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As confidentially submitted to the Securities and Exchange Commission on May 8, 2019  
This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all  
information herein remains strictly confidential.

Registration No. 333-

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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

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**CROWDSTRIKE HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>7372</b> (Primary Standard Industrial Classification Code Number)	<b>45-3788918</b> (I.R.S. Employer Identification Number)
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**150 Mathilda Place, Suite 300  
Sunnyvale, California 94086  
(888) 512-8906**

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

---

**George Kurtz  
President and Chief Executive Officer  
CrowdStrike Holdings, Inc.  
150 Mathilda Place, Suite 300  
Sunnyvale, California 94086  
(888) 512-8906**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this Registration Statement becomes effective.**

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, 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, please 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 statement 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price <sup>(1)(2)</sup>	Amount of Registration Fee
Class A Common Stock, \$0.0005 par value per share	\$	\$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.

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 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 \_\_\_\_\_, 2019.

Shares



**CrowdStrike Holdings, Inc.**

**Class A Common Stock**

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This is the initial public offering of shares of Class A common stock of CrowdStrike Holdings, Inc.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately \_\_\_\_\_ % of the voting power of our outstanding capital stock immediately following the completion of this offering.

Prior to this offering, there has been no public market for shares of our Class A common stock. It is currently estimated that the initial public offering price per share will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_.

We have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "CRWD".

We are an "emerging growth company" as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings.

See the section titled "Risk Factors" beginning on page 20 to read about factors you should consider before buying shares of our Class A 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.**

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	<u>Per Share</u>	<u>Total</u>
Initial public offering price	\$	\$
Underwriting discounts <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to CrowdStrike Holdings, Inc.	\$	\$

(1) See the section titled "Underwriting" beginning on page 180 for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than \_\_\_\_\_ shares of our Class A common stock, the underwriters have an 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 of our Class A common stock against payment in New York, New York on \_\_\_\_\_, 2019.

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**Goldman Sachs & Co. LLC**

**J.P. Morgan**

**BofA Merrill Lynch**

**Barclays**

**Credit Suisse**

**Jefferies**

**RBC Capital Markets**

**Stifel**

HSBC

Macquarie Capital

Piper Jaffray

SunTrust Robinson Humphrey

BTIG

JMP Securities

Mizuho Securities

Needham & Company

Oppenheimer & Co.

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Prospectus dated

, 2019.

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BREACHES *Stop* HERE



**CROWDSTRIKE**

**“We don’t have a mission statement — we are on a mission to protect our customers from breaches.”**

— GEORGE KURTZ, CO-FOUNDER AND CEO

**137%**

Subscription Revenue  
YoY Growth Rate

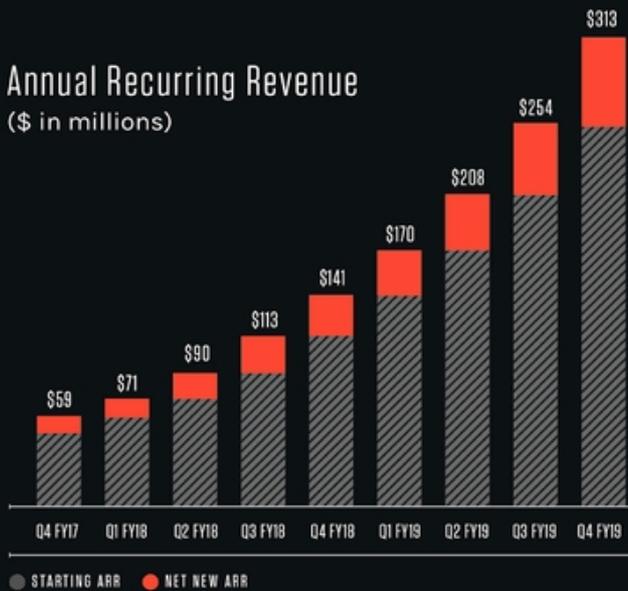
**147%**

Dollar-based Net  
Retention Rate

**2,516**

Subscription  
Customers

Annual Recurring Revenue  
(\$ in millions)



**\$313M**  
ARR

**121%**  
ARR  
YoY Growth Rate

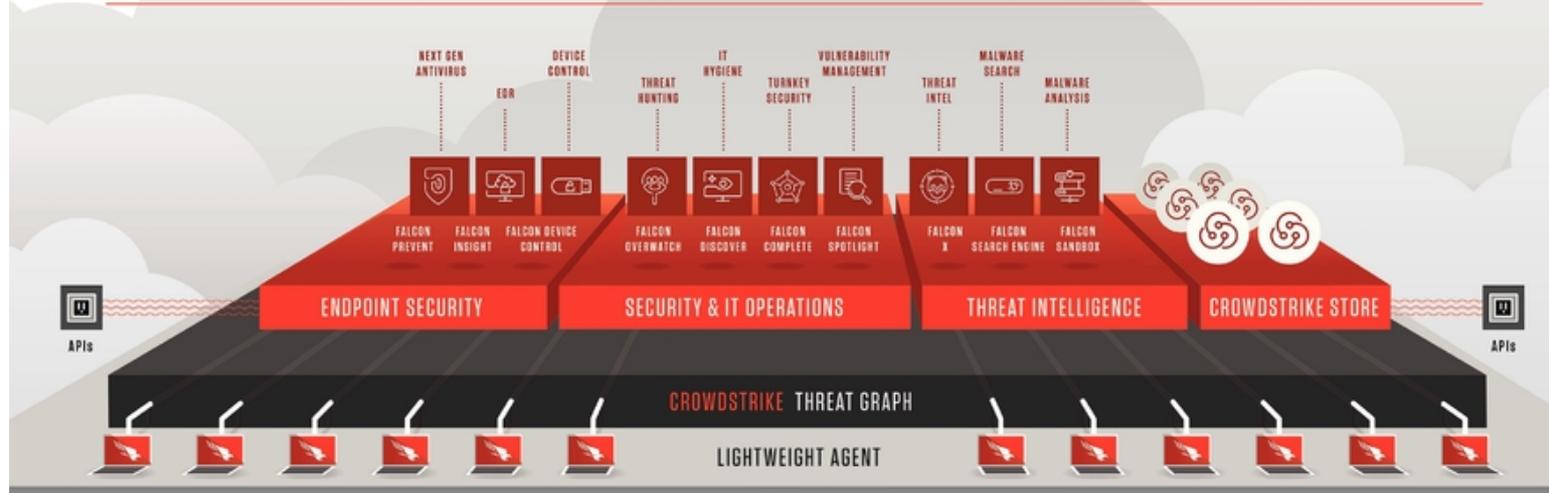
\*All data measured as of January 31, 2019 unless otherwise indicated



CROWDSTRIKE

# FALCON PLATFORM

DEFINING THE SECURITY CLOUD



**IN OUR CUSTOMER'S OWN WORDS**

"CrowdStrike Falcon provides us with the protection as well as a level of functionality and visibility we didn't find from other providers."

— DEPUTY CISO, AMAZON WEB SERVICES (AWS)

**IN OUR CUSTOMER'S OWN WORDS**

"In my career, the deployment of the CrowdStrike Falcon platform was perhaps the easiest global security technology rollout I've seen."

—CHIEF SECURITY OFFICER, ADP

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Through and including \_\_\_\_\_, 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these 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.

Neither we nor any of the underwriters have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectus we have prepared and filed with the SEC. We and the underwriters take no 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 the circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

## PROSPECTUS SUMMARY

*This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, the terms "CrowdStrike" "the company," "we," "us," and "our" in this prospectus refer to CrowdStrike Holdings, Inc. and its consolidated subsidiaries. Our fiscal year end is January 31, and our fiscal quarters end on April 30, July 31, October 31, and January 31. Our fiscal years ended January 31, 2017, January 31, 2018, and January 31, 2019 are referred to herein as fiscal 2017, fiscal 2018, and fiscal 2019, respectively.*

### CROWDSTRIKE HOLDINGS, INC.

#### Our Mission

We don't have a mission statement—we are on a mission to protect our customers from breaches.

#### Overview

We founded CrowdStrike in 2011 to reinvent security for the cloud era. When we started the company, cyberattackers had a decided, asymmetric advantage over existing security products. We turned the tables on the adversaries by taking a fundamentally new approach that leverages the network effects of crowdsourced data applied to modern technologies such as artificial intelligence, or AI, cloud computing, and graph databases. Realizing that the nature of cybersecurity problems had changed but the solutions had not, we built our CrowdStrike Falcon platform to detect threats and stop breaches.

We believe we are defining a new category called the Security Cloud, with the power to transform the security industry much the same way the cloud has transformed the CRM, HR, and service management industries. With our Falcon platform, we created the first multi-tenant, cloud native, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as laptops, desktops, servers, virtual machines, and Internet of Things, or IoT, devices. Our Falcon platform is composed of two tightly integrated proprietary technologies: our easily deployed intelligent lightweight agent and our cloud-based, dynamic graph database called Threat Graph. Our solution benefits from crowdsourcing and economies of scale, which we believe enables our AI algorithms to be uniquely effective. Today, we offer 10 cloud modules on our Falcon platform via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence.

Organizations everywhere are becoming more distributed as they adopt the cloud, increase workforce mobility, and grow their number of connected devices. They are adding more workloads to a myriad of different endpoints beyond the traditional security perimeter, exposing an increasingly broad attack surface to adversaries. In addition, the sophistication of cyberattacks has increased, often coming from nation-states, well-funded criminal organizations, and hackers using advanced, easily obtained methods of attack. On a number of occasions, adversaries have launched devastating, destructive attacks that have caused significant business disruption and billions of dollars in cumulative losses. The architectural limitations of legacy security products, coupled with a

dynamic and intensifying threat landscape, are creating the need for a fundamentally new approach to security.

Our unique approach starts with our single intelligent lightweight agent that enables frictionless deployment of our platform at scale. Our customers can rapidly adopt our technology across any type of workload running on a variety of endpoints. Our lightweight agent offloads computationally intensive tasks to the cloud, while retaining local detection and prevention capabilities that are necessary on the endpoint. The agent is nonintrusive to the end user and continues to protect the endpoint and track activity even when offline. By utilizing a single agent, customers are able to leverage all the capabilities of our platform without burdening the endpoint with multiple agents. Our lightweight agent intelligently streams high fidelity endpoint data to the cloud, where Threat Graph provides a simple, flexible, and scalable way to model highly interconnected data sets. Threat Graph processes, correlates, and analyzes over one trillion endpoint-related events per week in real time and maintains an index of these events for future use. Threat Graph continuously looks for malicious activity by applying graph analytics and AI algorithms to the data streamed from the endpoints.

We founded our company on the principle that the future of security would be driven by AI and that a cloud-native architecture would enable the collection of high fidelity data and scalability necessary for an effective solution. We call this cloud-scale AI. From the beginning, our strategy was focused on collecting data at scale, centrally storing such data in a singular model, and training our algorithms on these vast amounts of high fidelity data, which we believe is a fundamental differentiator from our competitors. Our cloud-scale AI means that the more data that is fed into our Falcon platform, the more intelligent Threat Graph becomes and the more our customers benefit, creating a powerful network effect that increases the overall value we provide. AI is revolutionizing many technology fields, including security solutions. To be truly effective, algorithms that enable artificial intelligence depend on the quality and volume of data that trains them and the selection of the right differentiating features from that data. We are uniquely effective because we have more high fidelity data to train our AI models and more security expertise to guide our feature selection—all resulting in industry-leading efficacy and low false positives. By leveraging a multi-tenant, cloud native solution, the data we analyze to stop breaches is both larger and more meaningful than the data from on-premise or single instance private cloud products. If Threat Graph discovers something in one customer environment, all customers benefit automatically and in real time. Taken together, our platform enables intelligent, dynamic automation at scale to detect threats and stop breaches.

We primarily sell our platform and cloud modules through our direct sales team that leverages our network of channel partners to maximize effectiveness and scale. We amplify our sales presence by leveraging our technology alliance partners that can deliver, embed, or build applications with data and analytics from our Falcon platform. We recently announced a strategic technology and go-to-market partnership with Dell Inc. that will enable Dell's business customers to seamlessly add the Falcon platform to their purchase of Dell hardware. In addition, Dell and SecureWorks Corp. have agreed to take our Falcon platform to market as their preferred endpoint security offering through their global sales organizations. We are also enhancing our go-to-market strategy using a low-touch, trial-to-pay approach. In May 2018, we launched a free trial of Falcon Prevent, our next-generation antivirus module, available from our website or the AWS Marketplace. We are beginning to see a number of these trial users convert to paying customers. We believe this approach will enable a higher velocity of new customer acquisition and expansion, and will extend our reach to customers of all sizes.

We have a low friction land-and-expand sales strategy. When customers deploy our Falcon platform, they can start with any number of cloud modules and we can activate additional cloud modules in real time on the same agent already deployed on the endpoint. Our integrated set of

cloud-delivered modules includes next-generation antivirus, endpoint detection and response, or EDR, device control, managed threat hunting, IT hygiene, vulnerability management, and threat intelligence. Once customers experience the benefits of our Falcon platform, they often expand their adoption over time by adding more endpoints or purchasing additional modules. Our dollar-based net retention rate, which measures expansion in existing customers' subscriptions over a 12 month period, was 147% as of January 31, 2019, demonstrating the power of our land-and-expand strategy.

Some of the world's largest enterprises, government organizations, and high profile brands trust us to protect their business. As of January 31, 2019, we had 2,516 subscription customers worldwide, including 44 of the Fortune 100, 37 of the top 100 global companies, and nine of the top 20 major banks. We began as a large enterprise solution, but the flexibility and scalability of our Falcon platform and enhanced go-to-market approach enable us to protect customers of any size—from hundreds of thousands of endpoints to as few as three. We have been recognized by numerous independent third-party analysts, including Gartner, Inc.<sup>(2)(3)</sup>, Forrester Research Inc., and International Data Corporation, or IDC.

We have recently experienced significant growth, with total revenue increasing from \$52.7 million for fiscal 2017 to \$118.8 million for fiscal 2018, representing year-over-year growth of 125%, and from \$118.8 million for fiscal 2018 to \$249.8 million for fiscal 2019, representing year-over-year growth of 110%. Subscription revenue grew from \$37.9 million for fiscal 2017 to \$92.6 million for fiscal 2018, a 144% increase, and from \$92.6 million for fiscal 2018 to \$219.4 million for fiscal 2019, a 137% increase. Our annual recurring revenue, or ARR, has grown from \$58.8 million as of January 31, 2017 to \$141.3 million as of January 31, 2018, a 140% increase, and from \$141.3 million as of January 31, 2018 to \$312.7 million as of January 31, 2019, a 121% increase. Our net loss increased from \$91.3 million for fiscal 2017 to \$135.5 million for fiscal 2018, and from \$135.5 million for fiscal 2018 to \$140.1 million for fiscal 2019. We expect to continue to incur net losses for the foreseeable future as we continue to invest in our business, and our sales capabilities in particular, to address our large market opportunity.

## **Industry Background**

### ***Cybersecurity Threats are Greater than Ever***

Today's cybersecurity threat landscape is more dangerous than ever. Breaches are complex and often executed over multiple steps known in the industry as the threat lifecycle. The typical threat lifecycle starts with an initial exploit to enter a system, historically using malware, but increasingly using malware-free or fileless methods, to penetrate endpoints and establish a beachhead inside the corporate perimeter. Once inside, adversaries move laterally across the corporate environment where they collect credentials and escalate privileges enabling the typical adversary to download a larger, more destructive malware program or connect with an external control source. At this stage in the threat lifecycle, the adversary is able to encrypt, destroy, or silently exfiltrate sensitive data.

Increasingly, adversaries are well-trained, possess significant technological and human resources, and are highly deliberate and targeted in their attacks. Adversaries today range from militaries and intelligence services of well-funded nation-states to sophisticated criminal organizations who are motivated by financial gains to hackers leveraging readily available advanced techniques. These groups and individuals are responsible for many breaches that involve theft or holding hostage financial data, intellectual property, and trade secrets. On a number of occasions, adversaries have launched devastating, destructive attacks that have caused significant business disruption and billions of dollars in cumulative losses.

### ***Proliferation of Workloads Expanding the Attack Surface***

The rise of cloud computing, workforce mobility, and growth in connected devices has created a rapid expansion of workloads across endpoints and industries. According to a 2018 Cisco white paper, the number of connected devices is expected to reach 28.5 billion by 2022, up from 18 billion in 2017. As a result, devices, applications, and data are highly distributed and diverse, challenging organizations to monitor and protect all of their workloads running on various endpoints. The adoption of many of these technologies and the resulting disappearance of the corporate perimeter have expanded the attack surface and left many organizations increasingly vulnerable to breach. Today, workloads running on endpoints, such as laptops and servers, are the primary targets in a security attack since they are vulnerable and frequently are repositories of valuable and sensitive data, including intellectual property, authentication credentials, personally identifiable information, financial information, and other digital assets. As new workloads are provisioned on emerging mobile and IoT devices, oftentimes residing outside of the corporate perimeter, increasingly more sensitive and mission critical data will be generated and stored on these endpoints as well.

### ***On-Premise Security Architectures are Constrained***

On-premise products are siloed, lack integration, and have limited ability to collect, process, and analyze vast amounts of data—attributes that are required to be effective in today's increasingly dynamic threat landscape. Legacy vendors often deploy more agents to the endpoint as they layer on a patchwork of additional point product capabilities. This approach burdens endpoints by consuming additional storage space, memory, and processor capacity, degrading end user experience without providing effective security. In addition, integrating and maintaining numerous products, data repositories, and infrastructures across highly distributed enterprise environments is a costly and resource-intensive process for already thinly-staffed security teams.

### ***Other Existing Security Products have Limitations***

*Legacy Signature-based Products.* Signature-based products are designed to detect attacks that are already catalogued in a repository of previously identified threats, but are not capable of preventing unknown threats or stopping associated breaches. Many significant breaches seen in the last two decades have involved a failure of the legacy signature-based antivirus product to detect a previously unknown or modified version of a previously known attack.

*Malware-focused Machine Learning Products.* Traditionally, organizations have focused on protecting their networks and endpoints against malware-based attacks. These attacks involve malware built for the specific purpose of performing malicious activities, stealing data, or destroying systems. A malware-centric defensive approach will leave the organization vulnerable to attacks that do not leverage malware. According to data from our customer base indexed by Threat Graph, 40% of detections in the second quarter of fiscal 2018 were not malware-based, but instead leveraged legitimate tools built into modern operating systems, enabling attackers to accomplish their objectives without writing files to the endpoint, making them more difficult for a traditional antivirus product to detect.

*Application Whitelisting Products.* Application whitelisting products resort to an "always allow" or "always block" policy on an endpoint in order to allow or prevent processes from executing. Whitelisting relies in part on manually creating and maintaining a complex list of rules, burdening end users and IT organizations. In order to avoid these management challenges, IT organizations often create special exceptions to the whitelist that attackers leverage to compromise endpoints. Furthermore, fileless attacks can exploit legitimate whitelisted applications, compromising the integrity of the whitelisting product.

*Network-centric Security Products.* Traditional network security vendors have focused their products on perimeter-based protection. However, these approaches have decreased in relevance and effectiveness as employees and workplace devices have expanded beyond the firewall and the use of encrypted traffic has increased, creating blind spots and vulnerabilities that attackers are able to exploit. As the number of endpoints proliferates, this layer of defense cannot adequately protect information-rich endpoints and workloads that are outside the corporate perimeter.

*Bolt-on Cloud Products.* Many on-premise vendors have introduced cloud offerings by putting their on-premise products in the cloud. Such single-tenant products were not designed to run in the cloud and therefore continue to be siloed, lack integration, and possess limited scalability to identify threats across their customer base in real time. In addition, such products are complex to deploy, difficult to scale, brittle to maintain, costly to own, and can be ineffective in stopping breaches. Any product that was originally designed for on-premise deployments and migrated to the cloud cannot, by definition, be a cloud native solution.

### **Creation of the Security Cloud**

Over the last 15 years, cloud computing has revolutionized many industries in enterprise software and created significant shifts in market share away from incumbents with on-premise or single instance cloud offerings. The purpose-built, cloud native leaders that began from scratch with multi-tenant architectures, single data models, and SaaS business models have defined entirely new categories such as CRM Cloud, HR Cloud, and Service Management Cloud. We believe we are doing the same for security.

An effective solution to address the modern cybersecurity threat landscape should combine multiple methods into an integrated, data-driven, automated, and open cloud-based platform in order to provide comprehensive breach protection across the entire threat lifecycle. Such a platform requires collecting, processing, analyzing, and correlating vast amounts of high fidelity endpoint events in the cloud. This platform needs to operate at web-scale, process events in real time, possess an open architecture, and benefit from the network effects of crowdsourced data to understand attacks that happen across millions of endpoints. We believe only a cloud native approach can address today's threat landscape.

We believe we are defining a new category called the Security Cloud.

### **Our Solution**

With our Falcon platform, we created the first multi-tenant, cloud native, open, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as laptops, desktops, servers, virtual machines, and IoT devices. Our solution consists of our single intelligent lightweight agent and our powerful and dynamic cloud-based database Threat Graph. These two tightly integrated proprietary technologies continually collect, process, analyze and correlate vast amounts of high fidelity data across the entire threat lifecycle using a combination of AI and behavioral pattern-matching techniques to stop breaches. We implement this approach by crowdsourcing data across our entire customer base and taking advantage of economies of scale, which we believe enables our AI algorithms to be uniquely effective. Our cloud-based AI is also automatically shared with every customer in our community in real time. We combine multiple methods of detection, prevention, and response to known and unknown threats as well as malware and malware-free techniques across the threat lifecycle.

Our Falcon platform integrates 10 cloud modules via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence to deliver comprehensive breach

protection even against today's most sophisticated attacks. Our single data model and open cloud architecture enable us and third-party partners to rapidly innovate, build, and deploy new cloud modules to provide our customers with additional functionality across a myriad of use cases.

