and to repair any damage to the elevators caused by the installation or removal of the One Rincon Elevator Security.

15. **Brokers**. Section 29.25 of the Lease is hereby deleted, and shall be of no further force or effect. The following provisions shall apply to this Amendment.

15.1 Landlord shall pay, pursuant to a separate written agreement, a commission owed to CB Richard Ellis, Inc. (“**Tenant’s Broker**”) (the “**Landlord Obligations**”). Landlord and Tenant each represent and warrant to the other that other than Tenant’s Broker and CAC Group (representing Landlord), no broker, agent, or finder negotiated or was instrumental in negotiating or consummating this Amendment on its behalf and that it knows of no broker, agent, or finder, other than Tenant’s Broker or the CAC Group, who is, or might be, entitled to a commission or compensation in connection with this Amendment. In the event of any such claims for additional brokers’ or finders’ fees or commissions in connection with the negotiation, execution or consummation of this Amendment, then Landlord shall indemnify, save harmless and defend Tenant from and against such claims if they shall be based upon any statement, representation or agreement by Landlord, and Tenant shall indemnify, save harmless and defend Landlord if such claims shall be based upon any statement, representation or agreement made by Tenant.

16. **Deletions from Lease.** The following provisions are no longer applicable, and are hereby deleted from the Lease and shall be of no further force or effect: (i) Section 3.4 of the Office Lease, (ii) Section 4.2.6.4 of the Office Lease, (iii) Section 29.25 of the Office Lease, (iv) Section 29.34 of the Office Lease, (v) Exhibit B to the Office Lease, and (vi) Exhibit O to the Office Lease.

17. **Common Areas.** Notwithstanding any contrary provision in the Lease or this Amendment, the term “Common Areas” (as defined in Section 1.1.2 of the Office Lease) shall not include any areas within the “Apartment Portion” (as defined in Section 1.1.1 of the Office Lease) of the Two Rincon Building, or any parking, storage, or support facilities for the Apartment Portion of the Two Rincon Building. Additionally, and notwithstanding any contrary provision of the Office Lease, for the purposes of (i) the 7th and 8th sentences of Section 1.1.2 of the Office Lease, (ii) Section 6.1.8 of the Office Lease, (iii) Section 23.2 of the Office Lease, and (iv) Section 23.5 of the Office Lease, the term “Building”, as used in such provisions, shall mean the Two Rincon Building.

18. **No Further Modification.** Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

Landlord:

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

Tenant:

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: Vice President

By: /s/ Signature Illegible
Its: Secretary

EXHIBIT A
OUTLINE OF EXISTING PREMISES

EXHIBIT A-1
OUTLINE OF SUITE 290

EXHIBIT A-2
OUTLINE OF MUST-TAKE PREMISES

EXHIBIT B
TENANT WORK LETTER

SEVENTH AMENDMENT TO OFFICE LEASE

This SEVENTH AMENDMENT TO OFFICE LEASE (“ **Amendment** ”) is made and entered into as of May 14, 2008, by and between RINCON CENTER COMMERCIAL LLC, a Delaware limited liability company (“ **Landlord** ”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation (“ **Tenant** ”).

R E C I T A L S :

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord (“ **Prior Landlord** ”) and Tenant entered into that certain Office Lease dated August 30, 1996 (the “ **Office Lease** ”), as amended by (i) that certain First Amendment to Lease, dated June 20, 1997 (the “ **First Amendment** ”), (ii) that certain Second Amendment to Lease, dated September 30, 1998 (the “ **Second Amendment** ”), (iii) that certain Third Amendment to Lease, dated October, 1999 (the “ **Third Amendment** ”), (iv) that certain Letter Agreement, dated November 19, 1999 (the “ **1999 Letter Agreement** ”), (v) that certain Fourth Amendment to Office Lease, dated October 18, 2000 (the “ **Fourth Amendment** ”), and (vi) that certain Fifth Amendment to Office Lease, dated as of October 18, 2000 (the “ **Fifth Amendment** ”), and (vii) that certain Sixth Amendment to Office Lease dated as of February 28, 2007 (the “ **Sixth Amendment** ”), pursuant to which Tenant leases space (the “ **Premises** ”) located in the buildings (the “ **One Rincon Building** ” and the “ **Two Rincon Building** ”) located at One Rincon Center and Two Rincon Center, 121 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment, the November 1999 Letter Agreement, the Fourth Amendment, the Fifth Amendment, and the Sixth Amendment are collectively referred to herein as the “ **Lease** ”.

B. Pursuant to the terms of the Sixth Amendment, Tenant leased approximately 42,000 rentable square feet of space on the 4th floor of the One Rincon Building (the “ **Temporary Premises** ”). Under the terms of the Sixth Amendment, approximately 18,364 rentable square feet of the Temporary Premises will be converted into the “Must-Take Premises” and leased by Tenant pursuant to the terms of the Sixth Amendment, while the remainder of the Temporary Premises (the “ **Temporary Extension Space** ”), containing approximately 23,395 rentable square feet of space, was to have been vacated and surrendered by Tenant to Landlord.

C. The parties desire to extend Tenant’s lease of the Temporary Extension Space on the terms set forth in this Amendment.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.
2. **Term of Lease of Must-Take Premises**. The “Temporary Premises Expiration Date”, as defined in Section 5.2 of the Sixth Amendment is hereby agreed to be November 24, 2008. Based on such date, the “Must-Take Commencement Date”, as defined in Section 6.1 of the Sixth Amendment shall be November 25, 2008, and the “Must-Take Rent Commencement Date”, as defined in Section 6.1 of the Sixth Amendment shall be March 25, 2009.
3. **Extension of Term of Lease of Surrender Space**. Tenant’s lease of the Temporary Extension Space is currently scheduled to expire on November 24, 2008. Landlord and Tenant hereby agree to extend the term of Tenant’s lease of such space from November 25, 2008, through March 31, 2009 (the “ **Extended Temporary Term** ”).
4. **Rent for Extended Temporary Term**. Effective as of November 25, 2008, the terms of Section 5.3 of the Sixth Amendment shall be deleted and shall be of no further force or effect. During the Extended Temporary Term, Tenant shall pay monthly rent with respect to the Temporary Extension Space (the “ **Temporary Extension Space Rent** ”) equal to _____ attributable to the One Rincon Building, as determined by Landlord in accordance with the terms of the Lease.

5. **Use of Temporary Extension Space**. Tenant shall accept the Temporary Extension Space in its currently existing “as-is” condition (subject to Landlord’s continuing repair and maintenance obligations as set forth in the Lease), and Landlord shall have no obligation whatsoever to make any improvements or alterations thereto. Tenant shall have the right to use the Temporary Extension Space for general office use, for storage, or for construction staging or furniture, fixture and equal print installation, all in accordance with the terms of the Lease. Tenant shall vacate and surrender the Temporary Extension Space to Landlord, in accordance with the applicable terms of the Lease, on or before the expiration of the Extended Temporary Term.

6. **No Further Modification**. Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

Landlord:

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

Tenant:

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Tino Formiso
Its: /s/ Tino Formiso, Senior Vice President

By: /s/ Signature Illegible
Its: Corporate Secretary

[LETTERHEAD]

July 11, 2008

National Union Fire Insurance Company
of Pittsburgh, PA
clo American International Realty Corp.
72 Wall Street, 16th Floor
New York, NY 10005

Re: Lease dated August 30, 1996, between RINCON CENTER COMMERCIAL LLC, a Delaware limited liability company (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation (“**Tenant**”), for certain space (the “**Premises**”) located at 101 Spear Street, San Francisco California (as amended, the “**Lease**”)

To Whom It May Concern:

In accordance with the referenced Lease, we wish to advise you and/or confirm as follows:

1. The “Extended Term”, as defined in Section 2 of the Sixth Amendment to Lease dated as of February 28, 2007 (the “**Sixth Amendment**”) commenced on August 1, 2007, and will continue through and terminate on July 31, 2017 (the “**Lease Expiration Date**”).
2. The “Initial Rent Abatement Period” as defined in Section 7.2 of the Sixth Amendment was the period commencing on August 1, 2007, and continuing through January 31, 2008.
3. The “Must-Take Commencement Date” as defined in Section 6.1 of the Sixth Amendment, will occur on November 25, 2008, and the “Must-Take Rent Commencement Date”, as defined in Section 6.1 of the Sixth Amendment, will occur on March 25, 2009 (as each of such dates are set forth in Section 2 of the Seventh Amendment to Lease dated as of May 14, 2008).

Please acknowledge your agreement with the foregoing by executing a copy of this letter and returning it to the undersigned.