Our cloud modules currently span the following categories:

- **Endpoint Security:** Our next-generation antivirus, EDR, and device control modules combine machine learning and advanced behavioral techniques to defend against malware and malware-free attacks, allow for continuous and comprehensive visibility and analysis of endpoint activity, and provide administrators with visibility and granular control across USB peripheral devices.
- **Security and IT Operations:** We offer modules addressing IT hygiene, scan-less vulnerability management, a turnkey response and remediation solution, as well as a threat hunting solution that is powered by a team of elite security experts leveraging Threat Graph.
- **Threat Intelligence:** Our threat research, malware search engine, and malware analysis modules provide automated assistance to review detected threats, conduct malware research, and detonate suspicious files securely.

We recently launched the CrowdStrike Store, which is the first open cloud-based application Platform as a Service, or PaaS, for cybersecurity. The CrowdStrike Store introduces a unified Security Cloud ecosystem of trusted partners and applications to our customers. The CrowdStrike Store allows customers to rapidly and easily discover, try, and purchase applications from both trusted partners and CrowdStrike without needing to deploy and manage additional agents and infrastructures or go through lengthy sales, integration, or implementation processes. The CrowdStrike Store allows partners to bring new security applications to the market and efficiently target our customer base. Leveraging our Falcon platform, partners can develop applications that address our customers' needs without having to develop and support their own agents, invest in underlying infrastructure, or hire additional sales personnel. We believe the CrowdStrike Store will cultivate a rich, innovative, and trusted ecosystem between our partners and customers, increasing the overall value of our Falcon platform.

Earlier this year, we announced CrowdStrike Falcon for Mobile, the first enterprise EDR solution for mobile devices, which we expect will be commercially available later this year. Falcon for Mobile enables security teams to hunt for advanced threats on mobile devices while providing enhanced visibility into malicious, unwanted, or accidental access to sensitive corporate data, while protecting user privacy and without impacting device performance. Falcon for Mobile closes the gap between disparate mobile endpoint and enterprise defense solutions by leveraging our cloud-native platform and single-agent architecture.

#### **Key Benefits of Our Solution**

- **The Power of the Crowd.** Our crowdsourced data enables all of our customers to benefit from contributing to Threat Graph. As more high fidelity data is fed into our Falcon platform, there is more data to train our AI models with, increasing the overall efficacy of our Falcon platform. This benefits our customers and supports our efforts to gain more customers, creating a powerful network effect.
- **High Efficacy with Low False Positives.** Our Falcon platform collects, processes, correlates, and analyzes high fidelity data on both real-world attacks and benign behavioral patterns to continually train and enhance our algorithms, resulting in industry-leading threat detection and low false positive rates.

- **Consolidation of Siloed Products.** Our platform enables our customers to reduce or streamline their siloed and layered security products, simplifying operations while providing a comprehensive solution.
- **Consolidation of Agents.** All of our cloud modules are powered by a single intelligent agent, allowing customers to consolidate and remove numerous agents from their infrastructure and restore endpoint performance.
- **Rapid Time to Value.** We streamline the deployment process by providing cloud-delivered security with protection policies that work from day one, eliminating lengthy implementation periods and professional services engagements.
- **Constant Protection Anywhere.** Our cloud-based model allows us to secure any type of workload across a variety of customer endpoints such as laptops, desktops, servers, virtual machines, and IoT devices. In addition, once our agent is deployed on an endpoint it continues to protect the endpoint and track activity even when offline.
- **Elite Security Team as a Force Multiplier.** OverWatch, our threat hunting cloud module, combines world class human intelligence from our elite security experts with the power of Threat Graph.
- **Bridging the Security Skills Gap through Automation.** Our solution automates certain previously manual tasks, freeing up personnel to focus on their most important objectives. Our Falcon Complete module provides a turnkey solution that combines endpoint security with remediation and response capabilities.
- **Lowering Total Cost of Ownership.** Our cloud-based platform eliminates our customers' need for initial or ongoing purchases of hardware and does not require their personnel to configure, implement, or integrate disparate point products.

### Our Opportunity

Our customers utilize our Falcon platform and cloud modules across a wide variety of use cases. Our total addressable market initially began as a replacement opportunity in the corporate endpoint security market, but has significantly expanded due to rapid innovation and adoption of our cloud modules across additional security and non-security markets. In addition, our increasing market opportunity is driven by the proliferation of enterprise mobility, adoption of cloud computing, the benefits of big data, and an increasingly dynamic and intensifying threat landscape.

Our approach to protecting workloads running on the endpoint is unique and innovative. Because of our architecture, our Falcon platform is the first solution to natively address multiple security markets, including markets not typically associated with endpoint security. Today, the five markets we address are comprised of:

**Corporate Endpoint Security.** In 2013, we launched what is now Falcon OverWatch and our Falcon Insight cloud module, and in 2017 we launched Falcon Prevent, to disrupt the EDR and next-generation antivirus markets, respectively. IDC estimates that the global market for these segments will be \$7.6 billion in 2019, and is expected to reach \$8.7 billion in 2021.

**Threat Intelligence.** In 2012, we released what is now our Falcon X cloud module to address the threat intelligence market. IDC estimates that the global market for this segment will be \$1.6 billion in 2019, and is expected to reach \$2.0 billion in 2021.

**Security and Vulnerability Management.** In 2017, we released our Falcon Spotlight cloud module to address the vulnerability management market. IDC estimates that the global market for this segment will be \$8.4 billion in 2019, and is expected to reach \$10.4 billion in 2021.

**IT Service Management Software.** In 2017, we released our Falcon Discover cloud module to address our first non-security market of IT Asset Management. IDC estimates that the global market for this segment will be \$2.6 billion in 2019, and is expected to reach \$3.1 billion in 2021.

**Managed Security Services.** In 2018, we released our Falcon Complete cloud module to address the managed security services market. IDC estimates the global market for this segment will be \$24.8 billion in 2019, and is expected to reach \$29.6 billion in 2021. We estimate that our directly addressable opportunity in this segment is approximately \$4.4 billion in 2019 and will reach \$5.1 billion in 2021. In assessing the size of our addressable opportunity in this segment, we compared estimates from third party reports of the size of the corporate endpoint security market in which we operate to the size of the total IT security products market in the relevant year to infer the portion of the managed security services market in such year that would be addressable by our offerings.

Combining these segments, our global opportunity is estimated to be \$24.6 billion in 2019, and is expected to reach \$29.2 billion in 2021.

We believe our Falcon platform provides broad applicability and functionality across the security and IT operations markets. We plan on continuing to leverage our endpoint data sets to rapidly innovate and create new cloud modules that we believe will significantly expand our market opportunity over time. In addition, we believe more workloads will be run on endpoints such as IoT devices, generating and storing increasing amounts of sensitive, mission critical data. We believe our Falcon platform will be best suited to address such workloads that often reside outside of the corporate perimeter and require a cloud native solution for pervasive protection.

### Growth Strategy

- **Grow Our Customer Base by Replacing Legacy and Other Endpoint Security Products.** We grew our subscription customer base by 1,274 customers from 1,242 at January 31, 2018 to 2,516 at January 31, 2019, representing a 103% increase. We will continue to invest in customer acquisition programs, including our channel partnerships, and new programs like our recently launched free trial program of Falcon Prevent that is easily downloaded from our website and AWS Marketplace.
- **Further Penetrate Existing Customers.** When customers deploy our lightweight agent, they can easily add additional cloud modules. While some new customers initially deploy our Falcon platform broadly across the organization, others elect to deploy only in selected business units and later deploy on additional endpoints and subscribe to additional modules. The power of our land-and-expand strategy is evidenced by our 147% dollar-based net retention rate as of January 31, 2019.
- **Leverage our Falcon Platform to Enter New Markets.** Since 2016, we have launched seven new cloud modules on our platform. Because our lightweight agent collects diverse endpoint data once for repeated use, we can expand our addressable market by rapidly adding new cloud modules that leverage this data. We intend to continue to develop new cloud modules for broader endpoint use cases such as IT configuration management, performance monitoring, and IT operations that leverage this data as well as new classes of endpoints such as those created by IoT.
- **Broaden Reach into New Customer Segments.** While we initially targeted large sophisticated enterprises, we have expanded our go-to-market efforts to include customers of all sizes with a dedicated inside sales team focused on smaller organizations. We continue to look for new ways to broaden our reach into new customer segments.

- **Broaden Reach into the U.S. Federal Government Vertical.** We are investing in the acquisition of customers in the U.S. federal government vertical. Our platform recently received Federal Risk and Authorization Management Program, or FedRAMP, compliance certification and has been added to the Department of Homeland Security's Continuous Diagnostics and Mitigation Approved Products List to provide federal agencies with innovative security tools. In addition, our platform is deployed in the AWS GovCloud.
- **Expand Our International Footprint.** We intend to grow our international customer base by increasing our investments in our overseas operations, including adding headcount in Europe, the Middle East, Asia-Pacific, and Japan, and establishing overseas data centers.
- **Extend our Falcon Platform and Ecosystem.** We designed our architecture to be open, interoperable, and highly extensible. We intend to invest in our ecosystem and partner relationships to extend the functionality of our platform and support new use cases that take advantage of the high fidelity data in our Threat Graph. As one such example, we recently launched the CrowdStrike Store, the first open cloud-based application PaaS for cybersecurity and the industry's first unified security cloud ecosystem of trusted third-party applications.

### Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- We have experienced rapid growth in recent periods, and if we do not manage our future growth, our business and results of operations will be adversely affected.
- We have a history of losses and may not be able to achieve or sustain profitability in the future.
- Our limited operating history makes it difficult to evaluate our current business and future prospects, and may increase the risk of your investment.
- If organizations do not adopt cloud-based SaaS-delivered endpoint security solutions, our ability to grow our business and results of operations may be adversely affected.
- If we are unable to attract new customers, our future results of operations could be harmed.
- If our customers do not renew their subscriptions for our products and add additional cloud modules to their subscriptions, our future results of operations could be harmed.
- We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and results of operations.
- If our solutions fail or are perceived to fail to detect or prevent incidents or have or are perceived to have defects, errors, or vulnerabilities, our brand and reputation would be harmed, which would adversely affect our business and results of operations.
- As a cybersecurity provider, we have been, and expect to continue to be, a target of cyberattacks. If our internal networks, systems, or data are or are perceived to have been breached, our reputation may be damaged and our financial results may be negatively affected.
- Our business is focused on cloud-based data analytics, and cybersecurity, privacy, and other regulations may affect how we collect and process certain types of data.

- We rely on third-party data centers, such as Amazon Web Services, and our own colocation data centers, to host and operate our Falcon platform, and any disruption of or interference with our use of these facilities may negatively affect our ability to maintain the performance and reliability of our Falcon platform, which could cause our business to suffer.
- If we do not effectively expand and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.
- Our results of operations may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below expectations.
- Claims by others that we infringe their proprietary technology or other intellectual property rights could result in significant costs and substantially harm our business, financial condition, results of operations, and prospects.
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock (or options or other securities convertible into or exercisable for our capital stock) prior to the completion of this offering, including our executive officers, employees, directors, current principal stockholders, and their affiliates, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval. Upon the completion of this offering, our executive officers, directors, each of our stockholders that currently owns more than five percent of our outstanding capital stock, and their respective affiliates will hold, in aggregate,       % of the voting power of our outstanding capital stock. Furthermore, three of our current stockholders and their affiliates will hold, in aggregate,       % of the voting power of our outstanding capital stock.

### **Channels for Disclosure of Information**

Following the completion of this offering, we intend to announce material information to the public through filings with the SEC, the investor relations page on our website ([www.crowdstrike.com](http://www.crowdstrike.com)), press releases, public conference calls, and public webcasts.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

### **Corporate Information**

CrowdStrike, Inc. was incorporated in the state of Delaware in August 2011. We then incorporated CrowdStrike Holdings, Inc. in the state of Delaware in November 2011, which acquired all shares of CrowdStrike, Inc. held by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., or Warburg Pincus, such that CrowdStrike, Inc. became our wholly-owned subsidiary. Our principal executive offices are located at 150 Mathilda Place, Suite 300, Sunnyvale, California 94086, and our telephone number is (888) 512-8906. Our website address is [www.crowdstrike.com](http://www.crowdstrike.com). Information contained on, or that can be accessed through, our website does not constitute part of this prospectus and inclusions of our website address in this prospectus are inactive textual references only.

The CrowdStrike design logo, "CrowdStrike," "CrowdStrike Falcon," "CrowdStrike Threat Graph," and our other registered or common law trademarks, service marks, or trade names appearing in this prospectus are the property of CrowdStrike Holdings, Inc. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

### **Implications of Being an Emerging Growth Company**

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise applicable generally to public companies. These reduced reporting requirements include:

- the requirement to present only two years of audited financial statements and only two years of related management's discussion and analysis in this prospectus;
- 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
- an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or stockholder approval of any golden parachute arrangements.

We may take advantage of these exemptions until such 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 will remain an emerging growth company until the earliest to occur of: (i) the first fiscal year following the fifth anniversary of our initial public offering; (ii) the first fiscal year after our annual gross revenue is \$1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iv) as of the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded \$700.0 million as of the end of the second quarter of that fiscal year.

Further, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our results of operations and financial statements may not be comparable to the results of operations and financial statements of other companies who have adopted the new or revised accounting standards. It is possible that some investors will find our Class A common stock less attractive as a result, which may result in a less active trading market for our Class A common stock and higher volatility in our stock price. See the section titled "Risk Factors—Risks Related to Our Business—Our reported financial results may be affected by changes in accounting principles generally accepted in the United States, such as the adoption of ASC 606, and difficulties in implementing these changes could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us."

**The Offering**

Class A common stock offered by us	shares	
Class A common stock to be outstanding after this offering	shares ( additional shares in full)	shares, if the underwriters exercise their option to purchase
Class B common stock to be outstanding after this offering	shares	
Total Class A and Class B common stock to be outstanding after this offering	shares	
Underwriters' option to purchase additional shares of Class A common stock from us	shares ( additional shares in full)	shares, if the underwriters exercise their option to purchase
Use of proceeds	<p>We estimate that the net proceeds from the sale of shares of our Class A common stock in this offering will be approximately \$            million (or approximately \$            million if the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full), based upon the assumed initial public offering price of \$            per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, sales and marketing activities, research and development, general and administrative matters, and capital expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions, products, or businesses that complement our business, although we have no present commitments or agreements to enter into any such acquisitions or investments. See the section titled "Use of Proceeds" for additional information.</p>	
Voting rights	<p>Shares of our Class A common stock will be entitled to one vote per share.</p> <p>Shares of our Class B common stock will be entitled to ten votes per share.</p>	

The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders unless otherwise required by Delaware law or our amended and restated certificate of incorporation. See "Description of Capital Stock."

Concentration  
of ownership

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock (or options or other securities convertible into or exercisable for our capital stock) prior to the completion of this offering, including our executive officers, employees, directors, current principal stockholders, and their affiliates, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. Upon the completion of this offering, our executive officers, directors, each of our stockholders that currently owns more than five percent of our outstanding capital stock, and their respective affiliates will hold, in aggregate, % of the voting power of our outstanding capital stock. Furthermore, three of our current stockholders and their affiliates will hold, in aggregate, % of the voting power of our outstanding capital stock. For more information, see "Principal Stockholders."

All shares of Class B common stock will automatically convert into shares of our Class A common stock on the earliest of (i) the date specified by the holders of two-thirds of the then outstanding shares of our Class B common stock, (ii) the date on which the number of outstanding shares of our Class B common stock represents less than 5% of the number of outstanding shares of our Class A common stock and our Class B common stock, taken together as a single class, which calculation excludes certain Acquisition Securities, as defined in our amended and restated certificate of incorporation to be in effect after the completion of this offering and (iii) the date that is nine months after the death or permanent and total disability of our founder, George Kurtz, provided that such date may be extended by a majority of the independent members of our board of directors to a date that is not longer than 18 months from the date of such death or disability. For more information, see "Description of Capital Stock."

Proposed  
Nasdaq  
Global Select  
Market  
trading  
symbol

"CRWD"

The number of shares of our common stock that will be outstanding after this offering is based on 178,688,971 shares of our Class B common stock (including shares of our redeemable

convertible preferred stock on an as-converted basis) outstanding as of January 31, 2019, and excludes:

- 26,535,487 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$3.87 per share;
- 4,059,407 shares of our Class B common stock issuable upon the satisfaction of a performance-based vesting condition pursuant to restricted stock units, or RSUs, outstanding as of January 31, 2019;
- 336,386 shares of our Class B common stock, on an as-converted basis, issuable upon the exercise of warrants to purchase 336,386 shares of our redeemable convertible preferred stock that were outstanding as of January 31, 2019, with a weighted-average exercise price of \$2.94 per share; and
- shares of our Class A common stock reserved for future issuance under our equity compensation plans, including:
  - shares of our Class A common stock to be reserved for future issuance under our 2019 Equity Incentive Plan, or our 2019 Plan, which will become effective prior to the completion of this offering;
  - 1,540,071 shares of our Class B common stock reserved for future issuance under our Amended and Restated 2011 Stock Incentive Plan, or our 2011 Plan, as of January 31, 2019. Shares reserved for issuance under our 2011 plan will be added to the shares of our Class A common stock to be reserved for future issuance under our 2019 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our 2019 Employee Stock Purchase Plan, or our ESPP, which will become effective prior to the completion of this offering.

Our 2019 Plan and ESPP each provide for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2019 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled "Executive Compensation—Employee Benefit and Stock Plans."

Except as otherwise indicated, all information in this prospectus assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of an aggregate of 131,267,586 shares of our redeemable convertible preferred stock outstanding as of January 31, 2019, into an equivalent number of shares of our Class B common stock, which will occur immediately prior to the completion of this offering;
- the automatic conversion of our redeemable convertible preferred stock warrants to Class B common stock warrants, and the resulting reclassification of our redeemable convertible preferred stock warrant liability to additional paid-in-capital, which will occur immediately prior to the completion of this offering;
- no exercise of outstanding options or warrants and no settlement of outstanding RSUs subsequent to January 31, 2019; and
- no exercise by the underwriters of their option to purchase additional shares of our Class A common stock from us.

### Summary Consolidated Financial and Other Data

The following table summarizes our consolidated financial data. The summary consolidated statements of operations data presented below for fiscal 2017, fiscal 2018, and fiscal 2019 and the consolidated balance sheet data presented below as of January 31, 2019 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated financial data should be read together with our audited consolidated financial statements and the related notes, as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus. Our historical results are not necessarily indicative of our results in any future period.

	<b>Year Ended January 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>(in thousands, except per share data)</b>		
<b>Consolidated Statement of Operations Data:</b>			
Revenue			
Subscription	\$ 37,895	\$ 92,568	\$ 219,401
Professional services	14,850	26,184	30,423
Total revenue	<u>52,745</u>	<u>118,752</u>	<u>249,824</u>
Cost of revenue <sup>(1)</sup>			
Subscription	24,378	39,857	69,208
Professional services	9,628	14,629	18,030
Total cost of revenue	<u>34,006</u>	<u>54,486</u>	<u>87,238</u>
Gross profit	<u>18,739</u>	<u>64,266</u>	<u>162,586</u>
Operating expenses			
Sales and marketing <sup>(1)</sup>	53,748	104,277	172,682
Research and development <sup>(1)</sup>	39,145	58,887	84,551
General and administrative <sup>(1)</sup>	16,402	32,542	42,217
Total operating expenses	<u>109,295</u>	<u>195,706</u>	<u>299,450</u>
Loss from operations	(90,556)	(131,440)	(136,864)
Interest expense	(615)	(1,648)	(428)
Other expense, net	(82)	(1,473)	(1,418)
Loss before provision for income taxes	(91,253)	(134,561)	(138,710)
Provision for income taxes	(87)	(929)	(1,367)
Net loss	<u>\$ (91,340)</u>	<u>\$ (135,490)</u>	<u>\$ (140,077)</u>
Accretion of redeemable convertible preferred stock	(17,012)	(5,853)	—
Net loss attributable to common stockholders	<u>\$ (108,352)</u>	<u>\$ (141,343)</u>	<u>\$ (140,077)</u>
Net loss per share attributable to common stockholders, basic and diluted <sup>(2)</sup>	<u>\$ (2.73)</u>	<u>\$ (3.38)</u>	<u>\$ (3.12)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted <sup>(2)</sup>	<u>39,706</u>	<u>41,876</u>	<u>44,863</u>
Pro forma net loss per share, basic and diluted (unaudited) <sup>(2)</sup>			<u>\$ (0.80)</u>
Weighted-average shares used in computing pro forma net loss per share, basic and diluted (unaudited) <sup>(2)</sup>			<u>171,202</u>

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

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 91	\$ 341	\$ 894
Sales and marketing	638	1,386	5,175
Research and development	561	3,429	7,815
General and administrative	704	7,187	6,621
Total stock-based compensation expense	<u>\$ 1,994</u>	<u>\$ 12,343</u>	<u>\$ 20,505</u>

- (2) See Note 2 and Note 15 to our consolidated financial statements elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share attributable to our common stockholders, our basic and diluted pro forma net loss per share, and the weighted-average number of shares used in the computation of the per share amounts.

	As of January 31, 2019		
	Actual	Pro Forma <sup>(1)</sup>	Pro Forma As Adjusted <sup>(2)(3)</sup>
	(in thousands)		
<b>Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 88,408	\$ 88,408	
Working capital <sup>(4)</sup>	49,968	49,968	
Total assets	433,219	433,219	
Deferred revenue, current and noncurrent	290,067	290,067	
Redeemable convertible preferred stock	557,912	—	
Accumulated deficit	(519,126)	(529,488)	
Total stockholders' equity (deficit)	(487,793)	74,656	

- (1) The pro forma column in the balance sheet data above reflects (i) the automatic conversion of an aggregate of 131,267,586 shares of our outstanding redeemable convertible preferred stock into an equivalent number of Class B common stock immediately prior to the completion of this offering, (ii) the automatic conversion of the redeemable convertible preferred stock warrants to Class B common stock warrants, and the resulting reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in-capital, (iii) stock-based compensation expense of approximately \$10.4 million associated with RSUs subject to service-based and performance-based vesting conditions, which we will recognize upon the completion of this offering, as further described in Note 2 to our consolidated financial statements included elsewhere in this prospectus, and (iv) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware.
- (2) The pro forma as adjusted column further reflects the receipt of \$ million in net proceeds from our sale of shares of Class A 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 cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.
- (3) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the assumed offering price range set forth on the cover of this prospectus, would increase or decrease, as applicable the amount of our pro forma cash and cash equivalents, working capital, total assets, and total stockholders' equity by \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the amount of our pro forma cash and cash equivalents, working capital, total assets, and total stockholders' equity by \$ million, assuming the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions.
- (4) Working capital is defined as current assets less current liabilities.

### Key Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. We believe the following metrics are useful in evaluating our business.

**Subscription Customers**

We believe that our ability to increase the number of subscription customers on our platform is an indicator of our market penetration, the growth of our business, and our potential future business opportunities. We have a history of growing the number of customers who subscribe to our Falcon platform, which does not include customers solely of our incident response and proactive services. We have consistently increased the number of subscription customers period-over-period, and we expect this trend to continue as we increase the number of subscription customers who are small and medium sized businesses, and as larger enterprises continue to replace or supplement their legacy on-premise security products. The following table sets forth the number of subscription customers as of the dates presented:

	As of January 31,		
	2017	2018	2019
Subscription customers	450	1,242	2,516
Year-over-year growth	173%	176%	103%

**Annual Recurring Revenue**

We believe that ARR is a key metric to measure our business because it is driven by our ability to acquire new subscription customers and to maintain and expand our relationship with existing subscription customers. ARR is calculated as the annualized value of our customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. The following table sets forth our ARR as of the dates presented:

	As of January 31,		
	2017	2018	2019
	(dollars in thousands)		
Annual recurring revenue	\$ 58,758	\$ 141,314	\$ 312,656
Year-over-year growth	110%	140%	121%

**Dollar-Based Net Retention Rate**

We believe that our ability to retain and grow the subscription revenue generated from our existing subscription customers is an indicator of the long-term value of our subscription customer relationships and our potential future business opportunities. We track our performance in this area by measuring our dollar-based net retention rate, which compares our ARR from a set of subscription customers against the same metric for those subscription customers from the prior year. Our dollar-based net retention rate reflects customer renewals, expansion, contraction and churn, and excludes revenue from our incident response and proactive services. Since January 2016, our dollar-based net retention rate has consistently exceeded 100%, which is primarily attributable to an expansion of endpoints within, and cross-selling additional cloud modules to, our existing subscription customers. We calculate our dollar-based net retention rate as of a period end by starting with the ARR from all subscription customers as of 12 months prior to such period end, or Prior Period ARR. We then calculate the ARR from these same subscription customers as of the current period end, or Current Period ARR. Current Period ARR includes any expansion and is net of contraction or churn over the trailing 12 months but excludes revenue from new subscription customers in the current period. We then divide the Current Period ARR by the Prior Period ARR to

arrive at our dollar-based net retention rate. The following table sets forth the dollar-based net retention rates as of the dates presented:

	As of January 31,		
	2017	2018	2019
	104%	119%	147%
Dollar-based net retention rate			

### Non-GAAP Financial Measures

We believe that, in addition to our results determined in accordance with U.S. generally accepted accounting principles, or GAAP, non-GAAP subscription gross profit, non-GAAP subscription gross margin, non-GAAP loss from operations, non-GAAP operating margin, free cash flow, and free cash flow margin are useful in evaluating our business, results of operations and financial condition.

See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for explanations of how we calculate these measures and for reconciliation to the most directly comparable financial measure stated in accordance with GAAP.

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Subscription gross profit	\$ 13,517	\$ 52,711	\$ 150,193
Non-GAAP subscription gross profit	\$ 13,664	\$ 53,087	\$ 151,209
Subscription gross margin	36%	57%	68%
Non-GAAP subscription gross margin	36%	57%	69%
Loss from operations	\$ (90,556)	\$ (131,440)	\$ (136,864)
Non-GAAP loss from operations	\$ (88,465)	\$ (118,302)	\$ (115,776)
Operating margin	(172)%	(111)%	(55)%
Non-GAAP operating margin	(168)%	(100)%	(46)%
Net cash used in operating activities	\$ (51,998)	\$ (58,766)	\$ (22,968)
Net cash used in investing activities	\$ (11,854)	\$ (28,330)	\$ (142,030)
Net cash provided by financing activities	\$ 17,460	\$ 126,831	\$ 190,389
Free cash flow	\$ (64,645)	\$ (94,992)	\$ (65,613)
Net cash used in operating activities as a percentage of revenue	(99)%	(49)%	(9)%
Free cash flow margin	(123)%	(80)%	(26)%

### Non-GAAP Subscription Gross Profit and Non-GAAP Subscription Gross Margin

We define non-GAAP subscription gross profit and non-GAAP subscription gross margin as GAAP subscription gross profit and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and amortization of acquired intangible assets. We believe non-GAAP subscription gross profit and non-GAAP subscription gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these eliminate the effects of certain variables from period to period for reasons unrelated to our overall operating performance.

***Non-GAAP Loss from Operations and Non-GAAP Operating Margin***

We define non-GAAP loss from operations and non-GAAP operating margin as GAAP loss from operations and GAAP operating margin, respectively, excluding stock-based compensation expense, amortization of acquired intangible assets, and acquisition related expenses. We believe non-GAAP loss from operations and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these metrics generally eliminate the effects of certain variables from period to period for reasons unrelated to our overall operating performance.

***Free Cash Flow and Free Cash Flow Margin***

Free cash flow is a non-GAAP financial measure that we define as net cash used in operating activities less purchases of property and equipment, capitalized internal-use software, acquisition of intangible assets, and cash used for business combinations. Free cash flow margin is calculated as free cash flow divided by total revenue. We believe that free cash flow and free cash flow margin are useful indicators of liquidity that provide information to management and investors, even if negative, as they provide useful information about the amount of cash consumed by our operating activities that is not available to be used for purchases of property and equipment and other strategic initiatives. For example, as free cash flow is negative, we will need to access cash reserves or other sources of capital for these investments. One limitation of free cash flow and free cash flow margin is that they do not reflect our future contractual commitments. Additionally, free cash flow does not represent the total increase or decrease in our cash balance for a given period.

## RISK FACTORS

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

### **Risks Related to Our Business and Industry**

***We have experienced rapid growth in recent periods, and if we do not manage our future growth, our business and results of operations will be adversely affected.***

We have experienced rapid revenue growth in recent periods and we expect to continue to invest broadly across our organization to support our growth. For example, our headcount grew from 324 employees as of January 31, 2016, to 550 employees as of January 31, 2017, to 910 employees as of January 31, 2018, to 1,455 employees as of January 31, 2019. Although we have experienced rapid growth historically, we may not sustain our current growth rates nor can we assure you that our investments to support our growth will be successful. The growth and expansion of our business will require us to invest significant financial and operational resources and the continuous dedication of our management team. We have encountered and will continue to encounter risks and difficulties frequently experienced by rapidly growing companies in evolving industries, including market acceptance of our Falcon platform, adding new customers, intense competition, and our ability to manage our costs and operating expenses. Our future success will depend in part on our ability to manage our growth effectively, which will require us to, among other things:

- effectively attract, integrate, and retain a large number of new employees, particularly members of our sales and marketing and research and development teams;
- further improve our Falcon platform, including our cloud modules, and IT infrastructure, including expanding and optimizing our data centers, to support our business needs;
- enhance our information and communication systems to ensure that our employees and offices around the world are well coordinated and can effectively communicate with each other and our growing base of channel partners and customers; and
- improve our financial, management, and compliance systems and controls.

If we fail to achieve these objectives effectively, our ability to manage our expected growth, ensure uninterrupted operation of our Falcon platform and key business systems, and comply with the rules and regulations applicable to our business could be impaired. Additionally, the quality of our platform and services could suffer and we may not be able to adequately address competitive challenges. Any of the foregoing could adversely affect our business, results of operations, and financial condition.

***We have a history of losses and may not be able to achieve or sustain profitability in the future.***

We have incurred net losses in all periods since our inception, and we may not achieve or maintain profitability in the future. We experienced net losses of \$91.3 million, \$135.5 million,

\$140.1 million for fiscal 2017, fiscal 2018, and fiscal 2019, respectively. As of January 31, 2019, we had an accumulated deficit of \$519.1 million. While we have experienced significant growth in revenue in recent periods, we cannot predict when or whether we will reach or maintain profitability. We also expect our operating expenses to increase in the future as we continue to invest for our future growth, which will negatively affect our results of operations if our total revenue does not increase. We cannot assure you that these investments will result in substantial increases in our total revenue or improvements in our results of operations. In addition to the anticipated costs to grow our business, we also expect to incur significant additional legal, accounting, and other expenses as a newly public company. Any failure to increase our revenue as we invest in our business or to manage our costs could prevent us from achieving or maintaining profitability or positive cash flow.

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

We were founded in November 2011 and launched our first endpoint security solution in 2013. Our limited operating history makes it difficult to evaluate our current business, future prospects, and other trends, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks, uncertainties, and difficulties frequently experienced by rapidly growing companies in evolving industries, including our ability to achieve broad market acceptance of cloud-based, SaaS-delivered endpoint security solutions and our Falcon platform, attract additional customers, grow partnerships, compete effectively, build and maintain effective compliance programs, and manage increasing expenses as we continue to invest in our business. If we do not address these risks, uncertainties, and difficulties successfully, our business, and results of operations will be harmed. Further, we have limited historical financial data, and we operate in a rapidly evolving market. As a result, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market.

***If organizations do not adopt cloud-based SaaS-delivered endpoint security solutions, our ability to grow our business and results of operations may be adversely affected.***

We believe our future success will depend in large part on the growth, if any, in the market for cloud-based SaaS-delivered endpoint security solutions. The use of SaaS solutions to manage and automate security and IT operations is at an early stage and rapidly evolving. As such, it is difficult to predict its potential growth, if any, customer adoption and retention rates, customer demand for our solutions, or the success of existing competitive products. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our solutions and those of our competitors. If our solutions do not achieve widespread adoption or there is a reduction in demand for our solutions due to a lack of customer acceptance, technological challenges, competing products, privacy concerns, decreases in corporate spending, weakening economic conditions or otherwise, it could result in early terminations, reduced customer retention rates, or decreased revenue, any of which would adversely affect our business, results of operations, and financial results. We do not know whether the trend in adoption of cloud-based SaaS-delivered endpoint security solutions we have experienced in the past will continue in the future. Furthermore, if we or other SaaS security providers experience security incidents, loss or disclosure of customer data, disruptions in delivery, or other problems, the market for SaaS solutions as a whole, including our security solutions, will be negatively affected. You should consider our business and prospects in light of the risks and difficulties we encounter in this new and evolving market.

***If we are unable to attract new customers, our future results of operations could be harmed.***

To expand our customer base, we need to convince potential customers to allocate a portion of their discretionary budgets to purchase our Falcon platform. Our sales efforts often involve educating our prospective customers about the uses and benefits of our Falcon platform. Enterprises and governments that use legacy security products, such as signature-based or malware-based products, firewalls, intrusion prevention systems, and antivirus, for their IT security may be hesitant to purchase our Falcon platform if they believe that these products are more cost effective, provide substantially the same functionality as our Falcon platform or provide a level of IT security that is sufficient to meet their needs. We may have difficulty convincing prospective customers of the value of adopting our solution. Even if we are successful in convincing prospective customers that a cloud native platform like ours is critical to protect against cyberattacks, they may not decide to purchase our Falcon platform for a variety of reasons some of which are out of our control. For example, any future deterioration in general economic conditions may cause our customers to cut their overall security and IT operations spending, and such cuts may fall disproportionately on cloud-based security solutions like ours. Economic weakness, customer financial difficulties, and constrained spending on security and IT operations may result in decreased revenue and adversely affect our results of operations and financial conditions. Additionally, if the incidence of cyberattacks were to decline, or enterprises or governments perceive that the general level of cyberattacks has declined, our ability to attract new customers and expand sales of our solutions to existing customers could be adversely affected. If organizations do not continue to adopt our Falcon platform, our sales will not grow as quickly as anticipated, or at all, and our business, results of operations, and financial condition would be harmed.

***If our customers do not renew their subscriptions for our products and add additional cloud modules to their subscriptions, our future results of operations could be harmed.***

In order for us to maintain or improve our results of operations, it is important that our customers renew their subscriptions for our Falcon platform when existing contract terms expire, and that we expand our commercial relationships with our existing customers by selling additional cloud modules and by deploying to more endpoints in their environments. Our customers have no obligation to renew their subscription for our Falcon platform after the expiration of their contractual subscription period, which is generally one year, and in the normal course of business, some customers have elected not to renew. In addition, our customers may renew for shorter contract subscription lengths or cease using certain cloud modules. Our customer retention and expansion may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our services, our pricing, customer security and networking issues and requirements, our customers' spending levels, decreases in the number of endpoints to which our customers deploy our solutions, mergers and acquisitions involving our customers, industry developments, competition and general economic conditions. If our efforts to maintain and expand our relationships with our existing customers are not successful, our business, results of operations, and financial condition may materially suffer.

***We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition, and results of operations.***

The market for security and IT operations solutions is intensely competitive, fragmented, and characterized by rapid changes in technology, customer requirements, industry standards, increasingly sophisticated attackers, and by frequent introductions of new or improved products to combat security threats. We expect to continue to face intense competition from current competitors, as well as from new entrants into the market. If we are unable to anticipate or react to

these challenges, our competitive position could weaken, and we could experience a decline in revenue or reduced revenue growth, and loss of market share that would adversely affect our business, financial condition, and results of operations. Our ability to compete effectively depends upon numerous factors, many of which are beyond our control, including, but not limited to:

- product capabilities, including performance and reliability, of our Falcon platform, including our cloud modules, services, and features compared to those of our competitors;
- our ability, and the ability of our competitors, to improve existing products, services, and features, or to develop new ones to address evolving customer needs;
- our ability to attract, retain, and motivate talented employees;
- our ability to establish and maintain relationships with channel partners;
- the strength of our sales and marketing efforts; and
- acquisitions or consolidation within our industry, which may result in more formidable competitors.

Our competitors include the following by general category:

- legacy antivirus product providers, such as McAfee, Inc. and Symantec Corporation, who offer a broad range of approaches and solutions with traditional antivirus and signature-based protection;
- alternative endpoint security providers, such as Cylance, Inc. and Carbon Black, Inc., who offer point products based on malware-only or application whitelisting techniques; and
- network security vendors, such as Palo Alto Networks, Inc. and FireEye, Inc., who are supplementing their core perimeter-based offerings with endpoint security solutions.

Many of these competitors have greater financial, technical, marketing, sales, and other resources, greater name recognition, longer operating histories, and a larger base of customers than we do. They may be able to devote greater resources to the development, promotion, and sale of services than we can, and they may offer lower pricing than we do. Further, they may have greater resources for research and development of new technologies, the provision of customer support, and the pursuit of acquisitions, or they may have other financial, technical, or other resource advantages. Our larger competitors have substantially broader and more diverse product and services offerings as well as routes to market, which may allow them to leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our platform, including our cloud modules. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering or acquisitions by our competitors or continuing market consolidation. Some of our current or potential competitors have made or could make acquisitions of businesses or establish cooperative relationships that may allow them to offer more directly competitive and comprehensive solutions than were previously offered and adapt more quickly to new technologies and customer needs. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, increased net losses and loss of market share. Further, many competitors that specialize in providing protection from a single type of security threat may be able to deliver these targeted security products to the market quicker than we can or convince organizations that these limited products meet their needs. Even if there is significant demand for cloud-based security solutions like ours, if our competitors include functionality that is, or is perceived to be, equivalent to or better than ours in legacy products that are already generally accepted as necessary components of an organization's IT security architecture, we may have difficulty increasing the market penetration of

our platform. Furthermore, even if the functionality offered by other security and IT operations providers is different and more limited than the functionality of our platform, organizations may elect to accept such limited functionality in lieu of adding products from additional vendors like us. If we are unable to compete successfully, or if competing successfully requires us to take aggressive pricing or other actions, our business, financial condition, and results of operations would be adversely affected.

***Competitive pricing pressure may reduce our gross profits and adversely affect our financial results.***

If we are unable to maintain our pricing due to competitive pressures or other factors, our margins will be reduced and our gross profits, business, results of operations, and financial condition would be adversely affected. The subscription prices for our Falcon platform, cloud modules, and professional services may decline for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new solutions by our competitors, or promotional programs offered by us or our competitors. Competition continues to increase in the market segments in which we operate, and we expect competition to further increase in the future. Larger competitors with more diverse product and service offerings may reduce the price of products or subscriptions that compete with ours or may bundle them with other products and subscriptions.

***If our solutions fail or are perceived to fail to detect or prevent incidents or have or are perceived to have defects, errors, or vulnerabilities, our brand and reputation would be harmed, which would adversely affect our business and results of operations.***

Real or perceived defects, errors or vulnerabilities in our Falcon platform and cloud modules, the failure of our platform to detect or prevent incidents, including advanced and newly developed attacks, misconfiguration of our solutions, or the failure of customers to take action on attacks identified by our platform could harm our reputation and adversely affect our business, financial position and results of operations. Because our cloud native security platform is complex, it may contain defects or errors that are not detected until after deployment. We cannot assure you that our products will detect all cyberattacks, especially in light of the rapidly changing security threat landscape that our solution seeks to address. Due to a variety of both internal and external factors, including, without limitation, defects or misconfigurations of our solutions, our solutions could become vulnerable to security incidents (both from intentional attacks and accidental causes) that cause them to fail to secure endpoints and detect and block attacks. In addition, because the techniques used by computer hackers to access or sabotage networks and endpoints change frequently and generally are not recognized until launched against a target, there is a risk that an advanced attack could emerge that our cloud native security platform is unable to detect or prevent until after some of our customers are affected. Additionally, our Falcon platform may falsely indicate a cyberattack or threat that does not actually exist, which may lessen customers' trust in our solutions.

Moreover, as our cloud native security platform is adopted by an increasing number of enterprises and governments, it is possible that the individuals and organizations behind advanced cyberattacks will begin to focus on finding ways to defeat our security platform. If this happens, our systems and subscription customers could be specifically targeted by attackers and could result in vulnerabilities in our platform or undermine the market acceptance of our Falcon platform and could adversely affect our reputation as a provider of security solutions. Because we host customer data on our cloud platform, which in some cases may contain personally-identifiable information or potentially confidential information, a security compromise, or an accidental or intentional misconfiguration or malfunction of our platform could result in personally-identifiable information

and other customer data being accessible to attackers or to other customers. Further, if a high profile security breach occurs with respect to another next-generation or cloud-based security system, our customers and potential customers may lose trust in cloud solutions generally, and cloud-based security solutions such as ours in particular.

Organizations are increasingly subject to a wide variety of attacks on their networks, systems, and endpoints. No security solution, including our Falcon platform, can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident. If any of our customers experiences a successful cyberattack while using our solutions or services, such customer could be disappointed with our Falcon platform, regardless of whether our solutions or services blocked the theft of any of such customer's data or were implicated in failing to block such attack. Similarly, if our solutions detect attacks against a customer but the customer does not address the vulnerability, customers and the public may erroneously believe that our solutions were not effective. Security breaches against customers that use our solutions may result in customers and the public believing that our solutions failed. Our Falcon platform may fail to detect or prevent malware, viruses, worms or similar threats for any number of reasons, including our failure to enhance and expand our Falcon platform to reflect the increasing sophistication of malware, viruses and other threats. Real or perceived security breaches of our customers' networks could cause disruption or damage to their networks or other negative consequences and could result in negative publicity to us, damage to our reputation, and other customer relations issues, and may adversely affect our revenue and results of operations.

***As a cybersecurity provider, we have been, and expect to continue to be, a target of cyberattacks. If our internal networks, systems, or data are or are perceived to have been compromised, our reputation may be damaged and our financial results may be negatively affected.***

As a provider of security solutions, our Falcon platform has in the past been, and may in the future be, specifically targeted by bad actors for attacks intended to circumvent our security capabilities or to exploit our Falcon platform as an entry point into customers' endpoints, networks, or systems. In particular, because we have been involved in the identification of organized cybercriminals and nation-state actors, we have been the subject of intense efforts by sophisticated cyber adversaries who seek to compromise our systems. We are also susceptible to inadvertent compromises of our systems and data, including those arising from process, coding, or human errors. A successful attack or other incident that compromises our or our customers' data or results in an interruption of service could have a significant negative effect on our operations, reputation, financial resources, and the value of our intellectual property. We cannot assure you that any of our efforts to manage this risk, including adoption of a comprehensive incident response plan and process for detecting, mitigating, and investigating security incidents that we regularly test through table-top exercises, testing of our security protocols through additional techniques, such as penetration testing, debriefing after security incidents, to improve our security and responses, and regular briefing of our directors and officers on our cybersecurity risks, preparedness, and management, will be effective in protecting us from such attacks.