Sincerely,

RINCON CENTER COMMERCIAL LLC

Acknowledged and agreed:

NATIONAL UNION FIRE
INSURANCE COMPANY OF
PITTSBURG, PA

By: /s/ Signature Illegible

Name: Illegible

Title: Senior Vice President

By: /s/ Signature Illegible

Name: Illegible

Title: Secretary

EIGHTH AMENDMENT TO OFFICE LEASE

This EIGHTH AMENDMENT TO OFFICE LEASE (“**Amendment**”) is made and entered into as of January 10, 2010, by and between RINCON CENTER COMMERCIAL LLC, a Delaware limited liability company (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, a Pennsylvania corporation (“**Tenant**”).

RECITALS:

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord (“**Prior Landlord**”) and Tenant entered into that certain Office Lease dated August 30, 1996 (the “**Office Lease**”), as amended by (i) that certain First Amendment to Lease, dated June 20, 1997 (the “**First Amendment**”), (ii) that certain Second Amendment to Lease, dated September 30, 1998 (the “**Second Amendment**”), (iii) that certain Third Amendment to Lease, dated October, 1999 (the “**Third Amendment**”), (iv) that certain Letter Agreement, dated November 19, 1999 (the “**1999 Letter Agreement**”), (v) that certain Fourth Amendment to Office Lease, dated October 18, 2000 (the “**Fourth Amendment**”), and (vi) that certain Fifth Amendment to Office Lease, dated as of October 18, 2000 (the “**Fifth Amendment**”), (vii) that certain Sixth Amendment to Office Lease dated as of February 28, 2007 (the “**Sixth Amendment**”), and (viii) that certain Seventh Amendment to Office Lease dated as of May 14, 2008 (the “**Seventh Amendment**”), pursuant to which Tenant leases space (the “**Premises**”) located in the buildings (the “**One Rincon Building**” and the “**Two Rincon Building**”) located at One Rincon Center and Two Rincon Center, 121 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment, the November 1999 Letter Agreement, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment and the Seventh Amendment are collectively referred to herein as the “**Lease**”.

B. The parties desire to amend the Lease as more particularly set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**. All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. **Modification of Right of First Offer**. Effective as of the date hereof, the “First Offer Space”, as defined in Section 1.6 of the Office Lease (and as such definition was amended by the terms of Section 10 of the Sixth Amendment), shall no longer include any portion of Suite 250, located on the second (2nd) floor of the Two Rincon Building and containing approximately 10,491 rentable square feet of space.

3. **Modification of Downsize Right**. Notwithstanding the terms of Section 1.3(ii) of the Office Lease, Landlord agrees that, if Tenant so elects, the “Downsize Space” may consist of the entire “Must Take Premises”, as defined in Section 6.1 of the Sixth Amendment, containing approximately 18,364 rentable square feet of space. If the Downsize Space does not consist of the entire Must Take Premises, the terms of Section 1.3(ii) shall continue to apply.

4. **No Further Modification**. Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

Landlord:

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

Tenant:

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Gary Muoio
Its: Gary Muoio/SVP

By: /s/ Martin J. Bogue
Its: Martin J. Bogue/Ass't Secty.

NINTH AMENDMENT TO OFFICE LEASE

This NINTH AMENDMENT TO OFFICE LEASE (“**Amendment**”) is made and entered into as of October 31, 2010, by and between RINCON CENTER COMMERCIAL LLC, a Delaware limited liability company (“**Landlord**”), and NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA., a Pennsylvania corporation (“**Tenant**”).

RECITALS:

A. Rincon Center Associates, a California limited partnership, predecessor-in-interest to Landlord (“**Prior Landlord**”) and Tenant entered into that certain Office Lease dated August 30, 1996 (the “**Office Lease**”), as amended by (i) that certain First Amendment to Lease, dated June 20, 1997 (the “**First Amendment**”), (ii) that certain Second Amendment to Lease, dated September 30, 1998 (the “**Second Amendment**”), (iii) that certain Third Amendment to Lease, dated October, 1999 (the “**Third Amendment**”), (iv) that certain Letter Agreement, dated November 19, 1999 (the “**1999 Letter Agreement**”), (v) that certain Fourth Amendment to Office Lease, dated October 18, 2000 (the “**Fourth Amendment**”), and (vi) that certain Fifth Amendment to Office Lease, dated as of October 18, 2000 (the “**Fifth Amendment**”), (vii) that certain Sixth Amendment to Office Lease dated as of February 28, 2007 (the “**Sixth Amendment**”), (viii) that certain Seventh Amendment to Office Lease dated as of May 14, 2008 (the “**Seventh Amendment**”), and (ix) that certain Eighth Amendment to Office Lease dated as of January 10, 2010 (the “**Eighth Amendment**”), pursuant to which Tenant leases space (the “Premises”) located in the buildings (the “**One Rincon Building**” and the “**Two Rincon Building**”) located at One Rincon Center and Two Rincon Center, 121 Spear Street, San Francisco, California 94105. The Office Lease, the First Amendment, the Second Amendment, the Third Amendment, the November 1999 Letter Agreement, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment, the Seventh Amendment, and the Eighth Amendment are collectively referred to herein as the “**Lease**”.

B. Tenant desires to lease from Landlord approximately 3,332 rentable square feet of space in Suite 420, on the 4th floor of the Two Rincon Building (the “**Temporary Premises**”) on a short term basis as more particularly set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms.** All undefined terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. **Lease of Temporary Premises.** Effective as of November 1, 2010, Tenant shall lease from Landlord the Temporary Premises. Such lease shall be on all of the terms and conditions of the Lease except as otherwise provided in this Amendment.

3. **Term.** Tenant’s lease of the Temporary Premises shall be on a month-to-month basis, terminable by Tenant on not less than 30 days prior written notice to Landlord. In no event shall Tenant’s lease of the Temporary Premises extend past May 31, 2011. The date upon which such lease of the Temporary Premises shall terminate is referred to herein as the “Termination Date”.

4. **Base Rent.** Tenant shall pay Base Rent with respect to the Temporary Premises in an amount equal to _____ per month. Tenant shall not be required to pay any Direct Expenses with respect to the Temporary Premises.

5. **Improvements.** Tenant shall accept the Temporary Premises in its currently existing, “as-is” condition (subject to Landlord’s continuing repair and maintenance obligations as set forth in the Lease), and Landlord shall have no obligation to make or pay for any improvement work or services related to the improvement of the Temporary Premises. Tenant shall not make any improvements or alterations to the Temporary Premises.

6. **Surrender**. Tenant agrees to vacate and surrender the Temporary Premises to Landlord on or before the Termination Date, “broom clean”, in accordance with the terms of the Lease. Tenant shall, at Tenant’s sole cost and expense, remove any and all furniture, fixtures and equipment installed by Tenant in the Temporary Premises, and shall repair any damage to the Temporary Premises caused by Tenant’s occupancy thereof, or by Tenant’s installation or removal of any such furniture, fixtures or equipment. If Tenant fails to surrender the Premises on or before the Termination Date as provided above, the terms of Article 16 of the Lease shall apply to any such holdover.

7. **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, excepting only The CAC Group and CB Richard Ellis (the “**Brokers**”), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

8. **No Further Modification.** Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

Landlord:

RINCON CENTER COMMERCIAL LLC,
a Delaware limited liability company

By: BCSP IV U.S. Investments, L.P.,
a Delaware limited partnership
Its: Sole Member

By: BCSP REIT IV, Inc.,
a Maryland corporation
Its: Sole General Partner

By: /s/ Jeremy B. Fletcher
Name: Jeremy B. Fletcher
Title: Senior Managing Director

Tenant:

**NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH, PA,**
a Pennsylvania corporation

By: /s/ Signature Illegible
Its: Illegible

By: /s/ Martin J. Bogue
Its: Martin J. Bogue/Ass't Secty.

MASTER SERVICES AGREEMENT

This Master Services Agreement (“MSA”) is effective as of November 28, 2012 (“Effective Date”), by and between Castlight Health, Inc., a Delaware corporation located at 685 Market Street, Suite 300, San Francisco, CA 94105 (“Castlight”) and the Administrative Committee of the Wal-Mart Stores, Inc., Associates’ Health and Welfare Plan (“Plan”), located at 508 SW 8th Street, Bentonville, AR 72716-3500 (“Customer”).

RECITALS

A. WHEREAS, Castlight provides web-based and other services that provide health care cost and transparency to users.

B. WHEREAS, Customer desires to enter into this MSA and related attachments, addenda, Service Addendums (as defined below) and exhibits, collectively the “Agreement” to set forth the terms and conditions upon which Castlight shall provide certain services to or on behalf of Customer, and Castlight desires to provide such services under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

ARTICLE 1. DEFINITIONS

1.1 “Castlight Platform” means Castlight’s proprietary technology platform and system (including without limitation software, algorithms and proprietary and technical information therein) for gathering, analyzing, modifying and making available to its users certain health-related user and provider data and related information, guidance and services.