It is virtually impossible for us to entirely eliminate the risk of such compromises, interruptions in service, or other security incidents affecting our internal systems or data. Organizations are subject to a wide variety of attacks on their networks, systems, and endpoints, and techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. Furthermore, employee error or malicious activity could compromise our systems. As a result, we may be unable to anticipate these techniques or implement adequate measures to prevent an intrusion into our networks, which could result in unauthorized access to customer data, intellectual property including access to our source code,

and information about vulnerabilities in our product, which in turn, could reduce the effectiveness of our solutions, or lead to cyberattacks or other intrusions of our customers' networks, litigation, governmental audits and investigations and significant legal fees, could damage our relationships with our existing customers and could have a negative effect on our ability to attract and retain new customers. We have expended, and anticipate continuing to expend, significant amounts and resources in an effort to prevent security breaches and other security incidents impacting our systems and data. Since our business is focused on providing reliable security services to our customers, we believe that an actual or perceived security incident affecting, our internal systems or data or data of our customers would be especially detrimental to our reputation, customer confidence in our solution, and our business.

In addition, while we maintain insurance policies that may cover certain liabilities in connection with a cybersecurity incident, we cannot be certain that our insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, results of operation and reputation.

***We rely on third-party data centers, such as Amazon Web Services, and our own colocation data centers to host and operate our Falcon platform, and any disruption of or interference with our use of these facilities may negatively affect our ability to maintain the performance and reliability of our Falcon platform which could cause our business to suffer.***

Our customers depend on the continuous availability of our Falcon platform. We currently host our Falcon platform and serve our customers using a mix of third-party data centers, primarily Amazon Web Services, Inc., or AWS, and our data centers, hosted in colocation facilities. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our direct control. We have experienced, and expect that in the future we may experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints.

The following factors, many of which are beyond our control, can affect the delivery, availability, and the performance of our Falcon platform:

- the development and maintenance of the infrastructure of the internet;
- the performance and availability of third-party providers of cloud infrastructure services, such as AWS, with the necessary speed, data capacity and security for providing reliable internet access and services;
- decisions by the owners and operators of the data centers where our cloud infrastructure is deployed to terminate our contracts, discontinue services to us, shut down operations or facilities, increase prices, change service levels, limit bandwidth, declare bankruptcy or prioritize the traffic of other parties;
- physical or electronic break-ins, acts of war or terrorism, human error or interference (including by disgruntled employees, former employees or contractors) and other catastrophic events;
- cyberattacks, including denial of service attacks, targeted at us, our data centers, or the infrastructure of the internet;

- failure by us to maintain and update our cloud infrastructure to meet our data capacity requirements;
- errors, defects or performance problems in our software, including third-party software incorporated in our software;
- improper deployment or configuration of our solutions;
- the failure of our redundancy systems, in the event of a service disruption at one of our data centers, to provide failover to other data centers in our data center network; and
- the failure of our disaster recovery and business continuity arrangements.

The adverse effects of any service interruptions on our reputation, results of operations, and financial condition may be disproportionately heightened due to the nature of our business and the fact that our customers have a low tolerance for interruptions of any duration. Interruptions or failures in our service delivery could result in a cyberattack or other security threat to one of our customers during such periods of interruption or failure. Additionally, interruptions or failures in our service could cause customers to terminate their subscriptions with us, adversely affect our renewal rates, and harm our ability to attract new customers. Our business would also be harmed if our customers believe that a cloud-based SaaS-delivered endpoint security solution is unreliable. While we do not consider them to have been material, we have experienced, and may in the future experience, service interruptions and other performance problems due to a variety of factors. The occurrence of any of these factors, or if we are unable to rapidly and cost-effectively fix such errors or other problems that may be identified, could damage our reputation, negatively affect our relationship with our customers or otherwise harm our business, results of operations and financial condition.

***If we do not effectively expand and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.***

We depend on our direct sales force to obtain new customers and increase sales with existing customers. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of sales personnel, particularly in international markets. We have expanded our sales organization significantly in recent periods and expect to continue to add additional sales capabilities in the near term. There is significant competition for sales personnel with the skills and technical knowledge that we require. New hires require significant training and may take significant time before they achieve full productivity, and this delay is accentuated by our long sales cycles. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, a large percentage of our sales force is new to our company and selling our solutions, and therefore this team may be less effective than our more seasoned sales personnel. Furthermore, hiring sales personnel in new countries, or expanding our existing presence, requires upfront and ongoing expenditures that we may not recover if the sales personnel fail to achieve full productivity. We cannot predict whether, or to what extent, our sales will increase as we expand our sales force or how long it will take for sales personnel to become productive. If we are unable to hire and train a sufficient number of effective sales personnel, or the sales personnel we hire are not successful in obtaining new customers or increasing sales to our existing customer base, our business and results of operations will be adversely affected.

**Because we recognize revenue from subscriptions to our platform over the term of the subscription, downturns or upturns in new business will not be immediately reflected in our results of operations.**

We generally recognize revenue from customers ratably over the terms of their subscription, which is generally one year. As a result, a substantial portion of the revenue we report in each period is attributable to the recognition of deferred revenue relating to agreements that we entered into during previous periods. Consequently, any increase or decline in new sales or renewals in any one period will not be immediately reflected in our revenue for that period. Any such change, however, would affect our revenue in future periods. Accordingly, the effect of downturns or upturns in new sales and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. We may also be unable to timely reduce our cost structure in line with a significant deterioration in sales or renewals that would adversely affect our results of operations and financial condition.

**Our results of operations may fluctuate significantly, which could make our future results difficult to predict and could cause our results of operations to fall below expectations.**

Our results of operations may vary significantly from period to period, which could adversely affect our business, financial condition and results of operations. Our results of operations have varied significantly from period to period, and we expect that our results of operations will continue to vary as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract new and retain existing customers;
- the budgeting cycles, seasonal buying patterns, and purchasing practices of customers;
- the timing and length of our sales cycles;
- changes in customer or channel partner requirements or market needs;
- changes in the growth rate of the cloud-based SaaS-delivered endpoint security solutions market;
- the timing and success of new product and service introductions by us or our competitors or any other competitive developments, including consolidation among our customers or competitors;
- the level of awareness of cybersecurity threats, particularly advanced cyberattacks, and the market adoption of our Falcon platform;
- our ability to successfully expand our business domestically and internationally;
- decisions by organizations to purchase security solutions from larger, more established security vendors or from their primary IT equipment vendors;
- changes in our pricing policies or those of our competitors;
- any disruption in our relationship with channel partners;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our solutions;
- significant security breaches of, technical difficulties with or interruptions to, the use of our Falcon platform;
- extraordinary expenses such as litigation or other dispute-related settlement payments or outcomes;

- general economic conditions, both domestic and in our foreign markets;
- future accounting pronouncements or changes in our accounting policies or practices;
- the amount and timing of operating costs and capital expenditures related to the expansion of our business; and
- increases or decreases in our expenses caused by fluctuations in foreign currency exchange rates.

In addition, we experience seasonal fluctuations in our financial results as we typically receive a higher percentage of our annual orders from new customers, as well as renewal orders from existing customers, in our fourth fiscal quarter as compared to other quarters due to the annual budget approval process of many of our customers. Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other results of operations from period to period. As a result of this variability, our historical results of operations should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in our failure to meet our operating plan or the expectations of investors or analysts for any period. If we fail to meet such expectations for these or other reasons, our stock price could fall substantially, and we could face costly lawsuits, including securities class action suits.

***Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense.***

Our revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for our Falcon platform, particularly with respect to large organizations and government entities. Customers often view the subscription to our Falcon platform as a significant strategic decision and, as a result, frequently require considerable time to evaluate, test and qualify our Falcon platform prior to entering into or expanding a relationship with us. Large enterprises and government entities in particular often undertake a significant evaluation process that further lengthens our sales cycle.

Our direct sales team develops relationships with our customers, and works with our channel partners on account penetration, account coordination, sales and overall market development. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce a sale. Security solution purchases are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. As a result, it is difficult to predict whether and when a sale will be completed. The failure of our efforts to secure sales after investing resources in a lengthy sales process could adversely affect our business and results of operations.

***We rely on our key technical, sales and management personnel to grow our business, and the loss of one or more key employees could harm our business.***

Our future success is substantially dependent on our ability to attract, retain, and motivate the members of our management team and other key employees throughout our organization. In particular, we are highly dependent on the services of George Kurtz, our Chief Executive Officer, who is critical to our future vision and strategic direction. We rely on our leadership team in the areas of operations, security, research and development, marketing, sales, support and general and administrative functions. Although we have entered into employment agreements with our key personnel, our employees, including our executive officers, work for us on an "at-will" basis, which means they may terminate their employment with us at any time. If Mr. Kurtz, or one or more of our key employees, or members of our management team resigns or otherwise ceases to provide us with their service, our business could be harmed.

***If we are unable to attract and retain qualified personnel, our business could be harmed.***

There is also significant competition for personnel with the skills and technical knowledge that we require across our technology, cyber, sales, professional services, and administrative support functions. Competition for these personnel in the San Francisco Bay Area, where our headquarters are located, and in other locations where we maintain offices, is intense, especially for experienced sales professionals and for engineers experienced in designing and developing cloud applications and security software. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. For example, in recent years, recruiting, hiring and retaining employees with expertise in the cybersecurity industry has become increasingly difficult as the demand for cybersecurity professionals has increased as a result of the recent cybersecurity attacks on global corporations and governments. Additionally, our incident response and proactive services team is small and comprised of personnel with highly technical skills and experience, who are in high demand, and who would be difficult to replace. Many of the companies with which we compete for experienced personnel have greater resources than we have. Our competitors also may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all. We have in the past, and may in the future, be subject to allegations that employees we hire have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such employees' inventions or other work product, or that they have been hired in violation of non-compete provisions or non-solicitation provisions.

In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key employees. Also, many of our employees have become, or will soon become, vested in a substantial amount of equity awards, which may give them a substantial amount of personal wealth. This may make it more difficult for us to retain and motivate these employees, and this wealth could affect their decision about whether or not they continue to work for us. Any failure to successfully attract, integrate or retain qualified personnel to fulfill our current or future needs could adversely affect our business, results of operations and financial condition.

***If we are not able to maintain and enhance our CrowdStrike and Falcon brand and our reputation as a provider of high-efficacy security solutions, our business and results of operations may be adversely affected.***

We believe that maintaining and enhancing our CrowdStrike and Falcon brand and our reputation as a provider of high-efficacy security solutions is critical to our relationship with our existing customers, channel partners, and technology alliance partners and our ability to attract new customers and partners. The successful promotion of our CrowdStrike and Falcon brand will depend on a number of factors, including our marketing efforts, our ability to continue to develop additional cloud modules and features for our Falcon platform, our ability to successfully differentiate our Falcon platform from competitive cloud-based or legacy security solutions and, ultimately, our ability to detect and stop breaches. Although we believe it is important for our growth, our brand promotion activities may not be successful or yield increased revenue.

In addition, independent industry or financial analysts and research firms often test our solutions and provide reviews of our Falcon platform, as well as the products of our competitors, and perception of our Falcon platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products, our brand may be adversely affected. Our solutions may fail to detect or prevent threats in any particular test for a number of reasons that may or may not be related to the efficacy of our

solutions in real world environments. To the extent potential customers, industry analysts or testing firms believe that the occurrence of a failure to detect or prevent any particular threat is a flaw or indicates that our solutions or services do not provide significant value, we may lose customers, and our reputation, financial condition and business would be harmed. Additionally, the performance of our channel partners and technology alliance partners may affect our brand and reputation if customers do not have a positive experience with these partners. In addition, we have in the past worked, and continue to work, with high profile customers as well as assist in analyzing and remediating high profile cyberattacks. Our work with such customers and cyberattacks may expose us to negative publicity and media coverage. Negative publicity about us, including about the efficacy and reliability of our Falcon platform, our products offerings, our professional services, and the customers we work with, even if inaccurate, could adversely affect our reputation and brand.

***If we are unable to maintain successful relationships with our channel partners and technology alliance partners, or if our channel partners or technology alliance partners fail to perform, our ability to market, sell and distribute our Falcon platform will be limited, and our business, financial position and results of operations will be harmed.***

In addition to our direct sales force, we rely on our channel partners to sell and support our Falcon platform. A vast majority of sales of our Falcon platform flow through our channel partners, and we expect this to continue for the foreseeable future. Additionally, we have entered, and intend to continue to enter, into technology alliance partnerships with third parties to support our future growth plans. The loss of a substantial number of our channel partners or technology alliance partners, or the failure to recruit additional partners, could adversely affect our results of operations. Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our channel partners and in training our channel partners to independently sell and deploy our Falcon platform. If we fail to effectively manage our existing sales channels, or if our channel partners are unsuccessful in fulfilling the orders for our solutions, or if we are unable to enter into arrangements with, and retain a sufficient number of, high quality channel partners in each of the regions in which we sell solutions and keep them motivated to sell our products, our ability to sell our products and results of operations will be harmed.

***Our business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and results of operations.***

Our future growth depends, in part, on increasing sales to government organizations. Demand from government organizations is often unpredictable, subject to budgetary uncertainty and typically involves long sales cycles. We have made significant investment to address the government sector, but we cannot assure you that these investments will be successful, or that we will be able to maintain or grow our revenue from the government sector. Although we anticipate that they may increase in the future, sales to U.S. federal, state, and local governmental agencies have not accounted for, and may never account for, a significant portion of our revenue. U.S. federal, state and local government sales are subject to a number of challenges and risks that may adversely impact our business. Sales to such government entities include the following risks:

- selling to governmental agencies can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that such efforts will generate a sale;
- government certification requirements applicable to our products may change and, in doing so, restrict our ability to sell into the U.S. federal government sector until we have attained the revised certification. For example, although we are currently certified under the Federal

Risk and Authorization Management Program, or FedRAMP, such certification is costly to maintain and if we lost our certification in the future it would restrict our ability to sell to government customers;

- government demand and payment for our Falcon platform may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our Falcon platform;
- governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our Falcon platform, which would adversely impact our revenue and results of operations, or institute fines or civil or criminal liability if the audit were to uncover improper or illegal activities; and
- governments may require certain products to be manufactured, hosted, or accessed solely in their country or in other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements, affecting our ability to sell these products to governmental agencies.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our solutions in the future or otherwise have an adverse effect on our business and results of operations.

***We may not timely and cost-effectively scale and adapt our existing technology to meet our customers' performance and other requirements.***

Our future growth is dependent upon our ability to continue to meet the needs of new customers and the expanding needs of our existing customers as their use of our solutions grow. As our customers gain more experience with our solutions, the number of endpoints and events, the amount of data transferred, processed and stored by us, the number of locations where our platform and services are being accessed, have in the past, and may in the future, expand rapidly. In order to meet the performance and other requirements of our customers, we intend to continue to make significant investments to increase capacity and to develop and implement new technologies in our service and cloud infrastructure operations. These technologies, which include databases, applications and server optimizations, network and hosting strategies, and automation, are often advanced, complex, new and untested. We may not be successful in developing or implementing these technologies. In addition, it takes a significant amount of time to plan, develop and test improvements to our technologies and infrastructure, and we may not be able to accurately forecast demand or predict the results we will realize from such improvements. To the extent that we do not effectively scale our operations to meet the needs of our growing customer base and to maintain performance as our customers expand their use of our solutions, we may not be able to grow as quickly as we anticipate, our customers may reduce or cancel use of our solutions and we may be unable to compete as effectively and our business and results of operations may be harmed.

Additionally, we have and will continue to make substantial investments to support growth at our data centers and improve the profitability of our cloud platform. For example, because of the importance of AWS' services to our business and AWS' position in the cloud-based server industry, any renegotiation or renewal of our agreement with AWS may be on terms that are significantly less favorable to us than our current agreement. If our cloud-based server costs were to increase, our business, results of operations and financial condition may be adversely affected. Although we expect that we could receive similar services from other third parties, if any of our arrangements with AWS are terminated, we could experience interruptions on our Falcon platform and in our ability to make our solutions available to customers, as well as delays and additional expenses in

arranging alternative cloud infrastructure services. Ongoing improvements to cloud infrastructure may be more expensive than we anticipate, and may not yield the expected savings in operating costs or the expected performance benefits. In addition, we may be required to re-invest any cost savings achieved from prior cloud infrastructure improvements in future infrastructure projects to maintain the levels of service required by our customers. We may not be able to maintain or achieve cost savings from our investments, which could harm our financial results.

***Certain of our market opportunity estimates and growth forecasts included in this prospectus could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.***

This prospectus includes our internal estimates of the addressable market for our cloud-based SaaS-delivered endpoint security solution. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, 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 our target markets may prove to be inaccurate. In particular, our estimates regarding our current and projected market opportunity are difficult to predict. In addition, our internal estimates of the addressable market for cloud-based SaaS-delivered endpoint security solutions reflect the opportunity available from all participants and potential participants in the market and we cannot predict with precision our ability to address this demand or the extent of market adoption of our solution. The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

***The success of our business depends in part on our ability to protect and enforce our intellectual property rights.***

We believe our intellectual property is an essential asset of our business, and our success and ability to compete depend in part upon protection of our intellectual property rights. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual provisions, to establish and protect our intellectual property rights in the United States and abroad, all of which provide only limited protection. The efforts we have taken to protect our intellectual property may not be sufficient or effective, and our trademarks, copyrights and patents may be held invalid or unenforceable. Moreover, we cannot assure you that any patents will be issued with respect to our currently pending patent applications in a manner that gives us adequate defensive protection or competitive advantages, or that any patents issued to us will not be challenged, invalidated or circumvented. We have filed for patents in the United States and in certain non-U.S. jurisdictions, but such protections may not be available in all countries in which we operate or in which we seek to enforce our intellectual property rights, or may be difficult to enforce in practice. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Moreover, we may need to expend additional resources to defend our intellectual property rights in these countries, and our inability to do so could impair our business or adversely affect our international expansion. Our currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers.

We may not be effective in policing unauthorized use of our intellectual property, and even if we do detect violations, litigation may be necessary to enforce our intellectual property rights. Protecting against the unauthorized use of our intellectual property rights, technology and other proprietary rights is expensive and difficult, particularly outside of the United States. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm our business and results of operations. Further, attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or result in a holding that invalidates or narrows the scope of our rights, in whole or in part. The inability to adequately protect and enforce our intellectual property and other proprietary rights could seriously harm our business, results of operations and financial condition. Even if we are able to secure our intellectual property rights, we cannot assure you that such rights will provide us with competitive advantages or distinguish our services from those of our competitors or that our competitors will not independently develop similar technology, duplicate any of our technology, or design around our patents.

***Claims by others that we infringe their proprietary technology or other intellectual property rights could result in significant costs and substantially harm our business, financial condition, results of operations, and prospects.***

Claims by others that we infringe their proprietary technology or other intellectual property rights could harm our business. A number of companies in our industry hold a large number of patents and also protect their copyright, trade secret and other intellectual property rights, and companies in the networking and security industry frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. As we face increasing competition and grow, the possibility of intellectual property rights claims against us also grows. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that such personnel have divulged proprietary or other confidential information to us. From time to time, third parties have in the past and may in the future assert claims of infringement of intellectual property rights against us. For example, we are currently involved in proceedings before the Trademark Trial and Appeal Board at the U.S. Patent and Trademark Office regarding our U.S. trademark registrations for CrowdStrike Falcon and our U.S. application to register our Falcon OverWatch trademark. Fair Isaac Corporation, or FICO, petitioned to cancel our trademark registrations and opposed our application. If the appeal board were to find against us, it would cancel our trademark registrations for CrowdStrike Falcon and reject our application to register Falcon OverWatch. If FICO were to file an infringement action in court and if we do not prevail in that action, we could ultimately be required to change the names of our solutions, which would force us to incur significant marketing expense in establishing an alternative brand to our existing Falcon brand. We cannot assure you that we will be successful in these rebranding efforts.

Third parties may in the future also assert claims against our customers or channel partners, whom our standard license and other agreements obligate us to indemnify against claims that our solutions infringe the intellectual property rights of third parties. As the number of products and competitors in the security and IT operations market increases and overlaps occur, claims of infringement, misappropriation, and other violations of intellectual property rights may increase. While we intend to increase the size of our patent portfolio, many of our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. In addition, future litigation may involve non-practicing entities, companies or other patent owners who have no relevant product offerings or revenue and against whom our own patents may therefore provide little or no deterrence or protection. Any claim of intellectual property infringement by a third party, even a claim without merit, could cause us to incur substantial costs defending against such claim, could distract our management from our business and could require us to cease use of such intellectual property.

Additionally, our insurance may not cover intellectual property rights infringement claims that may be made. In the event that we fail to successfully defend ourselves against an infringement claim, a successful claimant could secure a judgment or otherwise require payment of legal fees, settlement payments, ongoing royalties or other costs or damages; or we may agree to a settlement that prevents us from offering certain services or features; or we may be required to obtain a license, which may not be available on reasonable terms, or at all, to use the relevant technology. If we are prevented from using certain technology or intellectual property, we may be required to develop alternative, non-infringing technology, which could require significant time, during which we could be unable to continue to offer our affected services or features, effort and expense and may ultimately not be successful.

Although third parties may offer a license to their technology or other intellectual property, the terms of any offered license may not be acceptable, and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be adversely affected. In addition, some licenses may be nonexclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its technology or other intellectual property on reasonable terms, or at all, we could be enjoined from continued use of such intellectual property. As a result, we may be required to develop alternative, non-infringing technology, which could require significant time, during which we could be unable to continue to offer our affected products, subscriptions or services, effort, and expense and may ultimately not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products, providing certain subscriptions or performing certain services or that requires us to pay substantial damages, royalties or other fees. Any of these events could harm our business, financial condition and results of operations.

***We license technology from third parties, and our inability to maintain those licenses could harm our business.***

We currently incorporate, and will in the future incorporate, technology that we license from third parties, including software, into our solutions. We cannot be certain that our licensors do not or will not infringe on the intellectual property rights of third parties or that our licensors have or will have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our Falcon platform. Some of our agreements with our licensors may be terminated by them for convenience, or otherwise provide for a limited term. If we are unable to continue to license technology because of intellectual property infringement claims brought by third parties against our licensors or against us, or if we are unable to continue our license agreements or enter into new licenses on commercially reasonable terms, our ability to develop and sell solutions and services containing that technology would be limited, and our business could be harmed. Additionally, if we are unable to license technology from third parties, we may be forced to acquire or develop alternative technology, which we may be unable to do in a commercially feasible manner or at all, and may require us to use alternative technology of lower quality or performance standards. This could limit or delay our ability to offer new or competitive solutions and increase our costs. As a result, our margins, market share, and results of operations could be significantly harmed.