1.2 “Castlight Service” means services that Castlight provides using the Castlight Platform which are more fully described in the applicable Service Addendum.

1.3 “Data” means the following categories of data or information: (i) User Data, (ii) Customer Data, and (iii) TPA(s) Data.

1.4 “Employee User” means each Customer employee who meets the Eligibility Criteria to participate in or be provided the Castlight Service, as defined in the applicable Service Addendum.

1.5 “TPA” means any third party administrator designated by Customer which may include ***, which are Customer’s third party administrators of health services, including physician network management, as of the Effective Date.

1.6 “TPAs Data” means data provided by the TPAs on behalf of the Customer such as, but not limited, to formulary data, provider directories, network data, national pre-authorization procedures, clinical policy bulletins and proprietary rate tables as agreed to by the TPAs.

1.7 “New Data” means (a) a modified version of User Data or Customer Data or (b) new data created with reference to User Data or Customer Data, in each case whether through aggregation, cleansing, scrubbing, reverse engineering, extraction or other means, such that (i) with respect to modified User Data or new data created with reference thereto, the applicable User has been de-identified in accordance with 45 CFR section 164.514, as applicable and (ii) with respect to modified Customer Data or new data created with reference thereto, Customer has been de-identified in accordance with 45 CFR section 164.514, as applicable.

1.8 “Customer Data” means data specific to Customer provided by or on behalf of Customer to Castlight, such as, but not limited to, Summary of Plan Design and medical and claims histories.

1.9 “Services” means (a) the Castlight Service, and (b) the Other Services (as defined in the applicable Service Addendum).

1.10 “Providers” means certain third parties that provide services to Customer, such as employee benefits portals, and in connection with such provision of services to Customer will be providing information to Castlight in connection with this Agreement.

1.11 “User” means Employee Users and Adult Dependent Users.

1.12 “User Data” means demographic and other User-specific information and data, whether or not such information or data is Protected Health Information (as defined in the Business Associate Agreement between Castlight and Customer dated September 20, 2012 (the “BAA”). User Data includes, without limitation, each Employee User’s name, address, dependent information, claims histories and explanations of benefits.

1.13 “Launch Date” shall have the same meaning as such term is defined in the First Services Addendum executed between Castlight and the Plan, dated of even date hereof (the “First Services Addendum”).

ARTICLE 2. SERVICES.

The specific Services to be provided and related terms and conditions shall be specified in writing (each such writing, a “Service Addendum”). Each Service Addendum shall (a) be signed by an authorized representative of each party; (b) include the applicable term, the description of Services to be performed, the responsibilities of the parties, compensation and payment terms and any additional terms and conditions as needed; (c) be subject to all of the terms and conditions of this MSA and the BAA. The terms and conditions of the MSA and the BAA shall control in the event of a conflict with the Service Addendum, except to the extent that the applicable Service Addendum expressly states that it supersedes this MSA.

ARTICLE 3. TERM AND TERMINATION

3.1 Term. The initial term of this Agreement (the “Initial Term”) commences on the Effective Date and continues until ***. (The Initial Term is also referred to as the “Term.”) This Agreement may be terminated during the Term as provided below in Section 3.2 and Section 3.3.

3.2 Termination for Cause. Either party may terminate this Agreement at any time during the Term: (a) immediately for a material breach of this Agreement by the other party unless such material breach is cured within such 30 day period; or (b) immediately if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors.

3.3 Termination without Cause.

- (a) **Termination ***.** Upon the effective date of such termination, Castlight shall immediately cease work on the effective Service Addendum(s) and deliver to Customer all Services

performed to date of termination. In the event ***, Customer shall pay Castlight a fee to allow Castlight to recover a portion of the costs it has incurred (e.g., software, hardware, IT infrastructure, engineering resources, management resources, new hires, training, increased third party vendor costs) in anticipation of providing services under this Agreement. The fee shall be equal to the ***. Castlight represents that the fee will not exceed *** under this Agreement.

- (b) Termination after First Contract Year. Upon written notice to Castlight, at any time during any Term subsequent to the First Contract Year, Customer may terminate this Agreement *** prior written notice. Upon the effective date of such termination, Castlight shall immediately cease work on the effective Service Addendum and deliver to Customer all Services performed to date of termination. In the event of such termination, Customer shall only be responsible for the payment of fees described in Section 3.4.

3.4 Effect of Expiration or Termination. Upon expiration or termination of this Agreement (a) Castlight shall have no further obligation to perform the Services and shall cease performing the Services; (b) neither party shall be relieved from any obligation accrued up to and including the date of such expiration or termination nor deprived of any right or remedy otherwise available to it hereunder; (c) within 30 days Customer will pay Castlight for all Services performed. Article 4 (including the sections of any Service Addendum regarding payment obligations), Article 6, Section 7.1 (except Customer shall have no further obligation under Section 7.1(b)), Article 8 (except for Section 8.1), Article 9 and those provisions of any Service Addendum that survive such expiration or termination as specified in such Service Addendum shall survive any termination or expiration of this Agreement.

ARTICLE 4. FEES, PAYMENT AND PAYMENT TERMS

4.1 Service Fees, Invoicing and Payment Terms. Castlight's compensation and payment for the Services and the applicable invoicing and payment terms shall be as set forth in the applicable Service Addendum.

4.2 Taxes. Castlight's fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including but not limited to value-added, sales and use, or withholding taxes, assessable by any local, state, provincial, federal or foreign jurisdiction (collectively, "Taxes"). Customer is responsible for paying all Taxes associated with its purchases hereunder. If Castlight has the legal obligation to pay or collect Taxes for which Customer is responsible under this Section 4.2, the appropriate amount shall be invoiced to and paid by Customer.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

5.1 By Both Parties. Each party represents and warrants to the other party that: (a) it has all requisite power and authority to enter into this Agreement and to carry out its obligations hereunder and (b) by entering into this Agreement, including any Service Addendum, it does not and will not violate or constitute a breach of any of its contractual obligations with third parties.

5.2 By Castlight. Castlight represents and warrants to Customer that (a) Castlight shall properly supervise all persons performing Services and shall require that all such persons comply with the applicable terms of this Agreement, including any applicable Service Addendum and the BAA; (b) to

Castlight's knowledge as of the Effective Date, the Castlight Platform does not infringe any registered U.S. copyright, patent or trademark of any third party; and (c) Castlight will perform the Services in a professional manner, and such Services will comply in all material respects with the descriptions set forth in the applicable Service Addendum, subject to the terms and conditions thereof.

5.3 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTIES SET FORTH IN SECTIONS 5.1 AND 5.2, CASTLIGHT MAKES NO WARRANTY IN CONNECTION WITH THE SUBJECT MATTER OF THE AGREEMENT (INCLUDING, WITHOUT LIMITATION, THE SERVICES AND THE CASTLIGHT PLATFORM) AND HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE, REGARDING SUCH SUBJECT MATTER.

ARTICLE 6. CONFIDENTIAL INFORMATION. (a) Both Parties acknowledge that either party may receive (the "Receiving Party") Confidential Information (as defined hereinafter) from the other Party (the "Disclosing Party") during the Term of this Agreement and such Confidential Information will be deemed to have been received in confidence and will be used only for the purposes of this Agreement. The Receiving Party shall use the Disclosing Party's Confidential Information only to perform its obligations under this Agreement and disclose the Disclosing Party's Confidential Information only to the Receiving Party's personnel having a need to know the information for the purpose of this Agreement; provided that Customer acknowledges that certain Confidential Information is disclosed to users of the Services as necessary to provide the Services. The Receiving Party shall treat the Confidential Information as it does its own valuable and sensitive information of a similar nature and, in any event, with not less than a reasonable degree of care. Upon the Disclosing Party's written request, the Receiving Party shall return or certify the destruction of all Confidential Information, and the obligation of confidentiality shall continue for three (3) years from the expiration or termination of this Agreement except as noted below in Section 6(a)(i) and 6(a)(ii); provided however, the parties agree and acknowledge that it will be infeasible for Castlight to return or destroy PII (as defined below) related to a User that has requested Customer retain information related to such User; and PII stored on encrypted back-up tapes that are stored in a secure location; provided further, however, the Receiving Party shall keep (i) any personally identifiable information and personal health information as defined in 45 CFR section 160.103 (collectively, "PII") confidential in perpetuity; and (ii) any trade secrets of the Disclosing Party confidential as long as such information is deemed a trade secret. (b) The term "Confidential Information" includes, without limitation, (i) PII; (ii) all information communicated by the Disclosing Party that should reasonably be considered confidential under the circumstances, notwithstanding whether it was identified as such at the time of disclosure; (iii) all information identified as confidential to which Receiving Party has access in connection with the subject matter hereof, whether before or after the Effective Date; and (iv) this Agreement and shall include without limitation, (A) all trade secrets, (B) existing or contemplated products, services, designs, technology, processes, technical data, engineering techniques, methodologies and concepts and any information related thereto, and (C) information relating to business plans, sales or marketing methods and customer lists or requirements. (c) The obligations of either Party under this Article 6 will not apply to information that the Receiving Party can demonstrate (i) was in the possession at the time of disclosure and without restriction as to confidentiality; (ii) at the time of disclosure is generally available to the public or after disclosure becomes generally available to the public through no breach of agreement or other wrongful act by the Receiving Party; provided, however, the Receiving Party remains subject to confidentiality obligations regardless of its availability to the public or availability through unauthorized disclosure; (iii) has been received from a third party without restriction on disclosure and without breach of agreement or other wrongful act by the Receiving Party; or (iv) is independently developed by the Receiving Party without regard to the Confidential Information of the other party. (d) In the event the Receiving Party is required by law, regulation, stock exchange requirement or legal process to disclose any of the Confidential Information, the Receiving Party agrees

to (i) give Disclosing Party, to the extent possible, advance notice prior to disclosure so the Disclosing Party may contest the disclosure or seek a protective order, and (ii) limit the disclosure to minimum amount that is legally required to be disclosed.

ARTICLE 7. INTELLECTUAL PROPERTY AND DATA RIGHTS

7.1 Improvements and Feedback. Castlight will exclusively own all right, title and interest in and to (a) the Castlight Platform and to the Castlight Service; (b), any improvements, enhancements, derivative works, modifications, additional modules or features to or for the Castlight Platform or the Castlight Service developed or created during the Term, whether created or developed solely or jointly by or for the parties or any User; and (c) all intellectual property rights in the foregoing. Castlight will exclusively own all right, title and interest in and to any feedback, ideas, suggestions or information that Customer provides relating to the Castlight Service or the Castlight Platform, including all intellectual property rights therein.

7.2 Access and Use of Data. Customer will provide, or direct the TPA(s) and/or Providers to provide, Data to Castlight for Castlight's performance of the Services. Castlight may access, reproduce, modify and prepare derivative works of, aggregate, analyze, cleanse, scrub, reverse engineer, distribute, display, present and otherwise use Data as reasonably necessary for the purposes of performing and providing Services. Customer shall ensure that (i) all information that Customer provides to Castlight, including but not limited to eligibility files, is authentic, accurate, reliable, complete and confidential and (ii) Castlight may use such information in accordance with the terms of this Agreement without violating or infringing any third party rights. Customer's security measures shall include, but are not limited to: (a) maintaining, and requiring agents and subcontractors to maintain, administrative, technical and physical safeguards to protect the security, integrity and confidentiality of data provided to Castlight, including up-to-date and anti-virus software; (b) not accessing or using the electronic systems of Castlight for any purpose that is illegal or unauthorized; and (c) maintaining and enforcing security management policies and procedures and utilizing mechanisms and processes to prevent, detect, record, analyze, contain and resolve unauthorized access attempts and for periodically reviewing its processing infrastructure for potential security vulnerabilities. Castlight is entitled to rely on the information submitted by the Customer and TPA(s) unless Castlight knew or should have known the information was erroneous.

7.3 Ownership. As between the parties (a) Customer shall own all rights, title and interest in and to any and all Customer Data and (b) Castlight shall own all rights, title and interest in and to any and all New Data.

7.4 Effect of Termination on Data Rights. Castlight will, within ninety (90) days after written request by Customer, purge all Customer Data received from the Customer except (a) to the extent a User has requested that Castlight retain information related to such User or (b) stored on encrypted back-up medium that are stored in a secure location; provided, however Castlight will not be required to purge any New Data and will, at all times, be free to use such New Data for any purpose without restriction of any kind.

ARTICLE 8. INSURANCE, INDEMNIFICATION AND LIMITATIONS OF LIABILITY

8.1 Insurance. During the Term of this Agreement and for a period of 3 years following the expiration or termination, Castlight shall obtain and maintain a policy or policies of liability insurance covering Castlight's obligations under this Agreement to include (i) commercial general liability insurance, (ii) workers' compensation insurance as required by applicable law; (iii) insurance covering intellectual property infringement; and (iv) professional liability insurance protecting Castlight and Customer from errors and omissions of Castlight in connection with the performance of Services. All such insurance required herein shall be with companies and in amounts reasonably acceptable to Customer (and Customer acknowledges that Castlight's existing insurance amounts and companies are acceptable) and the coverage thereunder may not be reduced or canceled without Customer's prior written consent. All insurance shall be primary and not contributory with regard to any other available insurance to Customer. All insurance shall be written by companies with a BEST Guide rating of B+ VII or better. Certificates of insurance (or copies of policies) shall be furnished to Customer upon Customer's request. All such policies shall include Customer as an additional insured and contain a waiver of subrogation. Such policy(ies) shall have a minimum coverage of \$*** per occurrence and in the aggregate.

8.2 Indemnity by Castlight. Castlight agrees to defend, indemnify and hold harmless Customer, its directors, officers, employees and agents for that portion of any loss, liability, damage, expense, settlement, cost or obligation (including court costs and reasonable attorneys' fees) arising from third party claims of Castlight's actual or alleged (a) negligence, or willful or criminal misconduct; (b) material breach of this Agreement; or (c) misrepresentation or fraud related to or arising out of the Services and/or Castlight's performance of the Services.

8.3 Indemnity by Customer. Customer agrees to defend, indemnify and hold harmless Castlight, its directors, officers, employees and agents for that portion of any loss, liability, damage, expense, settlement, cost or obligation (including court costs and reasonable attorneys' fees) arising from third party claims of Customer's actual or alleged (a) negligence or willful or criminal misconduct; (b) material breach of this Agreement; or (c) misrepresentation or fraud related to or arising out of the performance of this Agreement.

8.4 Limitation of Liability. NEITHER CUSTOMER NOR CASTLIGHT SHALL BE LIABLE TO THE OTHER UNDER THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR SPECIAL DAMAGES OF ANY NATURE WHATSOEVER, REGARDLESS OF WHETHER SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE ABOVE, NOTHING IN THIS SECTION SHALL LIMIT THE ABILITY OF EITHER PARTY TO OBTAIN DAMAGES THAT FULLY COMPENSATE SUCH PARTY FOR ACTUAL LOSSES, FINES, PENALTIES AND REASONABLE ATTORNEY'S FEES OR OTHER COSTS OR TO OBTAIN ANY RELIEF PROVIDED UNDER ***. THE LIMITATIONS SPECIFIED IN THIS SECTION 8.4 WILL SURVIVE AND APPLY EVEN IF ANY LIMITED REMEDY SPECIFIED IN THIS AGREEMENT IS FOUND TO HAVE FAILED OF ITS ESSENTIAL PURPOSE. THE FOREGOING SHALL NOT LIMIT CUSTOMER'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT OR ANY SERVICE ADDENDUM.

ARTICLE 9. MISCELLANEOUS

9.1 Complete Agreement. This Agreement, including all exhibits and addenda hereto, sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, proposals, representations or understandings between them, written or oral, concerning such subject matter. No waiver or modification of any provision of this Agreement may be made unless by a written instrument duly executed by both parties. Any waiver or breach of any term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term or condition.

9.2 Assignment. Neither Customer nor Castlight may assign this Agreement, or any rights, duties or obligations contained herein, to any other person, firm, corporation or other business entity without the prior written consent of the other party except that this Agreement may be assigned by either party to any of its parent, subsidiary or affiliate organizations or any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of its business assets which assignment shall be subject to the other party's prior written consent, which consent shall not be unreasonably withheld or delayed. Any assignment in violation of this Section 9.2 shall be void and of no force or effect. If Customer consents to any assignment, Castlight shall remain liable for the action of any party to whom Castlight assigns this Agreement, or its rights or obligations. If Castlight subcontracts any of its obligations under this Agreement, it shall be fully responsible for the performance of its subcontractors as if they were employees.

9.3 Notices. All notices and other communications required or permitted under this Agreement shall be in writing, served personally on, delivered by recognized overnight courier or mailed by certified or registered United States mail to, the party to be charged with receipt thereof at the address first listed above. Notices and other communications served by mail shall be deemed given hereunder 72 hours after deposit of such notice or communication in the United States Post Office as certified or registered mail with postage prepaid and duly addressed to whom such notice or communication is to be given. All other notices shall be deemed given hereunder upon actual receipt. Any such party may change said party's address for purposes of this Section by giving to the parties intended to be bound thereby, in the manner provided herein, a written notice of such change.