***If we are not able to satisfy data protection, security, privacy, and other government- and industry-specific requirements or regulations, our business, results of operations, and financial condition could be harmed.***

Personal privacy, data protection, information security, telecommunications regulations, and other laws applicable to specific categories of information are significant issues in the United States, Europe and in other jurisdictions where we offer our solutions. The data that we collect, analyze,

and store is subject to a variety of laws and regulations, including regulation by various government agencies. The U.S. federal government, and various state and foreign governments, have adopted or proposed limitations on the collection, distribution, use, and storage of certain categories of information, such as personally identifiable information of individuals, health information, and other sector-specific types of data, including the Federal Trade Commission, the Electronic Communication Privacy Act, Computer Fraud and Abuse Act, HIPAA, and the Gramm Leach Bliley Act. Laws and regulations outside the United States, and particularly in Europe, often are more restrictive than those in the United States. Such laws and regulations may require companies to implement privacy and security policies, permit customers to access, correct, and delete personal information stored or maintained by such companies, inform individuals of security breaches that affect their personal information, and, in some cases, obtain individuals' consent to use personally identifiable information for certain purposes. In addition, some foreign governments require that any information of certain categories, such as financial or personally identifiable information collected in a country not be disseminated outside of that country. We also may find it necessary or desirable to join industry or other self-regulatory bodies or other information security or data protection-related organizations that require compliance with their rules pertaining to information security and data protection. We also may be bound by additional, more stringent contractual obligations relating to our collection, use and disclosure of personal, financial, and other data.

We also expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, information security, specific categories of data, electronic, and telecommunications services in the United States, the European Union and other jurisdictions in which we operate or may operate, and we cannot yet determine the impact such future laws, regulations, standards, or perception of their requirements may have on our business. For example, the European Commission recently adopted the European General Data Protection Regulation, or GDPR, that became fully effective in May 2018, and applies to the processing (which includes the collection and use) of certain personal data. As compared to previously-effective data protection law in the European Union, the GDPR imposes additional obligations and risk upon our business and increases substantially the penalties to which we could be subject in the event of any non-compliance. Administrative fines under the GDPR can amount up to 20 million Euros or four percent of our worldwide annual revenue for the prior fiscal year, whichever is higher. We have incurred substantial expense in complying with the obligations imposed by the GDPR and we may be required to do so in the future, potentially making significant changes in our business operations, which may adversely affect our revenue and our business overall. Additionally, because there have been very few GDPR actions enforced against companies, we are unable to predict how they will be applied to us or our customers. Despite our efforts to attempt to comply with the GDPR, a regulator may determine that we have not done so and subject us to fines and public censure, which could harm our company. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. We have undertaken certain efforts to conform transfers of personal data from the European Economic Area, or EEA, to the United States and other jurisdictions based on our understanding of current regulatory obligations and the guidance of data protection authorities. Despite this, we may be unsuccessful in establishing or maintaining conforming means of transferring such data from the EEA, in particular as a result of continued legal and legislative activity within the European Union that has challenged or called into question the legal basis for existing means of data transfers to countries that have not been found to provide adequate protection for personal data.

The implementation of the GDPR has led other jurisdictions to either amend, or propose legislation to amend their existing data privacy and cybersecurity laws to resemble all or a portion of the requirements of the GDPR (e.g., for purposes of having an adequate level of data protection to facilitate data transfers from the EU) or enact new laws to do the same. Accordingly, the

challenges we face in the EU will likely also apply to other jurisdictions outside the EU that adopt laws similar in construction to the GDPR or regulatory frameworks of equivalent complexity. For example, on June 28, 2018, California adopted the California Consumer Privacy Act of 2018, or CCPA. The CCPA has been characterized as the first "GDPR-like" privacy statute to be enacted in the United States because it contains a number of provisions similar to certain provisions of the GDPR. Because of this, we may need to engage in data mapping to identify any consumer information that we may be collecting from our customers through our Falcon platform. In addition, we will need to ensure that our policies permit our customers to recognize the rights granted to consumers by the CCPA. All of this will need to be done before the effective date of the CCPA on January 1, 2020.

Evolving and changing definitions of personal data and personal information within the European Union, the United States, and elsewhere, especially relating to classification of IP addresses, machine identification, location data and other information, may limit or inhibit our ability to operate or expand our business, including limiting technology alliance partnerships that may involve the sharing of data. Even the perception of privacy concerns, whether or not valid, may harm our reputation, inhibit adoption of our products by current and future customers, or adversely impact our ability to attract and retain workforce talent. In addition, changes in laws or regulations that adversely affect the use of the internet, including laws impacting net neutrality, could impact our business. We expect that existing laws, regulations and standards may be interpreted in new manners in the future. Future laws, regulations, standards and other obligations, and changes in the interpretation of existing laws, regulations, standards and other obligations could require us to modify our solutions, restrict our business operations, increase our costs and impair our ability to maintain and grow our customer base and increase our revenue.

Beyond broader data processing regulations affecting our business, the cybersecurity industry may face direct regulation. In 2018, Singapore introduced what is believed to be the world's first cybersecurity licensing requirement, mandating that providers of specific types of incident response services receive a government license before providing such services. License requirements such as these may impose upon CrowdStrike significant organizational costs and high barriers of entry into new markets.

Although we work to comply with applicable laws and regulations, certain applicable industry standards with which we represent compliance, and our contractual obligations and other legal obligations, those laws, regulations, standards and obligations are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. In addition, they may conflict with other requirements or legal obligations that apply to our business or the security features and services that our customers expect from our solutions. As such, we cannot assure ongoing compliance with all such laws, regulations, standards and obligations. Any failure or perceived failure by us or our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties to comply with applicable laws and regulations, or applicable industry standards that we represent compliance with or that may be asserted to apply to us, or to comply with employee, customer, partner, and other data privacy and data security requirements pursuant to contract and our stated notices or policies, could result in enforcement actions against us, including fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have a material adverse effect on our operations, financial performance and business. Any inability of us or our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties to adequately address privacy and security concerns, even if unfounded, or comply with applicable laws, regulations, standards and obligations, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business and results of operations.

***Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers in the public sector or negatively impact our ability to contract with the public sector.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing privacy and data protection laws and regulations, employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import and export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Noncompliance by us, our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties with applicable regulations or requirements could subject us to:

- investigations, enforcement actions and sanctions;
- mandatory changes to our Falcon platform;
- disgorgement of profits, fines and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or channel partners;
- termination of contracts;
- loss of intellectual property rights; and
- temporary or permanent debarment from sales to government organizations.

If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, results of operations and financial condition.

We endeavor to properly classify employees as exempt versus non-exempt under applicable law. Although there are no pending or threatened material claims or investigations against us asserting that some employees are improperly classified as exempt, the possibility exists that some of our current or former employees could have been incorrectly classified as exempt employees.

These laws and regulations impose added costs on our business, and failure by us, our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties to comply with these or other applicable regulations and requirements could lead to claims for damages, penalties, termination of contracts, loss of exclusive rights in our intellectual property and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with the public sector could result in reduced sales of our products, substantial product inventory write-offs, reputational damage, penalties, and other sanctions, any of which could harm our business, reputation, and results of operations.

***We are subject to laws and regulations, including governmental export and import controls, sanctions, and anti-corruption laws, that could impair our ability to compete in our markets and subject us to liability if we are not in full compliance with applicable laws.***

We are subject to laws and regulations, including governmental export controls, that could subject us to liability or impair our ability to compete in our markets. Our products are subject to U.S. export controls, including the U.S. Department of Commerce's Export Administration

Regulations, and we and our employees, representatives, contractors, agents, intermediaries, and other third parties are also subject to various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. We incorporate standard encryption algorithms into our products, which, along with the underlying technology, may be exported outside of the U.S. only with the required export authorizations, including by license, license exception or other appropriate government authorizations, which may require the filing of an encryption registration and classification request. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain cloud-based solutions to countries, governments, and persons targeted by U.S. sanctions. We also collect information about cyber threats from open sources, intermediaries, and third parties that we make available to our customers in our threat industry publications. While we have implemented certain procedures to facilitate compliance with applicable laws and regulations in connection with the collection of this information, we cannot assure you that these procedures have been effective or that we, or third parties, many of whom we do not control, have complied with all laws or regulations in this regard. Failure by our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties to comply with applicable laws and regulations in the collection of this information also could have negative consequences to us, including reputational harm, government investigations and penalties.

Although we take precautions to prevent our information collection practices and services from being provided in violation of such laws, our information collection practices and services may have been in the past, and could in the future be, provided in violation of such laws. If we or our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties fail to comply with these laws and regulations, we could be subject to civil or criminal penalties, including the possible loss of export privileges and fines. We may also be adversely affected through reputational harm, loss of access to certain markets, or otherwise. Obtaining the necessary authorizations, including any required license, for a particular transaction may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities.

Various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products into international markets, prevent our customers with international operations from deploying our products globally or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, results of operations, and financial condition.

We are also subject to the U.S. Foreign Corrupt Practices Act of 1977, or FCPA, the UK Bribery Act 2010, or Bribery Act, and other anti-corruption, sanctions, anti-bribery, anti-money laundering and similar laws in the United States and other countries in which we conduct activities. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees, agents, intermediaries, and other third parties from promising, authorizing, making or offering improper payments or other benefits to government officials and others in the private sector. We leverage third parties, including intermediaries, agents, and channel partners, to conduct our business in the U.S. and abroad, to sell subscriptions to our Falcon platform and to collect information about cyber threats. We and these third-parties may have

direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners, agents, intermediaries, and other third parties, even if we do not explicitly authorize such activities. While we have policies and procedures to address compliance with FCPA, Bribery Act and other anti-corruption, sanctions, anti-bribery, anti-money laundering and similar laws, we cannot assure you that they will be effective, or that all of our employees, representatives, contractors, channel partners, agents, intermediaries, or other third parties have taken, or will not take actions, in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from U.S. government contracts, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage and other consequences. Any investigations, actions or sanctions could harm our reputation, business, results of operations and financial condition.

***Some of our technology incorporates "open source" software, which could negatively affect our ability to sell our Falcon platform and subject us to possible litigation.***

Our products and subscriptions contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products and subscriptions. The use and distribution of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Many of the risks associated with use of open source software cannot be eliminated and could negatively affect our business. In addition, the wide availability of source code used in our solutions could expose us to security vulnerabilities.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public, including authorizing further modification and redistribution, or otherwise be limited in the licensing of our services, each of which could provide an advantage to our competitors or other entrants to the market, create security vulnerabilities in our solutions, require us to re-engineer all or a portion of our Falcon platform, and could reduce or eliminate the value of our services. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for us.

The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in ways that could impose unanticipated conditions or restrictions on our ability to commercialize products and subscriptions incorporating such software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our products and subscriptions will be effective. From time to time, we may face claims from third parties asserting ownership of, or demanding release of, the open source software or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation. Litigation could be costly for us to defend, have a negative effect on our results of operations and financial condition or require us to devote additional research and development resources to change our solutions. Responding to any infringement or noncompliance claim by an open source vendor, regardless of its validity, discovering certain open

source software code in our Falcon platform, or a finding that we have breached the terms of an open source software license, could harm our business, results of operations and financial condition, by, among other things:

- resulting in time-consuming and costly litigation;
- diverting management's time and attention from developing our business;
- requiring us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;
- causing delays in the deployment of our Falcon platform or service offerings to our customers;
- requiring us to stop offering certain services or features of our Falcon platform;
- requiring us to redesign certain components of our Falcon platform using alternative non-infringing or non-open source technology, which could require significant effort and expense;
- requiring us to disclose our software source code and the detailed program commands for our software; and
- requiring us to satisfy indemnification obligations to our customers.

***We provide service level commitments under some of our customer contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service and our business could suffer.***

Certain of our customer agreements contain service level commitments, which contain specifications regarding the availability and performance of our Falcon platform. Any failure of or disruption to our infrastructure could impact the performance of our Falcon platform and the availability of services to customers. If we are unable to meet our stated service level commitments or if we suffer extended periods of poor performance or unavailability of our Falcon platform, we may be contractually obligated to provide affected customers with service credits for future subscriptions, and, in certain cases, refunds. To date, there has not been a material failure to meet our service level commitments, and we do not currently have any material liabilities accrued on our balance sheet for such commitments. Our revenue, other results of operations and financial condition could be harmed if we suffer performance issues or downtime that exceeds the service level commitments under our agreements with our customers.

***We may become involved in litigation that may adversely affect us.***

We are regularly subject to claims, suits, and government investigations and other proceedings including patent, product liability, class action, whistleblower, personal injury, property damage, labor and employment, commercial disputes, compliance with laws and regulatory requirements and other matters, and we may become subject to additional types of claims, suits, investigations and proceedings as our business develops. For example, we, along with certain other cybersecurity providers, currently are subject to litigation and a civil investigation regarding participation in cybersecurity testing standard-setting and allegations that this standard-setting facilitated a concerted refusal to deal with cybersecurity testing organizations that did not adhere to those standards. While we believe that we have acted in compliance in all material respects with applicable antitrust laws, such litigation, investigation, as well as any other claims, suits, and government investigations and proceedings that may be asserted against us in the future are inherently uncertain and their results cannot be predicted with certainty. Regardless of the outcome, any of these types of legal proceedings can have an adverse impact on us because of legal costs

and diversion of management attention and resources, and could cause us to incur significant expenses or liability, adversely affect our brand recognition, and/or require us to change our business practices. The expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could adversely affect our results of operations. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, consolidated financial position, results of operations, or cash flows in a particular period. These proceedings could also result in reputational harm, sanctions, consent decrees, or orders requiring a change in our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations, and prospects. Any of these consequences could adversely affect our business and results of operations.

***Our ability to maintain customer satisfaction depends in part on the quality of our customer support.***

Once our Falcon platform is deployed within our customers' networks, our customers depend on our customer support services to resolve any issues relating to the implementation and maintenance of our Falcon platform. If we do not provide effective ongoing support, our ability to sell additional modules as part of our Falcon platform to existing customers would be adversely affected and our reputation with potential customers could be damaged. Many larger organizations have more complex networks and require higher levels of support than smaller customers and we offer premium services for these customers. Failure to maintain high-quality customer support could have a material adverse effect on our business, results of operations, and financial condition.

***We may need to raise additional capital to expand our operations and invest in new solutions, which capital may not be available on terms acceptable to us, or at all, and which could reduce our ability to compete and could harm our business.***

We expect that our existing cash and cash equivalents and marketable securities will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Retaining or expanding our current levels of personnel and products offerings may require additional funds to respond to business challenges, including the need to develop new products and enhancements to our Falcon platform, improve our operating infrastructure, or acquire complementary businesses and technologies. Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and could harm our business. Accordingly, we may need to engage in additional equity or debt financings to secure additional funds. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the market price of our Class A common stock could decline. If we engage in debt financing, the holders of debt would have priority over the holders of our Class A common stock, and we may be required to accept terms that restrict our operations or our ability to incur additional indebtedness or to take other actions that would otherwise be in the interests of the debt holders. Any of the above could harm our business, results of operations, and financial condition.

***Our business is subject to the risks of warranty claims, product returns, product liability, and product defects from real or perceived defects in our solutions or their misuse by our customers or third parties and indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.***

We may be subject to liability claims for damages related to errors or defects in our solutions. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our products may harm our business and results of operations. Although we generally have limitation of liability provisions in our terms and conditions of sale, these provisions do not cover our indemnification obligations as described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indemnification" and they may not fully or effectively protect us from claims as a result of federal, state, or local laws or ordinances, or unfavorable judicial decisions in the United States or other countries. The sale and support of our products also entails the risk of product liability claims.

Additionally, our agreements with customers and other third parties typically include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims regarding intellectual property infringement, breach of agreement, including confidentiality, privacy and security obligations, violation of applicable laws, damages caused by failures of our solutions or to property or persons, or other liabilities relating to or arising from our products and services, or other acts or omissions. These contractual provisions often survive termination or expiration of the applicable agreement. We have not to date received any indemnification claims from third parties. However, as we continue to grow, the possibility of these claims against us will increase.

If our customers or other third parties we do business with make intellectual property rights or other indemnification claims against us, we will incur significant legal expenses and may have to pay damages, license fees, and/or stop using technology found to be in violation of the third party's rights. We may also have to seek a license for the technology. Such license may not be available on reasonable terms, if at all, and may significantly increase our operating expenses or may require us to restrict our business activities and limit our ability to deliver certain solutions or features. We may also be required to develop alternative non-infringing technology, which could require significant effort and expense and/or cause us to alter our products and services, which could harm our business. Large indemnity obligations, whether for intellectual property or other claims, could harm our business, results of operations, and financial condition.

Additionally, our Falcon platform may be used by our customers and other third parties who obtain access to our solutions for purposes other than for which our platform was intended. For example, our Falcon platform might be misused by a customer to monitor its employee's activities in a manner that violates the employee's privacy rights under applicable law.

During the course of performing certain solution-related services and our professional services, our teams may have significant access to our customers' networks. We cannot be sure that a disgruntled employee may not take advantage of such access which may make our customers vulnerable to malicious activity by such employee. Any such misuse of our Falcon platform could result in negative press coverage and negatively affect our reputation, which could result in harm to our business, reputation, and results of operations.

We maintain insurance to protect against certain claims associated with the use of our products, but our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation, divert management's time and other resources, and harm our business and reputation. We offer our customers a limited warranty, subject to certain conditions, with our Falcon Complete cloud module and our potential liability under this warranty is provided by our insurance carrier to

us. Any failure or refusal of our insurance providers to provide the expected insurance benefits to us after we have paid the warranty claims would cause us to incur significant expense or cause us to cease offering this warranty which could damage our reputation, cause us to lose customers, expose us to liability claims by our customers, negatively impact our sales and marketing efforts, and have an adverse effect on our business, financial condition and results of operations.

***Our credit agreement contains restrictive covenants that limit our ability to borrow more money, to make distributions to our stockholders, and to engage in certain other activities, as well as financial covenants that may limit our operating flexibility.***

Our existing credit agreement contains a number of covenants that limit our ability and our subsidiaries' ability to, among other things, transfer or dispose of assets, pay dividends or make distributions, incur additional indebtedness, create liens, make investments, loans and acquisitions, engage in transactions with affiliates, merge or consolidate with other companies, or sell substantially all of our assets. Our credit agreement is guaranteed by us and certain of our subsidiaries and secured by substantially all of the assets of the borrower subsidiary, us, and the guarantor subsidiaries. The terms of our credit agreement may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute preferred business strategies. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions. Additionally, our credit agreement includes financial covenants that require us to maintain minimum growth rates of our recurring subscription revenue, and to maintain minimum liquidity at specified levels. We may not be able to generate sufficient cash flow or sales to meet the financial covenants or pay the principal or interest under the credit facility.

If we are unable to comply with our payment requirements, our lender may accelerate our obligations under our credit agreement and foreclose upon the collateral, or we may be forced to sell assets, restructure our indebtedness or seek additional equity capital, which would dilute our stockholders' interests. If we fail to comply with any covenant it could result in an event of default under the agreement and our lender could make the entire debt immediately due and payable. If this occurs, we might not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

***The requirements of being a public company may strain our resources, divert managements' attention, and if we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of Nasdaq. We expect that the requirements of these rules and regulations will increase our legal, accounting and financial compliance costs; make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls, internal control over financial reporting and other procedures that are designed to ensure information required to be disclosed by us in our financial statements and in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

Our current controls and any new controls we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our internal controls may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations, may result in a restatement of our financial statements for prior periods, cause us to fail to meet our reporting obligations, and could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in the periodic reports we will file with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our Class A common stock. We are not currently required to comply with the SEC rules that implement Sections 302 and 404 of the Sarbanes-Oxley Act, and we are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with certain of these rules, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second Annual Report on Form 10-K. In order to improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition, and results of operations.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an emerging growth company. 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 controls are documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business and results of operations and could cause a decline in the price of our stock.

***Future acquisitions, strategic investments, partnerships, or alliances could be difficult to identify and integrate, divert the attention of key management personnel, disrupt our business, dilute stockholder value and adversely affect our results of operations and financial condition.***

As part of our business strategy, we have in the past and are likely to continue to make investments in and/or acquire complementary companies, services or technologies, such as our acquisition of Payload Security, UG. Our ability as an organization to acquire and integrate other companies, services or technologies in a successful manner in the future is not guaranteed. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or ability to achieve our business objectives, and any acquisitions we complete could be viewed negatively by our end-customers or investors. In addition, if we are unsuccessful at integrating such acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could adversely affect our financial condition and the market price of our Class A common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The

incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

Additional risks we may face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- integration of product and service offerings;
- retention of key employees from the acquired company;
- changes in relationships with strategic partners as a result of product acquisitions or strategic positioning resulting from the acquisition;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked sufficiently effective controls, procedures and policies;
- financial reporting, revenue recognition or other financial or control deficiencies of the acquired company that we don't adequately address and that cause our reported results to be incorrect;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- unanticipated write-offs or charges; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally.

***If we cannot maintain our company culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success and our business may be harmed.***

We believe that our corporate culture has been a contributor to our success, which we believe fosters innovation, teamwork, passion and focus on building and marketing our Falcon platform. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively and execute on our business strategy. Additionally, our productivity and the quality of our solutions may be adversely affected if we do not integrate and train our new employees quickly and effectively. If we experience any of these effects in connection with future growth, it could impair our ability to attract new customers, retain existing customers and expand their use of our Falcon platform, all of which would adversely affect our business, financial condition and results of operations.