9.4 Severability. All Sections, clauses thereof and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement will remain in full force and effect, such Sections, clauses or covenants will be deemed stricken and the remaining provisions will not be affected or impaired and will be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

9.5 Applicable Law and Waiver of Jury Trial. This Agreement is made and shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law. Each party waives any right to jury trial in connection with any dispute arising out of or concerning the Agreement.

9.6 Relationship of Parties. The parties are independent contractors. This does not create a partnership, joint venture, franchise, agency, fiduciary or employment relationship between the parties.

9.7 Attorneys' Fees. If any action at law or in equity is necessary to enforce the terms of the Agreement, the substantially prevailing party will be entitled to reasonable attorneys' fees, costs and expenses in addition to any other relief to which such prevailing party may be entitled.

9.8 Force Majeure. Neither party shall be responsible or liable to the other party for nonperformance or delay in performance of any terms or conditions of this Agreement (except payment obligations) due to acts of God, acts of governments, wars, riots, strikes or other labor disputes, fire, flood, or other causes beyond the reasonable control of the nonperforming or delayed party and without the negligence of such party, provided, however, nonperformance or delay in excess of one hundred eighty (180) days shall constitute cause for termination of this Agreement by either party. Castlight shall maintain disaster backup plans and procedures as reasonably necessary to minimize the interruption of its services to be provided to the Customer pursuant to this Agreement.

9.9 Audit. Once in each 12 month period and upon at least 10 days prior written notice, Castlight shall allow Customer or its duly authorized representative (at Customer's sole cost and expense), the right during the Term of this Agreement and for two (2) years after its termination or expiration to conduct in a manner that does not unreasonably interfere with Castlight's business further full and independent audits and investigations during normal business hours of (i) Castlight's business; and (ii) all information, books, records and accounts, including, but not limited to, wages due to individuals performing Services under this Agreement, taxes, including unemployment, income and social security, which are due, may be payable, or may otherwise be required to be withheld from wages (but subject to Castlight's obligations of confidentiality to third parties). Castlight shall keep accurate and complete accounts and time records related to this Agreement.

9.10 Publicity and Use of Trademarks. Neither party shall use the name, logo, trademarks or trade names of the other party in publicity releases, promotional material, customer lists, advertising, marketing or business-generating efforts whether written or oral, without obtaining that party's prior written consent, which consent shall be given at its sole discretion.

9.11 Headings. The headings of this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation or construction of this Agreement.

9.12 Counterparts. The Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this MSA to be duly executed as of the date(s) set forth below to be effective as of the Effective Date.

ACCEPTED AND AGREED TO FOR:

CASTLIGHT HEALTH, INC.

**ADMINISTRATIVE COMMITTEE OF THE WAL-MART
STORES, INC. ASSOCIATES' HEALTH AND WELFARE
PLAN**

By: /s/ Randall J. Womack

By: /s/ Illegible

Its: COO

Its: 11/29/12

Date: 11/26/12

Date: _____

FIRST SERVICE ADDENDUM, aka Statement of Work

This First Service Addendum (this "First Addendum"), aka Statement of Work, is made and entered into by and between the Administrative Committee of the Wal-Mart Stores, Inc. Associates' Health and Welfare Plan ("Plan") located at 508 SW 8th Street, Bentonville, AR 72716-3500 ("Customer") and Castlight Health, Inc. ("Castlight"), to be effective as of the same date as that certain Master Services Agreement dated November 28, 2012, entered into by the parties (the "MSA," and collectively with its attachments, addenda and exhibits, the Business Associate Agreement and this First Addendum, the "Agreement") to which this First Addendum is attached and incorporated. All capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

Recitals

- A. WHEREAS, the Plan is sponsored by Wal-Mart Stores, Inc. ("Wal-Mart") and governed under the Employee Retirement Income Security Act of 1974, as amended.
- B. WHEREAS, the benefit program offered under the Plan is available to covered associates and their dependents as defined below.

1. DEFINITIONS. For purposes of this First Addendum, unless otherwise agreed by the parties in writing:

- a. "Eligibility Criteria" means,
 - (i) a Wal-Mart employee for whom *** acts as the third party administrator ("TPA") as of the Effective Date ("*** Employee User") and an Adult Dependent User for whom *** acts as TPA as of the Effective Date ("*** Adult Dependent User") as identified by Castlight based on information provided by Customer to Castlight (***) Employee Users and (***) Adult Dependent Users collectively ("*** Users");
 - (ii) a Wal-Mart employee for whom *** acts as TPA as of the Effective Date (an "*** Employee User") and an Adult Dependent User for whom *** acts as TPA as of the Effective Date ("*** Adult Dependent User") as identified by Castlight based on information provided by Customer to Castlight (***) Employee User and (***) Adult Dependent User collectively ("*** Users");
 - (iii) a Wal-Mart employee for whom *** acts as TPA as of the Effective Date ("*** Employee User") and an Adult Dependent for whom *** acts as TPA as of the Effective Date ("*** Adult Dependent User") as identified by Castlight based on information provided by Customer to Castlight (***) Employee Users and (***) Adult Dependent Users collectively ("*** Users").
- b. "Launch Date" means the day immediately following the day Castlight delivers notice that implementation is complete for Castlight Service for the (***) Users and (***) Users and the Castlight Service (and to (***) Users subject to Section 2.d below). Customer agrees that its purchases hereunder are neither contingent on the delivery of any future functionality or features nor dependent on any oral or written public comments made by Castlight regarding future functionality or features. The Launch Date is currently targeted for April 1, 2013.
- c. "*** Launch Date" means the day immediately following the day Castlight delivers notice that (a) *** has provided Castlight sufficient data for Castlight to provide the Castlight Service (as defined below) and (b) that implementation is complete for (***)

Users of such full Castlight Service. The *** Launch Date is the date that the full Castlight Service is available to be rolled out to *** Users. The *** Launch Date will be determined in accordance with this First Addendum.

- d. "User" means an *** User, an *** User and a *** User.
- e. "Adult Dependent User" means a person that is an adult dependent of an Employee User or is an adult otherwise eligible to receive health care coverage through an Employee User under the applicable rules of the Plan.
- f. "Uptime" shall mean all times when the Castlight Service is running and is available to be accessed by Users as measured by the site monitoring software operated by Castlight (the "Monitoring Software").
- g. "Available Time" shall mean the number of hours in any given month less the amount of Downtime related to events outside of Castlight's control such as force majeure events, Standard Maintenance Windows, Emergency Maintenance Windows, internet-wide disruptions, denial of service attacks.
- h. "Downtime" shall mean all times in which the Castlight Service fails HTTP checks, content verification checks and a service check as measured by the Monitoring Software.
- i. "Standard Maintenance Window" consists of a weekly maintenance hour between 10:00 p.m. and 2:00 a.m. Pacific Time every second and fourth Friday of each month or at such other time on Saturday or Sunday as may be scheduled from time to time with ten day prior notice to Customer.
- j. "Emergency Maintenance Window" means emergency updates as result of vendor recommended patches to deal with high risk security threats as well as hardware replacement, which maintenance Castlight will use commercially reasonable efforts to perform maintenance during periods of low usage (such as evenings) and to promptly notify Customer of emergency maintenance.
- k. "Other Services" means the implementation services and premium communication services more fully described in Section 3 and Section 4 below.

2. CASTLIGHT SERVICE. During the term of this First Addendum, Castlight will use commercially reasonable efforts to provide Users with the services described in Section 2a, 2b, 2c, 2d and 2e (collectively, the "Castlight Service"), a healthcare navigation service that uses the Castlight Platform to bring price and quality transparency to Users. The Castlight Service is intended to help Users answer basic questions about their healthcare costs, quality of providers and plan benefits by showing them past care expenses, medical policy information, past savings opportunities and estimated prices for providers/services they are considering. The Castlight Service will be comprised of the following:

a. Castlight's Online Service: Commencing with the Launch Date, Castlight will allow Users access to the online portion of the Castlight Service (the "Online Service"). Commencing with the Launch Date, the Online Service will include the functionality detailed below. Castlight will provide Customer advance written notice of any material changes to the functionality described below will have an impact on User functionality or an impact on the manner in which TPAs interface with the Castlight Platform or assist in the delivery of Castlight Service, including but not limited to Customer claims feed described in Section 3(d), services related to provider directories as described in Section 3(e) and services related to the provision of Accumulator Data described in Section 3(h), provided that no change in functionality shall, at the Customer's sole determination, adversely affect the functionality of the Castlight Service that existed as of the Launch Date:

- i. User Account Management features:
 - User registration
 - User password change/reset

-
- User e-mail address change
 - User communication opt out options

ii. Past care features:

- History of past medical services with costs
- Cost detail for past medical services
- Periodic email notices for claims activity
- Out of network alerts

iii. Insurance plan and coverage features:

- Key medical policy features
- Accumulator snapshots

iv. Prospective services search features:

- Provider and services search box
- Out-of-pocket estimates for select inpatient and outpatient services/providers (list of supported inpatient and outpatient services is at the discretion of Castlight and may vary over time or by geography)
- Sort results by out of pocket costs and distance
- Care synonyms, spelling correction and other tools to make search intuitive
- Detailed provider information (e.g. languages spoken, schooling) for select providers
- Detailed explanation and educational content on pricing and/or coverage for select outpatient services
- Consumer ratings

v. Online support features:

- “Ask Castlight” support feature
- Toll-free support number

vi. Security features:

- Secure platform
- HIPAA compliant

vii. Mobile platform providing access to certain features via mobile devices:

- Apple iPhone app
- Google Android app
- Mobile web application

viii. Pharmacy services: subject to *** agreement with Castlight, an integration of ***s web site that includes links to the certain pages via single sign on technology which may include:

- Claims History
- Search Results
- Financial savings opportunities

b. Castlight User support: Online and phone support in English for registered Users, 7AM – 8PM Central Time, in the following areas: (i) technical support including password reset, bug reporting; (ii) clarification support including answering questions to increase health literacy and explanation of how to use the Online Service; and (iii) shopping support including guiding Users on searching for outpatient providers/services and how to interpret search results. For purposes of this performance standard, the call center shall be deemed not available during Castlight Support’s hours of operation (hereinafter, “**downtime**”) whenever callers receive a busy signal, there is no answer to a telephone call, or the telephone call is answered by voicemail during Castlight’s hours of operation and there is no option for the caller to speak to a customer service representative.

c. Basic reporting services: Castlight standard reporting, as enhanced by Castlight from time to time, which shall include quarterly reporting on utilization of the Castlight Service related to registration, engagement, search activity, spend and support utilization.

d. Castlight Service for *** Users. For *** Users, on the Launch Date Castlight will offer the Castlight Service, provided that the Online Service portion of such Castlight Service offered to *** Users shall not include certain functionality set forth in Section 2.a above, including but not limited to Past Care Features (Section 2.a.ii above). Notwithstanding the foregoing, upon the *** Launch Date, *** Users will receive the full Castlight Service as outlined in Sections 2.a, 2.b, 2c and 2.e.

e. Centers of Excellence Support. Castlight will support the selection of Customer's *Centers of Excellence* providers through display in the Castlight Platform according to established quality parameters for *Centers of Excellence* providers. In addition, Castlight will support the evaluation of providers based on such parameters in order to determine if they meet quality expectations for the *Centers of Excellence program*.

3. IMPLEMENTATION SERVICES. During the term of this First Addendum, Castlight will also use commercially reasonable efforts to provide related implementation services described below, which, for purposes of this First Addendum, will be deemed the Implementation Services. The Implementation Services will be comprised of the following:

a. Eligibility feeds: Set up a Customer feed so that Castlight can receive User Eligibility Criteria information;

b. Email feeds: Set up a Customer feed so that Castlight can maintain a set of current email addresses to send alert notifications and other product updates;

c. Benefits Information: Customer shall provide all Plan information, open enrollment materials and TPA key contacts;

d. Customer Claims Feed: Set up *** and *** feeds to enable regular imports of Plan's claims information into the Castlight Platform;

e. Provider directories: Set up monthly TPA feed to provide Castlight with a monthly provider directory;

f. Customer support plan: Co-develop a Customer support plan (e.g. who handles what calls); and

g. Testing plan: Co-develop an integration testing plan for the Castlight Service.

h. Accumulator Data. Set up a feed from each TPA (or the clearinghouse used by such TPA) for Customer's Accumulator Data (defined as information provided in the form of HIPAA 270/271 transaction data for use by Castlight in identifying deductible accumulations and other information necessary for Castlight's display of out-of-pocket cost estimates to Users as part of the Castlight Services).

4. PREMIUM COMMUNICATION SERVICES. The following "premium" communication services or their equivalents:

(a) co-development of a comprehensive marketing and communications plan;

-
- (b) development of a personnel manager communications toolkit including all required copyrighting and design of print and on-line collateral;
 - (c) development and execution of regional WebEx training sessions for personnel managers;
 - (d) development of comprehensive on-line communications collateral for Customer benefits portal and intranet sites;
 - (e) customization of Customer specific communications microsite, incorporating the Customer logo, Customer-specific home page messaging, and Customer-specific support phone number;
 - (f) design and execution of print or on-line collateral specific to the needs of home office, distribution, and trucking locations including podcasts, newsletter articles, and digital collateral;
 - (g) full design and execution for three communications pilots to test the effectiveness of home print, employee incentives, and manager incentives, as well as similar design and execution for up to three follow on pilot expansions;
 - (h) monthly management reporting on engagement and end user success stories;
 - (i) e-mail invitations for Users to register for the Online Service;
 - (j) translation of any requested communications pieces to Spanish;
 - (k) generation and sending of e-mail marketing communications;
 - (l) tracking of Castlight-generated e-mail marketing campaigns;
 - (m) in-product training materials (e.g. a product tour) for all Users;
 - (n) quarterly User surveys;
 - (o) ongoing communications to Users regarding changes/upgrades to the Online Service, health care consumerism education, user feedback surveys, and other related topics;
 - (p) up to 24 graphically designed in-application targeted messages;
 - (q) full project management of Castlight-related communications including weekly check-in calls;
 - (r) up to four on-site meetings annually including store and distribution center visits, and attendance at annual shareholders meeting and annual internal managers meeting;
 - (s) annual refresh of all appropriate communications in advance of annual enrollment; and
 - (t) full participation and collaboration in including appropriate messaging regarding Castlight in all other benefits communications. Customer acknowledges that Castlight will host the microsite referenced in section 4.e above under a Customer specific public URL for the benefit of Customer and Customer grants Castlight license to use Customer's name and logo on such microsite.

5. SERVICE EXCLUSIONS. Subject to change from time to time at the sole discretion of Castlight, except as specifically set forth above the Castlight Service and the Other Services do not include the following:

(a) prospective search and out of pocket cost information for dental, vision or other non-outpatient services and certain inpatient and outpatient procedures;

(b) additional customizations of the Online Service;

(c) customized reporting or data analytics;

(d) additional communications or training;

(e) additional Customer support services (e.g. claims dispute resolution);

(f) supporting a change in Customer's third party administrator from the TPA to another party;

(g) supporting the addition of other third party administrators beyond the TPAs named in Section 1.4 of the MSA;

(h) supporting data feeds in addition to the data feed from the TPAs; and

(i) provision of the Castlight Service to persons other than Users. Provision of any of these additional services to persons other than Users will require a separate Service Addendum, including terms and conditions and additional associated service fees to be mutually agreed by the parties.

6. PROJECT STAFF.

a. Castlight will provide the following resources prior to launch:

1. Implementation Manager;

11. Marketing/Communications lead;

iii. Legal/Finance resources to support scoping and contracting;

iv. Staff as needed to detail and execute technical work; and

v. Leadership support.

b. Customer will similarly commit the following resources:

1. Implementation Project Manager;

ii. Business Development/Legal resource to support scoping and contracting;

111. IT/Delivery staff as needed for integration, data feeds, etc.; and

iv. Leadership support.

7. UPTIME COMMITMENT. Castlight warrants to Customer that each month Uptime shall constitute at least 99.9% of Available Time for the Castlight Service ("Service Level Warranty"). If Castlight breaches the Service Level Warranty (as confirmed by the Monitoring Software), Castlight will issue a credit against the next invoice payable by Customer (and if no further invoices are due, Castlight will pay Customer the amount of the credit within thirty days of the end of this First Addendum). Such credit will be equal to five percent (5%) of Customer's monthly Service Fee.