***Our international operations and plans for future international expansion expose us to significant risks, and failure to manage those risks could adversely impact our business.***

We derived approximately 13%, 16%, and 23% of our total revenue from our international customers for fiscal 2017, fiscal 2018, and fiscal 2019, respectively. We are continuing to adapt to and develop strategies to address international markets and our growth strategy includes expansion into target geographies, but there is no guarantee that such efforts will be successful. We expect that our international activities will continue to grow in the future, as we continue to pursue opportunities in international markets. These international operations will require significant management attention and financial resources and are subject to substantial risks, including:

- greater difficulty in negotiating contracts with standard terms, enforcing contracts and managing collections, and longer collection periods;
- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- management communication and integration problems resulting from cultural and geographic dispersion;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification, and localization of our Falcon platform that may be required in foreign countries;
- greater risk of unexpected changes in regulatory practices, tariffs, and tax laws and treaties;
- compliance with anti-bribery laws, including, without limitation, compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. Travel Act and the UK Bribery Act 2010, violations of which could lead to significant fines, penalties, and collateral consequences for our company;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- the uncertainty of protection for intellectual property rights in some countries;
- general economic and political conditions in these foreign markets;
- foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States;
- political and economic instability in some countries;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate;
- unexpected costs for the localization of our services, including translation into foreign languages and adaptation for local practices and regulatory requirements;
- requirements to comply with foreign privacy, data protection, and information security laws and regulations and the risks and costs of noncompliance;
- greater difficulty in identifying, attracting and retaining local qualified personnel, and the costs and expenses associated with such activities;
- greater difficulty identifying qualified channel partners and maintaining successful relationships with such partners;

- differing employment practices and labor relations issues; and
- difficulties in managing and staffing international offices and increased travel, infrastructure, and legal compliance costs associated with multiple international locations.

Additionally, all of our sales contracts are currently denominated in U.S. dollars. However, a strengthening of the U.S. dollar could increase the cost of our solutions to our international customers, which could adversely affect our business and results of operations. In addition, an increasing portion of our operating expenses is incurred outside the United States, is denominated in foreign currencies, such as the British Pound, Indian Rupee, and Euro, and is subject to fluctuations due to changes in foreign currency exchange rates. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected.

As we continue to develop and grow our business globally, our success will depend in large part on our ability to anticipate and effectively manage these risks. The expansion of our existing international operations and entry into additional international markets will require significant management attention and financial resources. Our failure to successfully manage our international operations and the associated risks could limit the future growth of our business.

***The requirements of being a public company may strain our resources and divert management's attention.***

As a public company, we will be subject to the reporting and corporate governance requirements of the Exchange Act, the listing requirements of and other applicable securities rules and regulations, including the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company" as defined in the JOBS Act. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, financial condition, and results of operations.

***U.S. federal income tax reform could adversely affect us.***

In December 2017, the United States adopted new tax law legislation commonly referred to as the Tax Cuts and Jobs Act of 2017, or the Tax Act, which significantly reforms the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. The Tax Act, among other things, includes changes to U.S. federal tax rates, imposes significant additional limitations on the deductibility of interest and the use of net operating losses generated in tax years beginning after December 31, 2017, allows for the expensing of certain capital expenditures, and puts into effect the migration from a "worldwide" system of taxation to a territorial system. Further changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial condition and results of operations. The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could adversely impact our financial position and results of operations.

The Tax Act did not have a material impact on our financial statements for fiscal 2019, other than disclosures in our year-end financial statements.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

As of January 31, 2019, we had aggregate U.S. federal and state net operating loss carryforwards of \$376.0 million and \$287.8 million, respectively, which may be available to offset future taxable income for income tax purposes. If not utilized, the federal net operating loss carryforwards will begin to expire in 2031, and the state net operating loss carryforwards will begin to expire in 2021. As of January 31, 2019, we had federal and California research and development credit carryforwards of \$7.4 million and \$3.7 million, respectively. The federal research and development credit carryforwards begin to expire in 2031, and the California carryforwards are carried forward indefinitely. Realization of these net operating loss and research and development credit carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our results of operations.

In addition, under Sections 382 and 383 of the Internal Revenue Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in ownership by "5 percent shareholders" over a rolling three-year period, the corporation's ability to use its pre-change net operating loss carryovers and other pre-change tax attributes, such as research and development credits, to offset its post-change income or taxes may be limited. We do not expect to experience an ownership change in connection with this offering, although we may experience an ownership change in the future as a result of shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

***Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.***

We do not collect sales and use, value added or similar taxes in all jurisdictions in which we have sales because we have been advised that such taxes are not applicable to our services in certain jurisdictions. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, to us or our customers for the past amounts, and we may be required to collect such taxes in the future. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, which may adversely affect our results of operations.

***Our corporate structure and intercompany arrangements are subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which would harm our results of operations.***

We are expanding our international operations and staff to support our business in international markets. We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our

international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

We are subject to federal, state, and local income, sales, and other taxes in the United States and income, withholding, transaction, and other taxes in numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, by recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates and higher than anticipated earnings in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes, sales taxes and value added taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made.

***Our reported financial results may be affected by changes in accounting principles generally accepted in the United States, such as the adoption of ASC 606, and difficulties in implementing these changes could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.***

Accounting principles generally accepted in the United States, or U.S. GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change. In particular, in May 2014, the FASB issued ASC 606, *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As an "emerging growth company," we are allowed under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to take advantage of this extended transition period under the JOBS Act, which resulted in ASC 606 becoming effective for us beginning on February 1, 2019. We plan to adopt using the modified retrospective transition method. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

***If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition; allowance for doubtful accounts; valuation of common stock and redeemable convertible preferred stock warrants; carrying value and useful lives of long-lived assets; loss contingencies; and the provision for income taxes and related deferred taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the market price of our Class A common stock.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards and changes in their interpretation, we might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial position and profit, or cause an adverse deviation from our revenue and operating profit target, which may negatively impact our financial results.

***Our business is subject to the risks of earthquakes, fire, floods, and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches or terrorism.***

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, a fire, a flood, or significant power outage could have a material adverse impact on our business, results of operations, and financial condition. Natural disasters could affect our personnel, data centers, supply chain, manufacturing vendors, or logistics providers' ability to provide materials and perform services such as manufacturing products or assisting with shipments on a timely basis. In addition, climate change could result in an increase in the frequency or severity of natural disasters. In the event that our or our service providers' information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed, resulting in missed financial targets, such as revenue and shipment targets, for a particular quarter. In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, and our internal systems may be victimized by such attacks. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, and our insurance may not cover such events or may be insufficient to compensate us for the potentially significant losses we may incur. Acts of terrorism and other geo-political unrest could also cause

disruptions in our business or the business of our supply chain, manufacturers, logistics providers, partners, or customers or the economy as a whole. Any disruption in the business of our supply chain, manufacturers, logistics providers, partners or end-customers that impacts sales at the end of a fiscal quarter could have a significant adverse impact on our financial results. All of the aforementioned risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, or the delay in the manufacture, deployment or shipment of our products, our business, financial condition and results of operations would be adversely affected.

### **Risks Related to the Offering and Ownership of Our Class A Common Stock**

#### ***The market price of our Class A common stock may be volatile, and you could lose all or part of your investment.***

We cannot predict the prices at which our Class A common stock will trade. The initial public offering price of our Class A common stock will be determined by negotiations between us and the underwriters and may not bear any relationship to the market price at which our Class A common stock will trade after this offering or to any other established criteria of the value of our business and prospects and the market price of our Class A common stock following this offering may fluctuate substantially and may be lower than the initial public offering price. The market price of our Class A common stock following this offering will depend on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. In addition, the limited public float of our Class A common stock following this offering will tend to increase the volatility of the trading price of our Class A common stock. These fluctuations could cause you to lose all or part of your investment in our Class A common stock, since you might not be able to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- actual or anticipated changes or fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- announcements by us or our competitors of new products or new or terminated significant contracts, commercial relationships or capital commitments;
- industry or financial analyst or investor reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- the expiration of market stand-off or contractual lock-up agreements and sales of shares of our Class A common stock by us or our stockholders;
- failure of industry or financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;

- 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 rights or our solutions, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major changes in our management or our board of directors, particularly with respect to Mr. Kurtz;
- general economic conditions and slow or negative growth of our markets; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigation has often been instituted against that company. Securities litigation, if instituted against us, could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse effect on our business, results of operations and financial condition.

***No public market for our Class A common stock currently exists, and an active public trading market may not develop or be sustained following this offering.***

Prior to this offering, there has been no public market or active private market for our Class A common stock. We have applied to list our Class A common stock on The Nasdaq Global Select Market; however, an active trading market may not develop following the completion of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the market price of your shares of Class A common stock. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

***Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could reduce the price that our Class A common stock might otherwise attain and may dilute your voting power and your ownership interest in us.***

Sales of a substantial number of shares of our Class A common stock in the public market after this offering, particularly sales by our directors, executive officers and significant stockholders, or the perception that these sales could occur, could adversely affect the market price of our Class A common stock and may make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate. Based on the total number of shares outstanding as of January 31, 2019, upon completion of this offering, we will have \_\_\_\_\_ shares of Class A common stock outstanding and \_\_\_\_\_ shares of Class B common stock outstanding, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock and no exercise of outstanding options or warrants and after giving effect to the conversion of all

outstanding shares of our redeemable convertible preferred stock into shares of Class B common stock immediately upon the closing of this offering.

All of the shares of Class A common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

Subject to certain exceptions, we, all of our directors and executive officers and record holders of substantially all of our securities outstanding immediately prior to this offering, are subject to market stand-off agreements or have agreed not to offer, sell or agree to sell, directly or indirectly, any shares of capital stock without the permission of Goldman Sachs & Co. LLC on behalf of the underwriters, for a period of 180 days from the date of this prospectus. However, such period may be shortened in certain circumstances to as few as 120 days from the date of this prospectus. See the section titled "Underwriting." When the lock-up period expires, we and our security holders subject to a lock-up agreement or market stand-off agreement will be able to sell our shares in the public market. In addition, Goldman Sachs & Co. LLC may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. See the section titled "Shares Eligible for Future Sale" for more information. Sales of a substantial number of such shares upon expiration of the lock-up and market stand-off agreements, or the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

In addition, following this offering, holders of an aggregate of up to 163,916,832 shares of our Class B common stock will be entitled to rights with respect to registration of these shares under the Securities Act pursuant to our amended and restated registration rights agreement, or RRA. If these holders of our Class B common stock, by exercising their registration rights, sell a large number of shares, they could adversely affect the market price for our Class A common stock. We also intend to register the offer and sale of all shares of Class A common stock that we may issue under our equity compensation plans.

We may also issue our shares of Class A common stock or securities convertible into shares of our Class A common stock from time to time in connection with a financing, acquisition, investments or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

***If industry or financial analysts do not publish research or reports about our business, or if they issue inaccurate or unfavorable research regarding our Class A common stock, our stock price and trading volume could decline.***

The trading market for our Class A common stock will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. As a new public company, we may be slow to attract research coverage and the analysts who publish information about our Class A common stock will have had relatively little experience with our company, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. In the event we obtain industry or financial analyst coverage, if any of the analysts who cover us issues an inaccurate or unfavorable opinion regarding our stock price, our stock price would likely decline. In addition, the stock prices of many companies in the technology industry have declined significantly after those companies have failed to meet, or significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet, or significantly exceed, our announced guidance or the expectations of analysts or public investors, analysts could downgrade our Class A common stock or publish unfavorable

research about us. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, our visibility in the financial markets could decrease, which in turn could cause our stock price or trading volume to decline.

***The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock (or options or other securities convertible into or exercisable for our capital stock) prior to the completion of this offering, including our executive officers, employees, directors, current principal stockholders, and their affiliates, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval.***

Our Class B common stock has 10 votes per share, and our Class A common stock, which is the stock we are offering in this initial public offering, has one vote per share. The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock (or options or other securities convertible into or exercisable for our capital stock) prior to the completion of this offering, including our executive officers, employees, directors, current principal stockholders, and their affiliates, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

Upon the completion of this offering, our executive officers, directors, each of our stockholders that currently owns more than five percent of our outstanding capital stock, and their respective affiliates will hold, in aggregate, % of the voting power of our outstanding capital stock. Furthermore, three of our current stockholders and their affiliates will hold, in aggregate, % of the voting power of our outstanding capital stock. For more information, see "Principal Stockholders." As a result, these stockholders, acting together, will have control over most matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. Corporate action might be taken even if other stockholders, including those who purchase shares in this offering, oppose them. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control or other liquidity event of our company, could deprive our stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale or other liquidity event and might ultimately affect the market price of our common stock.

Further, our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, the doctrine of "corporate opportunity" will not apply to Accel and Warburg Pincus, or their respective affiliates, in a manner that would prohibit them from investing in competing businesses or doing business with our partners or customers.

***Shares of our common stock are subordinate to our debts and other liabilities, resulting in a greater risk of loss for stockholders.***

Shares of our common stock are subordinate in right of payment to all of our current and future debt. We cannot assure that there would be any remaining funds after the payment of all of our debts for any distribution to our common stockholders.

***We have broad discretion to determine how to use the funds raised in this offering, and we may use them in ways that may not enhance our results of operations or the price of our Class A common stock.***

The principal purposes of this offering are to increase our capitalization and financial flexibility, to create a public market for our stock and thereby enable access to the public equity markets for our employees and stockholders, to obtain additional capital and to increase our visibility in the marketplace. We currently intend to use the net proceeds from this offering for general corporate purposes, including for any of the purposes described in the section titled "Use of Proceeds." However, we do not currently have any specific or preliminary plans for the net proceeds from this offering and will have broad discretion in how we use the net proceeds of this offering. We could spend the proceeds from this offering in ways that our stockholders may not agree with or that do not yield a favorable return. You will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Investors in this offering will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations and prospects could be harmed, and the market price of our Class A common stock could decline.

***We do not intend to pay dividends in the foreseeable future. As a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.***

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Additionally, our ability to pay dividends is limited by restrictions on our ability to pay dividends or make distributions under the terms of our credit facility. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***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 A common stock less attractive to investors.***

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from various requirements that are applicable to public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, 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 may take advantage of these exemptions until we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of: (i) the first fiscal year following the fifth anniversary of our initial public offering; (ii) the first fiscal year after our annual gross revenue is \$1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iv) as of the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded \$700.0 million as of the end of the second quarter of that fiscal year. Further, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised

accounting standards until those standards would otherwise apply to private companies. As a result, our results of operations and financial statements may not be comparable to the results of operations and financial statements of other companies who have adopted the new or revised accounting standards. We cannot predict if investors will find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

***Because the initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our outstanding Class A and Class B common stock following this offering, new investors will experience immediate and substantial dilution.***

The initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our Class A and Class B common stock outstanding 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 A common stock in this offering, you will experience immediate dilution of \$ \_\_\_\_\_ per share, the difference between the price per share you pay for our Class A common stock and its pro forma net tangible book value per share as of January 31, 2019, after giving effect to the issuance of shares of our Class A common stock in this offering. Furthermore, if the underwriters exercise their option to purchase additional shares in full, outstanding options are exercised, we issue awards to our employees under our equity incentive plans or we otherwise issue additional shares of our Class A common stock, you could experience further dilution. See the section titled "Dilution" for more information.

***The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, or otherwise will dilute all other stockholders.***

Our amended and restated certificate of incorporation that will be in effect upon completion of this offering authorizes us to issue up to \_\_\_\_\_ shares of Class A common stock, up to \_\_\_\_\_ shares of Class B common stock, and up to \_\_\_\_\_ shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of Class A common stock or securities convertible into shares of our Class A common stock from time to time in connection with a financing, acquisition, investment, our stock incentive plans or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

***Certain provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove members of our board of directors or current management, and may adversely affect the market price of our Class A common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon completion of this offering contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- our dual class common stock structure, which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director 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;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders, which prohibition will take effect on the first date on which the number of outstanding shares of our Class B common stock represents less than 10% of the aggregate number of outstanding shares of our Class A common stock and our Class B common stock, taken together as a single class;
- the requirement that a special meeting of stockholders may be called only by the chairperson of our board of directors, chief executive officer or by the board of directors acting pursuant to a resolution adopted by a majority of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- certain amendments to our amended and restated certificate of incorporation will require the approval of two-thirds of the then-outstanding voting power of our capital stock; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, 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 us.

These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time. See the section titled "Description of Capital Stock—Anti-takeover Provisions."

***Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware, and to the extent enforceable, the federal district courts of the United States, will be the exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated bylaws, which will become effective immediately prior to the completion of this offering, provide that the Court of Chancery of the State of Delaware is 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 under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws; and

- any action asserting a claim against us that is governed by the internal-affairs doctrine.

However, this exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, our amended and restated bylaws will provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," contain forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," "expect," and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses (including changes in research and development, sales and marketing and general and administrative expenses), and our ability to achieve, and maintain, future profitability;
- the growth in the market for cloud-based security solutions and future cybersecurity spending;
- our business plan and our ability to effectively manage our growth and associated investments;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- market acceptance of recently introduced solutions;
- beliefs and objectives for future operations;
- our ability to increase our market share of the overall security and IT operations market with our solutions;
- our ability to increase sales of our solutions;
- our ability to attract and retain customers;
- our ability to cross-sell to our existing customers;
- our ability to maintain and expand our customer base and our relationships with channel and technology alliance partners;
- our ability to timely and effectively scale and adapt our existing solutions;
- our ability to continue to innovate and enhance our cloud-based platform;
- our ability to develop new solutions and bring them to market in a timely manner;
- our ability to maintain, protect and enhance our brand and intellectual property;
- our ability to continue to expand internationally;
- the effects of increased competition in our markets and our ability to compete effectively;
- the sufficiency of our cash to meet our cash needs for at least the next 12 months;
- future acquisitions or investments;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- economic and industry trends or trend analysis;

- the attraction and retention of qualified employees and key personnel;
- the estimates and estimate methodologies used in preparing our consolidated financial statements and determining option exercise prices;
- the future trading prices of our Class A common stock;
- our estimated total addressable market; and
- our anticipated use of the net proceeds from this offering.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled "Risk Factors" and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment, and 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 forward-looking events and circumstances 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.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

## MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market size of the markets in which we participate, that are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. While we believe the industry, market, and competitive position data included in this prospectus are reliable and are based on reasonable assumptions, these data are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications and reports.

The sources of certain statistical data, estimates and forecasts contained in this prospectus are the following independent industry publications or reports:

- Cisco Systems, Inc., *Cisco Visual Networking Index: Forecast and Trends, 2017-2022*, November 2018.
- IDC, *Market Analysis Perspective: Worldwide Managed Security Services Providers, 2018*, September 2018.
- IDC, *Market Forecast—Worldwide IT Asset Management Software Forecast, 2018-2022: Asset Management Accelerates as Digital Transformation Changes What Assets Must Be Managed*, September 2018.
- IDC MarketScape: *U.S. Incident Readiness, Response, and Resiliency Services 2018 Vendor Assessment—Beyond the Big 5 Consultancies*, September 2018.
- IDC, *Market Forecast—Worldwide Corporate Endpoint Security Forecast, 2018-2022*, July 2018.
- IDC, *Market Forecast—Worldwide Security and Vulnerability Forecast, 2018-2022: SVM Vendors Fight Off New Market Entrants*, July 2018.
- IDC MarketScape: *Worldwide Endpoint Specialized Threat Analysis and Protection 2017 Vendor Assessment*, April 2018.
- IDC, *Market Forecast—Worldwide Threat Intelligence Security Services Forecast, 2017-2021*, November 2017.
- Gartner Peer Insights 'Voice of the Customer': Endpoint Protection Platforms, Authored by Peer Contributors, Published 26 February 2019, among vendors also named a Jan. 2019 Customers' Choice for Endpoint Protection Platforms.\* The rating is based on 180 reviews, as of 31 October 2018.<sup>(1)</sup>
- Gartner, Critical Capabilities for Endpoint Protection Platforms, Authored by Eric Ouellet, Ian McShane. Published 30 April 2018.<sup>(2)</sup>
- Gartner, Magic Quadrant for Endpoint Protection Platforms, Authored by Ian McShane, Avivah Litan, Eric Ouellet, Prateek Bhajanka, Published 24 January 2018.<sup>(3)</sup>
- The Forrester Wave™: *Endpoint Detection And Response, Q3 2018*.
- The Forrester Wave™: *Endpoint Security Suites, Q2 2018*.
- The Forrester Wave™: *Cybersecurity Incident Response Services, Q1 2019*.

The Gartner Reports described herein, or the Gartner Reports, represent research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc., or Gartner, and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner Reports are subject to change without notice.

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## USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our Class A common stock offered by us in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$ \_\_\_\_\_ million, or approximately \$ \_\_\_\_\_ million if the underwriters exercise their option to purchase additional shares of our Class A common stock from us in full.

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 cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately \$ \_\_\_\_\_ million, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each 1.0 million increase (decrease) in the number of shares of our Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$ \_\_\_\_\_ million, assuming the assumed initial public offering price of \$ \_\_\_\_\_ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, to create a public market for our stock and thereby enable access to the public equity markets for our employees and stockholders, to obtain additional capital, and to increase our visibility in the marketplace.

We currently intend to use the net proceeds we receive from this offering primarily for general corporate purposes, including working capital, sales and marketing activities, research and development, general and administrative matters, and capital expenditures, although we do not currently have any specific or preliminary plans with respect to the use of proceeds for such purposes. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions, products, or businesses that complement our business, although we have no present commitments or agreements to enter into any such acquisitions or investments.

We cannot specify with certainty the particular uses for the net proceeds from this offering. Accordingly, we will have broad discretion over the uses of the net proceeds of this offering. Pending these uses, we intend to invest the net proceeds in short-term, investment-grade interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government.

## DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our capital stock in the foreseeable future. Additionally, our ability to pay dividends is limited by restrictions on our ability to pay dividends or make distributions under the terms of our credit facility. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

## CAPITALIZATION

The following table sets forth cash, cash equivalents, and marketable securities, as well as our capitalization, as of January 31, 2019, as follows:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the automatic conversion of an aggregate of 131,267,586 shares of our outstanding redeemable convertible preferred stock into an equivalent number of shares of our Class B common stock, (ii) the reclassification of all of our outstanding common stock into an equal number of shares of Class B common stock, (iii) the automatic conversion of the redeemable convertible preferred stock warrants to Class B common stock warrants, and the resulting reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in-capital, (iv) stock-based compensation expense of approximately \$10.4 million associated with RSUs subject to service-based and performance-based vesting conditions, which we will recognize upon the completion of this offering, as further described in Note 2 to our consolidated financial statements included elsewhere in this prospectus, and (v) the filing and effectiveness of our amended and restated certificate of incorporation in Delaware, each of which will occur immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to the pro forma adjustments set forth above and the sale and issuance by us of \_\_\_\_\_ shares of our Class A common stock in this offering, based upon the assumed initial public offering price of \$ \_\_\_\_\_ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The information below is illustrative only and our capitalization following this offering will be adjusted based on the actual initial public offering price and other terms of the offering determined at pricing. You should read this information together with our consolidated financial statements and related notes, and the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are included elsewhere in this prospectus.

	As of January 31, 2019		
	Actual	Pro Forma (in thousands, except share and per share data)	Pro Forma As Adjusted <sup>(1)</sup>
Cash, cash equivalents, and marketable securities	\$ 191,655	\$ 191,655	\$
Redeemable convertible preferred stock warrant liability	\$ 4,537	\$ —	\$
Redeemable convertible preferred stock, par value \$0.0005 per share: 137,418,875 shares authorized, 131,267,586 issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	557,912	—	
Stockholders' equity (deficit):			
Preferred stock, par value \$0.0005 per share: no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, par value \$0.0005 per share: 220,000,000 shares authorized, 47,421,385 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	24	—	
Class A common stock, par value \$0.0005 per share: no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—	—	
Class B common stock, par value \$0.0005 per share: no shares authorized, issued and outstanding, actual; shares authorized, 178,688,971 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—	90	
Additional paid-in capital	31,211	603,956	
Accumulated deficit	(519,126)	(529,488)	
Accumulated other comprehensive income	98	98	
Total stockholders' equity (deficit)	(487,793)	74,656	
Total capitalization	\$ 74,656	\$ 74,656	\$

- (1) 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 cover page of this prospectus, would increase (decrease) the amount of our pro forma as adjusted cash, cash equivalents, and marketable securities, additional paid-in capital, total stockholders' equity, and total capitalization by approximately \$ million, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each 1.0 million increase (decrease) in the number of shares of our Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$ million, assuming the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting

discounts and commissions payable by us. The pro forma as adjusted information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

The number of shares of our common stock that will be outstanding after this offering is based on 178,688,971 shares of our Class B common stock (including shares of our redeemable convertible preferred stock on an as-converted basis) outstanding as of January 31, 2019, and excludes:

- 26,535,487 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$3.87 per share;
- 4,059,407 shares of our Class B common stock issuable upon the satisfaction of a performance-based vesting condition pursuant to RSUs outstanding as of January 31, 2019;
- 336,386 shares of our Class B common stock, on an as-converted basis, issuable upon the exercise of warrants to purchase 336,386 shares of our redeemable convertible preferred stock that were outstanding as of January 31, 2019, with a weighted-average exercise price of \$2.94 per share; and
- shares of our Class A common stock reserved for future issuance under our equity compensation plans, including:
  - shares of our Class A common stock to be reserved for future issuance under our 2019 Plan, which will become effective prior to the completion of this offering;
  - 1,540,071 shares of our Class B common stock reserved for future issuance under our 2011 Plan as of January 31, 2019. Shares reserved for issuance under our 2011 plan will be added to the shares of our Class A common stock to be reserved for future issuance under our 2019 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our ESPP, which will become effective upon completion of this offering.

Our 2019 Plan and ESPP each provide for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2019 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us, as more fully described in the section titled "Executive Compensation—Employee Benefit and Stock Plans."

## DILUTION

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

Our historical net tangible book value (deficit) as of January 31, 2019, was \$(538.4) million, or \$(11.35) per share of common stock. Our pro forma net tangible book value as of January 31, 2019 was \$24.0 million, or \$0.13 per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our Class A and Class B common stock outstanding as of January 31, 2019, assuming the conversion of all 131,267,586 outstanding shares of our redeemable convertible preferred stock into an equivalent number of shares of Class B common stock and the resulting reclassification of the redeemable convertible preferred stock warrant liability to additional paid-in-capital.

After giving effect to our sale in this offering of \_\_\_\_\_ shares of our Class A common stock, at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range reflected on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of January 31, 2019, would have been approximately \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share. This represents an immediate increase in pro forma net tangible book value of \$ \_\_\_\_\_ per share to our existing stockholders and an immediate dilution of \$ \_\_\_\_\_ per share to investors purchasing shares in this offering.

The following table illustrates this dilution:

Assumed initial public offering price per share	\$ _____
Historical net tangible book value (deficit) per share as of January 31, 2019	\$ (11.35)
Pro forma net tangible book value per share as of January 31, 2019	0.13
Increase in pro forma net tangible book value per share attributable to this offering	_____
Pro forma net tangible book value, as adjusted to give effect to this offering	\$ _____
Dilution in pro forma net tangible book value per share to new investors in this offering	\$ _____

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range reflected on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value, as adjusted to give effect to this offering, by \$ \_\_\_\_\_ per share, the increase (decrease) attributable to this offering by \$ \_\_\_\_\_ per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by \$ \_\_\_\_\_ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated expenses payable by us. Each 1.0 million increase (decrease) in the number of shares offered by us as set forth on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value, as adjusted to give effect to this offering, by \$ \_\_\_\_\_ per share, the increase (decrease) attributable to this offering by \$ \_\_\_\_\_ per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by \$ \_\_\_\_\_ per share, assuming that the assumed initial public offering price of

\$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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

The following table summarizes, on a pro forma as adjusted basis as of January 31, 2019, after giving effect to the sale of shares of Class A common stock by us in this offering at an assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range on the cover of this prospectus, the difference between existing stockholders and new investors with respect to the number of shares of Class A common stock purchased from us, the total consideration paid to us and the average price per share paid or to be paid to us at an assumed offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range on the cover of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	178,688,971	%	\$ 502,596,355	%	\$ 2.81
New public investors					
Total		100%	\$	100%	

The information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range set forth on the cover of this prospectus, would increase (decrease) total consideration paid by new investors and total consideration paid by all stockholders by approximately \$ \_\_\_\_\_ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each 1.0 million increase (decrease) in the number of shares offered by us as set forth on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value, as adjusted to give effect to this offering, by \$ \_\_\_\_\_ per share, the increase (decrease) attributable to this offering by \$ \_\_\_\_\_ per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by \$ \_\_\_\_\_ per share, assuming that the assumed initial public offering price of \$ \_\_\_\_\_ per share, the midpoint of the estimated offering price range reflected on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of our Class A common stock from us. If the underwriters exercise their option to purchase additional shares of our Class A common stock in full, our existing stockholders would own \_\_\_\_\_ % and the investors purchasing shares of our Class A common stock in this offering would own \_\_\_\_\_ % of the total number of shares of our common stock outstanding immediately after completion of this offering.

The number of shares of our common stock that will be outstanding after this offering is based on 178,688,971 shares of our Class B common stock (including shares of our redeemable

convertible preferred stock on an as-converted basis) outstanding as of January 31, 2019, and excludes:

- 26,535,487 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of January 31, 2019, with a weighted-average exercise price of \$3.87 per share;
- 4,059,407 shares of our Class B common stock issuable upon the satisfaction of a performance-based vesting condition pursuant to RSUs outstanding as of January 31, 2019;
- 336,386 shares of our Class B common stock, on an as-converted basis, issuable upon the exercise of warrants to purchase 336,386 shares of our redeemable convertible preferred stock that were outstanding as of January 31, 2019, with a weighted-average exercise price of \$2.94 per share; and
- shares of our Class A common stock reserved for future issuance under our equity compensation plans, including:
  - shares of our Class A common stock to be reserved for future issuance under our 2019 Plan, which will become effective prior to the completion of this offering;
  - 1,540,071 shares of our Class B common stock reserved for future issuance under our 2011 Plan as of January 31, 2019. Shares reserved for issuance under our 2011 plan will be added to the shares of our Class A common stock to be reserved for future issuance under our 2019 Plan upon its effectiveness; and
  - shares of our Class A common stock to be reserved for future issuance under our ESPP, which will become effective upon completion of this offering.

Our 2019 Plan and ESPP each provide for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2019 Plan also provides for increases to the number of shares of our Class A common stock that may be granted thereunder based on shares under our 2011 Plan that expire, are forfeited, or otherwise repurchased by us. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for further explanation.

To the extent that any outstanding options or warrants are exercised or we issue any securities or convertible debt in the future, investors will experience further dilution.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

We derived the selected consolidated statements of operations data for fiscal 2017, fiscal 2018, and fiscal 2019 and the consolidated balance sheet data as of January 31, 2018 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated financial data should be read together with our audited consolidated financial statements and the related notes, as well as the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our historical results are not necessarily indicative of financial results to be achieved in future periods.

	Year Ended January 31,		
	2017	2018	2019
	(in thousands, except per share data)		
<b>Consolidated Statement of Operations Data:</b>			
Revenue			
Subscription	\$ 37,895	\$ 92,568	\$ 219,401
Professional services	14,850	26,184	30,423
Total revenue	<u>52,745</u>	<u>118,752</u>	<u>249,824</u>
Cost of revenue <sup>(1)</sup>			
Subscription	24,378	39,857	69,208
Professional services	9,628	14,629	18,030
Total cost of revenue	<u>34,006</u>	<u>54,486</u>	<u>87,238</u>
Gross profit	<u>18,739</u>	<u>64,266</u>	<u>162,586</u>
Operating expenses			
Sales and marketing <sup>(1)</sup>	53,748	104,277	172,682
Research and development <sup>(1)</sup>	39,145	58,887	84,551
General and administrative <sup>(1)</sup>	16,402	32,542	42,217
Total operating expenses	<u>109,295</u>	<u>195,706</u>	<u>299,450</u>
Loss from operations	(90,556)	(131,440)	(136,864)
Interest expense	(615)	(1,648)	(428)
Other expense, net	(82)	(1,473)	(1,418)
Loss before provision for income taxes	(91,253)	(134,561)	(138,710)
Provision for income taxes	(87)	(929)	(1,367)
Net loss	<u>\$ (91,340)</u>	<u>\$ (135,490)</u>	<u>\$ (140,077)</u>
Accretion of redeemable convertible preferred stock	(17,012)	(5,853)	—
Net loss attributable to common stockholders	<u>\$ (108,352)</u>	<u>\$ (141,343)</u>	<u>\$ (140,077)</u>
Net loss per share attributable to common stockholders, basic and diluted <sup>(2)</sup>	<u>\$ (2.73)</u>	<u>\$ (3.38)</u>	<u>\$ (3.12)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted <sup>(2)</sup>	<u>39,706</u>	<u>41,876</u>	<u>44,863</u>
Pro forma net loss per share, basic and diluted (unaudited) <sup>(2)</sup>			<u>\$ (0.80)</u>
Weighted-average shares used in computing pro forma net loss per share, basic and diluted (unaudited) <sup>(2)</sup>			<u>171,202</u>

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

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Cost of revenue	\$ 91	\$ 341	\$ 894
Sales and marketing	638	1,386	5,175
Research and development	561	3,429	7,815
General and administrative	704	7,187	6,621
Total stock-based compensation expense	<u>\$ 1,994</u>	<u>\$ 12,343</u>	<u>\$ 20,505</u>

- (2) See Note 2 and Note 15 to our consolidated financial statements elsewhere in this prospectus for an explanation of the method used to calculate our basic and diluted net loss per share attributable to our common stockholders, our basic and diluted pro forma net loss per share, and the weighted-average number of shares used in the computation of the per share amounts.

	As of January 31,	
	2018	2019
	(in thousands)	
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 63,179	\$ 88,408
Working capital (deficit) <sup>(1)</sup>	(12,279)	49,968
Total assets	217,703	433,219
Deferred revenue, current and noncurrent	158,950	290,067
Redeemable convertible preferred stock	358,016	557,912
Accumulated deficit	(378,948)	(519,126)
Total stockholders' deficit	(369,474)	(487,793)

- (1) Working capital (deficit) is defined as current assets less current liabilities.

## Key Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. We believe the following metrics are useful in evaluating our business.

### Subscription Customers

Our subscription customers include all paid subscribers to our Falcon platform, and excludes customers solely of our incident response and proactive services. The following table sets forth the number of subscription customers as of the dates presented:

	As of January 31,		
	2017	2018	2019
Subscription customers	450	1,242	2,516
Year-over-year growth	173%	176%	103%

**Annual Recurring Revenue**

ARR is calculated as the annualized value of our customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. The following table sets forth our ARR as of the dates presented:

	As of January 31,		
	2017	2018	2019
	(dollars in thousands)		
Annual recurring revenue	\$ 58,758	\$ 141,314	\$ 312,656
Year-over-year growth	110%	140%	121%

**Dollar-Based Net Retention Rate**

Our dollar-based net retention rate compares our ARR from a set of subscription customers against the same metric for those subscription customers from the prior year. Our dollar-based net retention rate reflects customer renewals, expansion, contraction, and churn, and excludes revenue from our incident response and proactive services. We calculate our dollar-based net retention rate as of period end by starting with the ARR from all subscription customers as of 12 months prior to such period end, or Prior Period ARR. We then calculate the ARR from these same subscription customers as of the current period end, or Current Period ARR. Current Period ARR includes any expansion and is net of contraction or churn over the trailing 12 months but excludes revenue from new subscription customers in the current period. We then divide the Current Period ARR by the Prior Period ARR to arrive at our dollar-based net retention rate. The following table sets forth the dollar-based net retention rates as of the dates presented:

	As of January 31,		
	2017	2018	2019
Dollar-based net retention rate	104%	119%	147%

**Non-GAAP Financial Measures**

We believe that, in addition to our results determined in accordance with GAAP, non-GAAP subscription gross profit, non-GAAP subscription gross margin, non-GAAP loss from operations, non-GAAP operating margin, free cash flow, and free cash flow margin are useful in evaluating our business, results of operations, and financial condition.

See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for explanations of how we calculate these

measures and for reconciliation to the most directly comparable financial measure stated in accordance with GAAP.

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Subscription gross profit	\$ 13,517	\$ 52,711	\$ 150,193
Non-GAAP subscription gross profit	\$ 13,664	\$ 53,087	\$ 151,209
Subscription gross margin	36%	57%	68%
Non-GAAP subscription gross margin	36%	57%	69%
Loss from operations	\$ (90,556)	\$ (131,440)	\$ (136,864)
Non-GAAP loss from operations	\$ (88,465)	\$ (118,302)	\$ (115,776)
Operating margin	(172)%	(111)%	(55)%
Non-GAAP operating margin	(168)%	(100)%	(46)%
Net cash used in operating activities	\$ (51,998)	\$ (58,766)	\$ (22,968)
Net cash used in investing activities	\$ (11,854)	\$ (28,330)	\$ (142,030)
Net cash provided by financing activities	\$ 17,460	\$ 126,831	\$ 190,389
Free cash flow	\$ (64,645)	\$ (94,992)	\$ (65,613)
Net cash used in operating activities as a percentage of revenue	(99)%	(49)%	(9)%
Free cash flow margin	(123)%	(80)%	(26)%

#### **Non-GAAP Subscription Gross Profit and Non-GAAP Subscription Gross Margin**

We define non-GAAP subscription gross profit and non-GAAP subscription gross margin as GAAP subscription gross profit and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and amortization of acquired intangible assets.

#### **Non-GAAP Loss from Operations and Non-GAAP Operating Margin**

We define non-GAAP loss from operations and non-GAAP operating margin as GAAP loss from operations and GAAP operating margin, respectively, excluding stock-based compensation expense, amortization of acquired intangible assets, and acquisition-related expenses.

#### **Free Cash Flow and Free Cash Flow Margin**

Free cash flow is a non-GAAP financial measure that we define as net cash used in operating activities less purchases of property and equipment, capitalized internal-use software, acquisition of intangible assets, and cash used for business combinations. Free cash flow margin is calculated as free cash flow divided by total revenue. One limitation of free cash flow and free cash flow margin is that they do not reflect our future contractual commitments. Additionally, free cash flow does not represent the total increase or decrease in our cash balance for a given period.

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

*You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors." Our fiscal year end is January 31, and our fiscal quarters end on April 30, July 31, October 31, and January 31. Our fiscal years ended January 31, 2017, January 31, 2018, and January 31, 2019 are referred to herein as fiscal 2017, fiscal 2018, and fiscal 2019, respectively.*

### Overview

We founded CrowdStrike in 2011 to reinvent security for the cloud era. When we started the company, cyberattackers had a decided, asymmetric advantage over existing security products. We turned the tables on the adversaries by taking a fundamentally new approach that leverages the network effects of crowdsourced data applied to modern technologies such as AI, cloud computing, and graph databases. Realizing that the nature of cybersecurity problems had changed but the solutions had not, we built our CrowdStrike Falcon platform to detect threats and stop breaches.

We believe we are defining a new category called the Security Cloud, with the power to transform the security industry much the same way the cloud has transformed the CRM, HR, and service management industries. With our Falcon platform, we created the first multi-tenant, cloud native, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as desktops, laptops, servers, virtual machines, and IoT devices. Our Falcon platform is composed of two tightly integrated proprietary technologies: our easily deployed intelligent lightweight agent and our cloud-based, dynamic graph database called Threat Graph. Our solution benefits from crowdsourcing and economies of scale, which we believe enables our AI algorithms to be uniquely effective. We call this cloud-scale AI. We initially provided intelligence and incident response services while we developed our Falcon platform. In June 2013, we first began providing EDR capabilities as a single solution. In February 2017, as we executed on our Falcon platform expansion strategy, we began offering these and additional capabilities as separate cloud modules. This strategic move facilitated new customer adoption and allowed us to further expand within our customer base. Today, we offer 10 cloud modules on our Falcon platform via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence.

Since our founding, we have achieved a number of milestones such as:

- July 2012: We launched our threat intelligence product.
- June 2013: We launched our EDR capabilities as a single solution.
- August 2013: We launched our threat hunting cloud module.
- August 2015: We were named 2015 Technology Pioneer by World Economic Forum.
- August 2016: We were named to the 2016 Inc. 500--5000 list.
- February 2017: We launched our full next-generation antivirus cloud module.

- February 2017: We launched our IT hygiene cloud module and our multi-SKU go-to-market strategy.
- May 2017: We were named to CNBC's 2017 Disruptor 50 list.
- July 2017: We launched our malware search cloud module.
- November 2017: We launched our sandbox and vulnerability management cloud modules.
- April 2018: We received the SC Award for Best Security Company for the second year in a row, as well as for Best Enterprise Security Solution, and also launched our Falcon Complete cloud module.
- August 2018: We launched our device control cloud module.
- September 2018: We received FedRAMP authorization.
- September 2018: We were ranked number six in Forbes Cloud 100 List (second consecutive year on list).
- October 2018: We were named to the Fortune Best Companies To Work For list (second consecutive year on list).
- February 2019: We launched the first open cloud-based application platform for endpoint security and the industry's first unified security cloud ecosystem of trusted third-party applications.
- March 2019: We announced the first enterprise EDR solution for mobile devices, which we expect will be commercially available later this year.

Some of the world's largest enterprises, government organizations, and high profile brands trust us to protect their business. As of January 31, 2019, we had 2,516 subscription customers worldwide, including 44 of the Fortune 100, 37 of the top 100 global companies, and nine of the top 20 major banks. In fiscal 2019, 77% of our total revenue was generated from customers in the United States.

We have recently experienced significant growth, with total revenue increasing from \$52.7 million for fiscal 2017 to \$118.8 million for fiscal 2018, representing year-over-year growth of 125%, and from \$118.8 million for fiscal 2018 to \$249.8 million for fiscal 2019, representing year-over-year growth of 110%. Subscription revenue grew from \$37.9 million for fiscal 2017 to \$92.6 million for fiscal 2018, a 144% increase, and from \$92.6 million for fiscal 2018 to \$219.4 million for fiscal 2019, a 137% increase. Our ARR has grown from \$58.8 million as of January 31, 2017 to \$141.3 million as of January 31, 2018, a 140% increase, and from \$141.3 million as of January 31, 2018 to \$312.7 million as of January 31, 2019, a 121% increase. Our net loss increased from \$91.3 million for fiscal 2017 to \$135.5 million for fiscal 2018 and from \$135.5 million for fiscal 2018 to \$140.1 million for fiscal 2019. Our accumulated deficit as of January 31, 2019 was \$519.1 million. We expect to continue to incur net losses for the foreseeable future as we continue to invest in our business and our sales capabilities to address our large market opportunity.

### **Our Go-To-Market Strategy**

We have a diverse and highly efficient go-to-market strategy through which we sell subscriptions to our Falcon platform and cloud modules to organizations across multiple industries. We primarily sell subscriptions to our Falcon platform and cloud modules through our direct sales team that leverages our network of channel partners. Our direct sales team is comprised of field sales and inside sales professionals who are segmented by a customer's number of endpoints.