8. TELEPHONE INQUIRY HANDLING.

- a. Calls Answered < 30 seconds: 80% of all telephone calls answered during a calendar month by Castlight's customer service representatives will be answered in thirty (30) seconds or less.
- b. Abandonment Rate: The telephone call abandonment rate will be 3.0% or less. The telephone call abandonment rate will be calculated by dividing the total number of telephone calls from persons covered under the Plan that are terminated by the caller after the call is queued by the automated telephone system for the next available customer service representative, but before the caller speaks with a customer service representative, by the total number of telephone calls from persons covered under the Plan received at Castlight's office each month.
- c. Performance Guarantee: In the event that Castlight's service performance level is determined to be less than any of the standards described in Section 8(a) and 8(b), above, during any month for any reason (except related to events outside of Castlight's control such as force majeure events), Castlight will be responsible for issuing a credit against the next invoice payable by Customer (and if no further invoices are due, Castlight will pay Customer the amount of the credit within thirty days of the end of this First Addendum). Such credit will be equal to five percent (5%) of Customer's monthly Service Fee.

9. IMPLEMENTATION FEES. In consideration of Castlight's provision of the Implementation Services under Section 3 of this First Addendum and the Communications Services under Section 4 above, Customer shall pay Castlight a nonrefundable Implementation and Communications Fee of \$***, payable concurrent with the execution of this First Addendum. Fees that Customer may be charged by the TPAs, any providers or other third parties in connection with the implementation of the Castlight Service and integration of Castlight with such parties (which may include but are not limited to fees for marketing collateral/agency costs for additional marketing developed by Customer, costs for claims extracts and/or provider directory feeds to Castlight, eligibility file feeds and time/materials payments to support Customer's outsourced call center integration into Castlight) shall be the sole responsibility of Customer.

10. FEES FOR THE CASTLIGHT SERVICES.

a. Monthly Service Fees. In consideration of Castlight's provision of the Castlight Services (including the Castlight Services to *** Users) under Section 2 of this First Addendum, for each month (or portion thereof) during the Term (as defined in the MSA) after the Launch Date, Customer will pay Castlight, in accordance with Section 11, the Service Fee (as calculated under this Section 10).

b. Monthly Service Fees. The "Service Fee" for each month commencing with the Launch Date will be the sum of:

- i. the product of: (A) the number of eligible *** Employee Users each month; and (B) the per *** Employee User per month rate of \$*** (the "Monthly *** Employee Fee"); plus
- ii. the product of: (A) the number of eligible *** Adult Dependent Users each month; and (B) the per *** Adult Dependent User rate of \$*** (the "Monthly *** Dependent Fee"); plus
- iii. the product of: (A) the number of eligible *** Users each month (which is the sum of the *** Employee Users and the *** Adult Dependent Users); and (B) the per *** User per month rate of \$*** (the "Monthly *** Fee"); plus

iv. the product of: (A) the number of eligible *** Users each month; and (B) the per *** User per month rate of \$*** (the “Monthly *** Fee”); provided that following the *** Launch Date, the Monthly *** Fee during the remainder of the Initial Term shall be the product of (x) the number of eligible *** Users each month and (y) \$***, commencing with the first day of the first month following the *** Launch Date.

c. Partial Months. Service Fees will not be adjusted on a pro rata basis. In the event of any partial month, such as upon termination of the Agreement, the full amount of the Service Fees will be payable for such month. If an employee or an adult dependent is a User on the eligibility file run on the 15th day of a month (the “Billing File Run”) he/she will be included in Customer’s self-billing process and will be deemed a User for the full month, even if the User was only a User for a portion of that month.

d. Calculation of Service Fee. On a set date each month, Customer will determine the number of *** Employee Users, *** Adult Dependent Users, *** Users and *** Users who meet the Eligibility Criteria, and Customer will calculate the full fee payable for such *** Employee Users, *** Adult Dependent Users, *** Users and *** Users, as applicable, for such month. Customer will report results of each monthly Billing File Run and the related full fee payable to Castlight by the last day of such applicable month. Castlight may verify the amount calculated by Customer by comparing the number in the Billing File Run for the applicable month to the eligibility file run with the date closest to the Billing File Run for the applicable month. A variance of up to 1% is acceptable with no risk for payment adjustments.

11. PAYMENT AND INVOICES. Customer’s payment to Castlight for the Service Fee will be due no later than thirty (30) days after the end of each month. Castlight will calculate and invoice the Customer Support Fee, if any, each month for the prior month. For all other fees (or if there are no more invoices for the Customer Support Fee), Castlight will invoice Customer and payment will be due thirty (30) days after Customer’s receipt of each invoice. If any charge owing by Customer (other than charges disputed in good faith) is 30 days or more overdue, Castlight may, without limiting its other rights and remedies, suspend the Castlight Service until such amounts are paid in full. Additionally, all amounts not paid when due will accrue interest (without the requirement of a notice) at the lower of 1.5% per month or the highest rate permissible by law until the unpaid amounts are paid in full.

12. TERM. This First Addendum shall terminate upon the termination of the MSA unless otherwise mutually agreed by the parties.

ACCEPTED AND AGREED TO FOR:

CASTLIGHT HEALTH, INC.

ADMINISTRATIVE COMMITTEE OF THE WAL-MART STORES, INC. ASSOCIATES’ HEALTH AND WELFARE PLAN

By: /s/ Randall J. Womack

By: /s/ Illegible

Its: COO

Its: Illegible

Date: 11/26/12

Date: 11/29/12

HIPAA BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) is by and between the Administrative Committee on behalf of the Wal-Mart Stores, Inc. Associates’ Health & Welfare Plan (“Covered Entity”) and Castlight Health, Inc. (“Business Associate”), and, except as expressly provided below, is effective as of September 11, 2012 (the “Agreement Effective Date”).

RECITALS

- A. In accordance with a separate agreement (“Services Agreement”) the Business Associate has agreed to perform, or assist in the performance of, functions, activities, or services on behalf of the Covered Entity involving the use or disclosure of PHI (“Services”).
- B. Covered Entity and Business Associate intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to this Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law No. 104-191 (“HIPAA”), regulations promulgated thereunder by the U.S. Department of Health and Human Services (“HIPAA Regulations”), and other applicable laws.
- C. The purpose of this Agreement is to satisfy certain standards and requirements of HIPAA, the Privacy Rule and the Security Rule, as defined below, including, but not limited to, Title 45, Sections 164.314(a)(2)(i), 164.502(e) and 164.504(e) of the Code of Federal Regulations (“CFR”) and the Health Information Technology for Economic and Clinical Health Act (“HITECH”) provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”) Pub. Law No. 111-5 and its implementing regulations.

In consideration of the mutual promises below and the exchange of information pursuant to this Agreement, the parties agree as follows:

1. Definitions.

a. “Breach” shall mean the acquisition, access, use or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI subject to the exceptions set forth in 45 C.F.R. 164.402.

(b). b. “De-identified PHI” shall mean PHI that has been de-identified in accordance with the standards set forth in 45 CFR § 164.514

c. “Designated Record Set” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501.

d. “Discovery” shall mean the first day on which a Breach is known to Business Associate (including any person, other than the individual committing the breach, that is an employee, officer, or other agent of Business Associate), or should reasonably have been known to Business Associate, to have occurred.

e. “Electronic Protected Health Information” or “Electronic PHI” shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 CFR Section 160.103, as applied to the information that Business Associate creates, receives, maintains or transmits from or on behalf of Covered Entity.

f. “Individual” shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 CFR Section 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.502(g).

g. “PHI” shall mean Protected Health Information and Electronic Protected Health Information.

h. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 162 and Part 164, Subparts A and E.

i. “Protected Health Information” shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 CFR Section 160.103, as applied to the information that Business Associate creates, receives, maintains or transmits from or on behalf of Covered Entity.

j. “Required by Law” shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 CFR Section 164.103.

k. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his or her designee.

l. “Secured PHI” shall mean PHI which is secured through the use of a technology or methodology consistent with HIPAA and HITECH and which is not Unsecured PHI.

m. “Security Incident” shall have the meaning given to such term under the Security Rule, including, but not limited to, 45 CFR Section 164.304, but shall not include, (i) unsuccessful attempts to penetrate computer networks or servers maintained by Business Associate and (ii) immaterial incidents that occur on a routine basis, such as general “pinging” or “denial of service” attacks.

n. “Security Rule” shall mean the Security Standards at 45 CFR Parts 160 and 162 and Parts 164, Subparts A and C.

o. “Unsecured PHI” shall mean PHI that is not secured through the use of a technology or methodology consistent with HIPAA and HITECH.

p. “Users” shall mean those subcontractors, agents, or third parties of the Business Associate who or which shall, in accordance with an agreement consistent with HITECH Section 13404, use or disclose the minimum necessary PHI for the purpose of providing Services.

2. Uses and Disclosures of PHI.

a. Permitted Uses and Disclosures. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI to perform the Services, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity; and (ii) use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate. If Business Associate is carrying out Covered Entity's obligations under the Privacy Rule or Security Rule pursuant to this Agreement, then Business Associate shall comply, to the extent applicable, with the requirements of the Privacy Rule and Security Rule in the performance of such obligations. Except as otherwise limited in this Agreement, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and that the person agrees to notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

b. Data Aggregation. To the extent permitted by Covered Entity in this Agreement, Business Associate may use De-identified PHI to provide Data Aggregation services as permitted by 45 CFR § 164.504(e)(2)(i)(B), including use of PHI for statistical compilations, reports, research and all other purposes allowed under applicable law.

c. De-identified Data. Business Associate may create De-identified PHI and may use or disclose such De-identified data for the provision and development of Business Associate's Services on Business Associate's password protected web based service. Business Associate shall not separately sell such de-identified data to third parties and shall not disclose such de-identified data to third parties except to users of such password protected web based service; provided, however that Business Associate may aggregate such de-identified data as permitted by the Covered Entity in this Agreement.

d. Disclosure Pursuant to Authorization. Without limiting the generality of the foregoing, Business Associate reserves the right at its sole discretion to disclose PHI in response to and in accordance with a valid written authorization executed by such individual that meets the requirements set forth in the HIPAA Privacy Rule.

3. Obligations of Business Associate.

a. Appropriate Safeguards. Business Associate shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement. Business Associate shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of PHI, as required by the Security Rule.

b. Reporting of Improper Use or Disclosure. Business Associate shall report to Covered Entity any use or disclosure of PHI not provided for by the Agreement and this Agreement within five (5) days of becoming aware of such use or disclosure. Business Associate shall report to Covered Entity any Security Incident within five (5) days of becoming aware of such incident. Business Associate shall notify Covered of any Breach of Unsecured PHI as soon as practicable, and no later than thirty (30) days after discovery of such Breach. Business Associate's notification to Covered Entity of a Breach shall include: (i) the identification of each individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed during the Breach; and (ii) any particulars regarding the Breach that Covered Entity would need to include in its notification, as such particulars are identified in 42 U.S.C. § 17932 and 45 C.F.R. § 164.404, and identify a contact person for more information when reporting.

c. Business Associate's Agents. Business Associate shall ensure that any agent, including a subcontractor, to whom it provides PHI, agrees to restrictions and conditions at least as restrictive as those that apply through this Agreement to Business Associate with respect to such PHI. Business Associate shall ensure that any agent, including a subcontractor, to whom it provides PHI, agrees to implement reasonable and appropriate safeguards to protect such information. If any agents or subcontractors of the Business Associate are not subject to the jurisdiction or laws of the United States, or if any use or disclosure of PHI in performing Services will be outside of the jurisdiction of the United States, such entities must agree by written contract with the Business Associate to be subject to the jurisdiction of the Secretary, the laws and the courts of the United States, and waive any available jurisdictional defenses as they pertain to the parties' obligations under this Agreement, the Privacy Rule or the Security Rule.

d. Access to PHI. Business Associate shall provide access, at the request of Covered Entity, within 10 business days and in the manner designated by Covered Entity, to PHI in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR Section 164.524. If the Covered Entity directs, the Business Associate shall act as the Covered Entity in complying with 45 CFR Section 164.524, including providing access and notices within 10 business days and in the manner directed under that regulation, and providing periodic notice of such access and compliance to the Covered Entity, within 10 business days and in the manner directed by it.

e. Amendment of PHI. Business Associate shall make any amendment(s) to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR Section 164.526, at the request of Covered Entity or an Individual, and within 10 business days and in the manner designated by Covered Entity. If an Individual requests an amendment of PHI directly from Business Associate or its agents or subcontractors, Business Associate must notify Covered Entity in writing within five (5) business days of receiving such request. Any denial of amendment of PHI maintained by Business Associate or its agents or subcontractors shall be the responsibility of Covered Entity, unless the Covered Entity directs the Business Associate to act on its behalf in the manner required under 45 CFR Section 164.526.

f. Documentation of Disclosures. Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI

in accordance with 45 CFR Section 164.528. At a minimum, such information shall include: (i) the date of disclosure; (ii) the name of the entity or person who received PHI and, if known, the address of the entity or person; (iii) a brief description of the PHI disclosed; and (iv) a brief statement of the purpose of the disclosure that reasonably informs the Individual of the basis for the disclosure, or a copy of the Individual's authorization, or a copy of the written request for disclosure.

g. Accounting of Disclosures. Business Associate agrees to provide to Covered Entity or an Individual, within 10 business days and in the manner designated by Covered Entity, information collected in accordance with Section 3(f) of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528. In the event that the request for an accounting is delivered directly to Business Associate or its agents or subcontractors, Business Associate shall, as directed by Covered Entity, prepare and deliver such accounting directly to the Individual in accordance with 45 CFR Section 164.528, and shall notify Covered Entity of such response. In the absence of direction from Covered Entity, Business Associate shall forward such request for an accounting to Covered Entity in writing within five (5) business days of receipt of such request. It shall be Covered Entity's responsibility to prepare and deliver any such accounting requested.

h. Retention of PHI. Notwithstanding Section 4(c) of this Agreement, Business Associate shall only retain PHI throughout the term of the Services Agreement as necessary to perform the Services and upon termination or expiration of this Agreement all PHI shall be returned to the Covered Entity or destroyed in accordance with section 4.c of this Agreement.

i. Governmental Access to Records. Business Associate shall make its internal practices, books and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule and the Security Rule.

j. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement.

k. Minimum Necessary. Business Associate (or its agents or subcontractors) shall only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure.

l. Electronic Transmission Standards. Business Associate agrees to comply with all applicable electronic transactions and code sets standards under HIPAA no later than October 16, 2003.

4. Term and Termination.

a. Term. The term of this Agreement shall commence as of the Agreement Effective Date, and shall terminate when all of the PHI provided by Covered Entity to Business

Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.

b. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate of this Agreement, Business Associate agrees that Covered Entity may provide a 30 day opportunity for Business Associate to cure the breach or end the violation, or if cure is not possible then terminate this Agreement and, if necessary and appropriate, the Services Agreement.

c. Effect of Termination. Except as provided in paragraph (ii) of this Section 4(c) and except as to PHI that has been de-identified in accordance with the standards set forth in 45 C.F.R. § 164.514(b), upon termination of this Agreement for any reason, as directed by Covered Entity, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, and shall retain no copies of the PHI. This provision shall apply to PHI that is in the possession of Users.

In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of PHI is infeasible Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. The parties agree and acknowledge that it will be infeasible for Business Associate to return or destroy PHI: (i) related to a user of Business Associate's service that has requested Business Associate retain information related to such user; and (ii) PHI stored on encrypted back-up tapes that are stored in a secure location.

5. Regulatory References. A reference in this Agreement to a section in the Privacy Rule or the Security Rule means the section as in effect or as amended, and for which compliance is required.

6. Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule, the Security Rule and HIPAA.

7. Survival. The respective rights and obligations of Business Associate under Section 4(c) of this Agreement shall survive the termination of this Agreement and the Services Agreement.

8. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

9. Effect on Services Agreement. Except as specifically required to implement the purposes of this Agreement, or to the extent inconsistent with this Agreement, all other terms of the Services Agreement shall remain in full force and effect.

10. Indemnification. In addition to, and not in limitation of, any indemnification rights of Covered Entity in the Services Agreement, Business Associate shall defend, indemnify and hold harmless the Covered Entity, the plan administrator and the plan sponsor, and their respective officers, directors, employees or agents, for any and all liabilities, damages, claims and expenses, including penalties and reasonable attorneys' fees, incurred as a result of Business Associate's material violation of the Privacy Rule, the Security Rule or this Agreement.

11. Right to Audit. During the term of this Agreement, no more than once in each 12 month period, Covered Entity may inspect and audit its records in Business Associate's or Users' custody at reasonable times during normal business hours and upon reasonable advance notice to Business Associate.

12. Interpretation. Any ambiguity or inconsistency in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Rule, the Security Rule, and HITECH.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Agreement Effective Date.

COVERED ENTITY

Wal-Mart Stores, Inc. Associates' Health & Welfare Plan

By: /s/ Lisa Woods

Print Name: Lisa Woods

Title: SR. Director of U.S. Healthcare

Date: 9-20-2012

BUSINESS ASSOCIATES

Castlight Health, Inc.

By: /s/ Charles Ott

Print Name: Charles Ott

Title: Corporate Counsel

Date: September 11, 2012

Subsidiaries of Castlight Health, Inc.

Name of Subsidiary

Jurisdiction

Castlight, Inc.

Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated February 7, 2014, in the Registration Statement (Form S-1) and related Prospectus of Castlight Health, Inc. for the registration of shares of its Class B common stock.

/s/ Ernst & Young LLP

San Francisco, CA
February 7, 2014