We have a low friction land-and-expand sales strategy. When customers deploy our Falcon platform, they can start with any number of cloud modules and we can activate additional cloud modules in real time on the same agent already deployed on the endpoint. This architecture has also allowed us to begin to offer a free trial of our Falcon Prevent module directly from our website or the AWS Marketplace, and we plan to extend this capability to additional modules in the future. Once customers experience the benefits of our Falcon platform, they often expand their adoption over time by adding more endpoints or purchasing additional modules. We also use our sales team to identify current customers who may be interested in free trials of additional cloud modules, which serves as a powerful driver of our land-and-expand model. By segmenting our sales teams, we can deploy a low-touch sales model that efficiently identifies prospective customers.

We began as a solution for large enterprises, but the flexibility and scalability of our Falcon platform has enabled us to seamlessly offer our solution to customers of any size—from those with hundreds of thousands of endpoints to as few as three. We have expanded our sales focus to include any organization without the need to modify our Falcon platform for small and medium sized businesses.

A substantial majority of our customers purchase subscriptions with a term of one year. Our subscriptions are generally priced on a per-endpoint and per-module basis. We recognize revenue from our subscriptions ratably over the term of the subscription. We also generate revenue from our incident response and proactive professional services, which are generally priced on a time and materials basis. We view our professional services business primarily as an opportunity to cross-sell subscriptions to our Falcon platform and cloud modules.

### **Certain Factors Affecting Our Performance**

**Adoption of Our Solutions.** We believe our future success depends in large part on the growth in the market for cloud-based SaaS-delivered endpoint security solutions. The limitations of legacy on-premise products, coupled with a dynamic and growing threat landscape, are intensifying the need for organizations to reevaluate their approach to cybersecurity. As organizations grow and become more distributed and diverse, adding more endpoints and workloads, they expand the attack surface available to sophisticated adversaries targeting their data and IT infrastructure. As security threats multiply, organizations often find themselves unable to hire sufficient security professionals to address all security gaps and vulnerabilities, underscoring the need for automated systems to effectively address these threats. Many organizations have not yet abandoned the on-premise legacy products in which they have invested substantial personnel and financial resources to design and maintain. As a result, it is difficult to predict customer adoption rates and demand for our cloud-based solutions. On-premise legacy products are siloed, lack integration, and have limited ability to collect, process, and analyze vast amounts of data, attributes that are required to be effective in today's increasingly dynamic threat landscape. Legacy security products have tried to address these attacks but firewalls are ineffective at protecting endpoints outside the corporate perimeter and signature-based products are not capable of protecting against unknown threats. Other alternatives such as malware-focused machine learning products are useless against cyberattacks that do not leverage malware, and approaches based on creating a manual list of approved programs, or whitelisting, are cumbersome to implement and enforce and are also vulnerable to attacks that exploit legitimate applications. To ensure comprehensive threat protection, we believe organizations need to adopt an integrated, data-driven, and automated cloud-based approach to security.

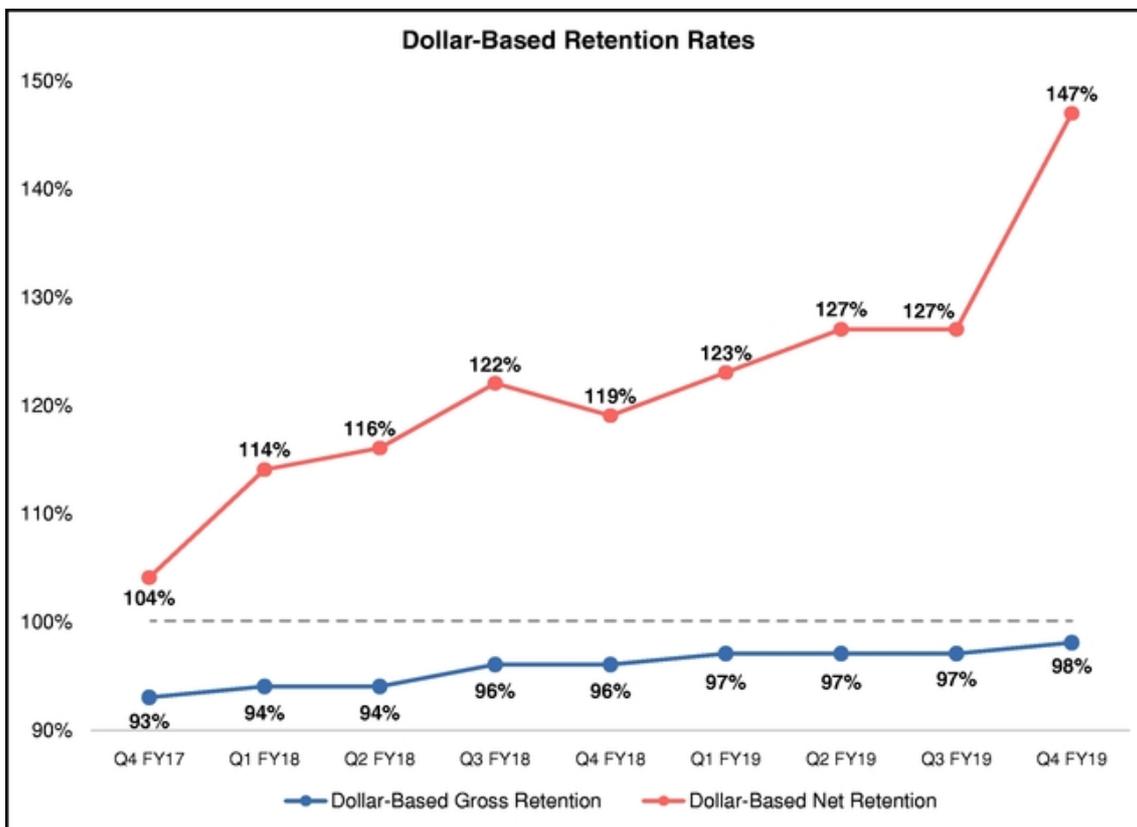
**New Customer Acquisition.** Our future growth depends in large part on our ability to acquire new customers. If our efforts to attract new customers are not successful, our revenue and rate of revenue growth may decline. We believe our ability to add new customers is a key indicator of the market's increased adoption of our solution. Our subscription customer count grew from 450

as of January 31, 2017, to 1,242 as of January 31, 2018, representing a year-over-year increase of 176% and from 1,242 as of January 31, 2018, to 2,516 as of January 31, 2019, representing a year-over-year increase of 103%. Our go-to-market strategy and the flexibility and scalability of our Falcon platform allow us to rapidly expand our customer base. Our incident response and proactive services also help drive new customer acquisitions, as many of these professional services customers subsequently purchase subscriptions to our Falcon platform. Many organizations have not yet adopted cloud-based security solutions, and since our Falcon platform has offerings for organizations of all sizes, worldwide, and across industries, we believe this presents a significant opportunity for growth.

**Maintain Customer Retention and Increase Sales.** Our ability to increase revenue depends in large part on our ability to retain our existing customers and increase the ARR of their subscriptions. We typically enjoy a high rate of customer retention. For example, our dollar-based gross retention rate was 96% and 98% as of January 31, 2018 and January 31, 2019, respectively. We calculate our dollar-based gross retention rate as of the period end by starting with the ARR from all subscription customers as of 12 months prior to such period, or Prior Period ARR. We then deduct from the Prior Period ARR any ARR from subscription customers who are no longer customers as of the current period end, or Current Period Remaining ARR. We then divide the total Current Period Remaining ARR by the total Prior Period ARR to arrive at our dollar-based gross retention rate, which is the percentage of ARR from all subscription customers as of the year prior that is not lost to customer churn. Our dollar-based gross retention rate reflects only customer losses and does not reflect customer expansion or contraction, so it demonstrates that the vast majority of our customers continue to use our solution and renew their subscriptions. We also focus on increasing sales to our existing customers by expanding their deployments to more endpoints and selling additional cloud modules for increased functionality. However, our customer retention and expansion may decline or fluctuate as a result of a number of factors, and if our efforts to expand our relationships with our customers are not successful, our business, results of operations, and financial condition may suffer.

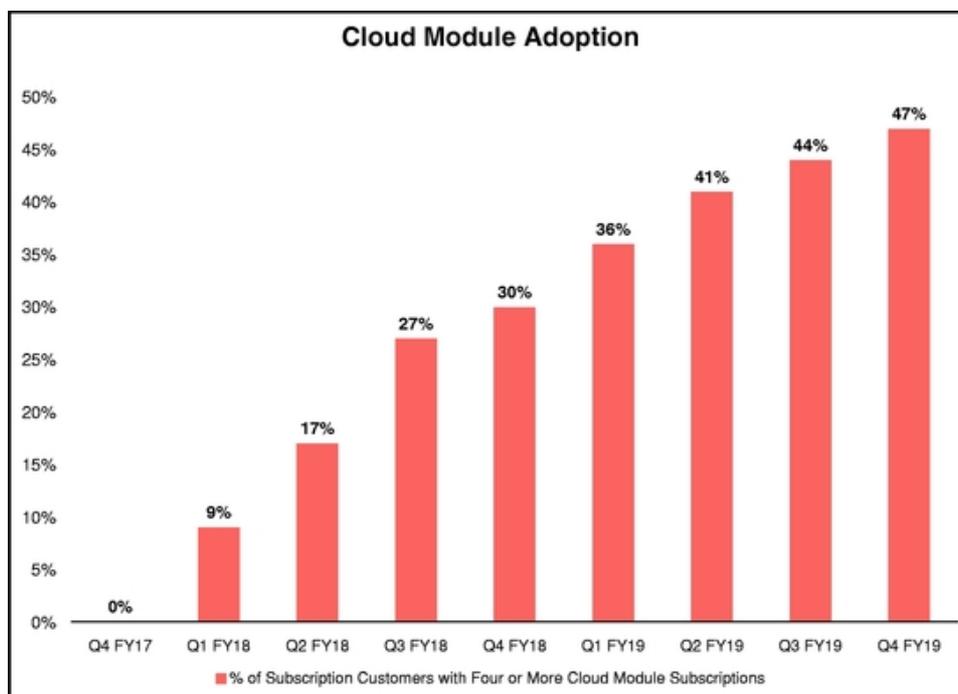
The chart below illustrates our strong relationship with existing customers by presenting our dollar-based net retention rate over the past eight fiscal quarters. Consistent with the execution of our platform strategy beginning in the first quarter of fiscal 2018, the ARR of our existing customer accounts has generally increased. Our dollar-based net retention rate, which measures existing customers' subscriptions over a 12 month period, was 147% as of January 31, 2019, demonstrating the power of our land-and-expand strategy. In order for us to increase the ARR from our existing customers, we need to expand our commercial relationships with these customers by deploying to more endpoints in their environment and selling additional modules. See the section titled "Key Metrics—Dollar-Based Net Retention Rate" below for additional information about how we define dollar-based net retention rate. The chart below also illustrates that the vast majority of our

customers continue to use our solution and renew their subscriptions by presenting our dollar-based gross retention rates over the same periods.



In February 2017, we transitioned our platform from a single offering into highly-integrated offerings of multiple SKU cloud modules. We initially launched this strategy with our IT hygiene, next-generation antivirus, EDR, managed threat hunting, and intelligence modules, and added five additional modules between February 2017 and October 2018. As our platform has become more integral to our customers' security strategy and we have continued to innovate and release new modules, we have experienced increased adoption of our cloud modules. Some of our subscription customers begin with one module and purchase additional modules over time, while others immediately deploy multiple modules. The chart below demonstrates the success we have had

executing on our platform strategy, as 47% of our subscription customers have adopted four or more cloud modules as of January 31, 2019.



**Invest in Growth.** We believe that our market opportunity is large and requires us to continue to invest significantly in sales and marketing efforts to further grow our customer base, both domestically and internationally. Our open cloud architecture and single data model have allowed us to rapidly build and deploy new cloud modules, and we expect to continue investing in those efforts to further enhance our technology platform and product functionality. In addition to our ongoing investment in research and development, we may also pursue acquisitions of businesses, technologies, and assets that complement and expand the functionality of our Falcon platform, add to our technology or security expertise, or bolster our leadership position by gaining access to new customers or markets. Furthermore, we expect our general and administrative expenses to increase in dollar amount for the foreseeable future given the additional expenses for accounting, compliance, and investor relations as we become a public company. While we expect these investments will contribute to our long-term growth, they may adversely affect our profitability in the near term, until such time as we are able to sufficiently grow our number of customers and increase the value of ARR with existing customers. We plan to balance these investments in future growth with a continued focus on managing our results of operations.

### Key Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions.

#### **Subscription Customers**

We believe that our ability to increase the number of subscription customers on our platform is an indicator of our market penetration, the growth of our business, and our potential future business opportunities. We have a history of growing the number of customers who subscribe to

our Falcon platform, which does not include customers solely of our incident response and proactive services. We define a subscription customer as a separate legal entity that has entered into a distinct subscription agreement for access to Falcon platform for which the term has not ended or with which we are negotiating a renewal contract. We do not consider our channel partners as customers, and we treat managed service security providers, who may purchase our products on behalf of multiple companies, as a single customer. While initially we focused our sales and marketing efforts on large enterprises, in recent years we have also increased our sales and marketing to small and medium sized businesses. We estimate that, as of January 31, 2019, approximately two-thirds of our subscription customers were organizations with fewer than 1,000 employees. Historically, we have consistently increased the number of subscription customers period-over-period, and we expect this trend to continue as we increase the number of our subscription customers who are small and medium sized businesses, and as larger enterprises continue to replace or supplement their legacy on-premise security products.

The following table sets forth the number of our subscription customers as of the dates presented:

	As of January 31,		
	2017	2018	2019
Subscription customers	450	1,242	2,516
Year-over-year growth	173%	176%	103%

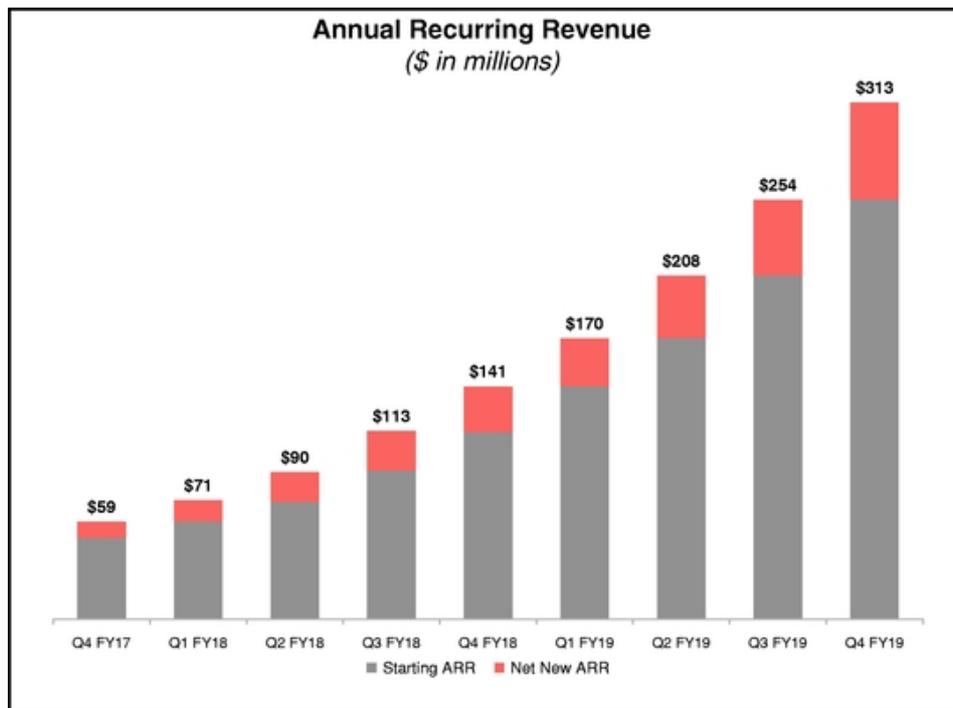
### **Annual Recurring Revenue**

We believe that ARR is a key metric to measure our business because it is driven by our ability to acquire new subscription customers and to maintain and expand our relationship with existing subscription customers. ARR is calculated as the annualized value of our customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. To the extent that we are negotiating a renewal with a customer after the expiration of the subscription, we continue to include that revenue in ARR if we are actively in discussion with such an organization for a new subscription or renewal, or until such organization notifies us that it is not renewing its subscription.

The following table sets forth our ARR as of the dates presented:

	As of January 31,		
	2017	2018	2019
	(dollars in thousands)		
Annual recurring revenue	\$ 58,758	\$ 141,314	\$ 312,656
Year-over-year growth	110%	140%	121%

The chart below illustrates our robust growth in ARR by presenting the ARR from the prior period plus the new ARR added during the period, net of any churn or contraction.



**Dollar-Based Net Retention Rate**

We believe that our ability to retain and grow the subscription revenue generated from our existing subscription customers is an indicator of the long-term value of our subscription customer relationships and our potential future business opportunities. We track our performance in this area by measuring our dollar-based net retention rate, which reflects customer renewals, expansion, contraction, and churn, and excludes revenue from our incident response and proactive services.

Our dollar-based net retention rate as of a given point in time is calculated as Current Period ARR divided by Prior Period ARR, where prior Period ARR is the ARR from all subscription customers as of 12 months prior to such period end and Current Period ARR is the ARR from these same subscription customers as of the current period end, which includes any expansion and is net of contraction or churn over the trailing 12 months, but excludes revenue from new subscription customers in the current period.

The following table sets forth our dollar-based net retention rates as of the dates presented:

	As of January 31,		
	2017	2018	2019
Dollar-based net retention rate	104%	119%	147%

Since January 2016, our dollar-based net retention rate has consistently exceeded 100%, which is primarily attributable to an expansion of endpoints within, and cross-selling additional cloud modules to, our existing subscription customers. Our dollar-based net retention rate can fluctuate from period to period due to large customer contracts in a given period, which may reduce our dollar-based net retention rate in subsequent periods if the customer makes a larger upfront purchase and does not continue to increase purchases.

### **Non-GAAP Financial Measures**

In addition to our results determined in accordance with U.S. generally accepted accounting principles, or GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In particular, free cash flow is not a substitute for cash used in operating activities. Additionally, the utility of free cash flow as a measure of our financial performance and liquidity is further limited as it does not represent the total increase or decrease in our cash balance for a given period. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

We believe that these non-GAAP financial measures as presented in the below table, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental

information regarding our performance by excluding certain items that may not be indicative of our business, results of operations, or outlook.

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Subscription gross profit	\$ 13,517	\$ 52,711	\$ 150,193
Non-GAAP subscription gross profit	\$ 13,664	\$ 53,087	\$ 151,209
Subscription gross margin	36%	57%	68%
Non-GAAP subscription gross margin	36%	57%	69%
Loss from operations	\$ (90,556)	\$ (131,440)	\$ (136,864)
Non-GAAP loss from operations	\$ (88,465)	\$ (118,302)	\$ (115,776)
Operating margin	(172)%	(111)%	(55)%
Non-GAAP operating margin	(168)%	(100)%	(46)%
Net cash used in operating activities	\$ (51,998)	\$ (58,766)	\$ (22,968)
Net cash used in investing activities	\$ (11,854)	\$ (28,330)	\$ (142,030)
Net cash provided by financing activities	\$ 17,460	\$ 126,831	\$ 190,389
Free cash flow	\$ (64,645)	\$ (94,992)	\$ (65,613)
Net cash used in operating activities as a percentage of revenue	(99)%	(49)%	(9)%
Free cash flow margin	(123)%	(80)%	(26)%

### Non-GAAP Subscription Gross Profit and Non-GAAP Subscription Gross Margin

We define non-GAAP subscription gross profit and non-GAAP subscription gross margin as GAAP subscription gross profit and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and amortization of acquired intangible assets. We believe non-GAAP subscription gross profit and non-GAAP subscription gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these measures eliminate the effects of certain variables unrelated to our overall operating performance.

The following table presents a reconciliation of our non-GAAP subscription gross profit to our GAAP subscription gross profit and of our non-GAAP subscription gross margin to our GAAP subscription gross margin as of the periods presented:

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Subscription revenue	\$ 37,895	\$ 92,568	\$ 219,401
Subscription gross profit	\$ 13,517	\$ 52,711	\$ 150,193
Add: Stock-based compensation expense	50	89	689
Add: Amortization of acquired intangible assets	97	287	327
Non-GAAP subscription gross profit	\$ 13,664	\$ 53,087	\$ 151,209
Subscription gross margin	36%	57%	68%
Non-GAAP subscription gross margin	36%	57%	69%

**Non-GAAP Loss from Operations and Non-GAAP Operating Margin**

We define non-GAAP loss from operations and non-GAAP operating margin as GAAP loss from operations and GAAP operating margin, respectively, excluding stock-based compensation expense, amortization of acquired intangible assets, and acquisition-related expenses. We believe non-GAAP loss from operations and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these metrics generally eliminate the effects of certain variables unrelated to our overall operating performance.

The following table presents a reconciliation of our non-GAAP loss from operations to our GAAP loss from operations and our non-GAAP operating margin to our GAAP operating margin as of the periods presented:

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Total revenue	\$ 52,745	\$ 118,752	\$ 249,824
Loss from operations	\$ (90,556)	\$ (131,440)	\$ (136,864)
Add: Stock-based compensation expense	1,994	12,343	20,505
Add: Amortization of acquired intangible assets	97	628	583
Add: Acquisition-related expenses	—	167	—
Non-GAAP loss from operations	<u>\$ (88,465)</u>	<u>\$ (118,302)</u>	<u>\$ (115,776)</u>
Operating margin	(172)%	(111)%	(55)%
Non-GAAP operating margin	(168)%	(100)%	(46)%

**Free Cash Flow and Free Cash Flow Margin**

Free cash flow is a non-GAAP financial measure that we define as net cash used in operating activities less purchases of property and equipment, capitalized internal-use software, acquisition of intangible assets, and cash used for business combinations.

Free cash flow margin is calculated as free cash flow divided by total revenue. We believe that free cash flow and free cash flow margin are useful indicators of liquidity that provide information to management and investors, even if negative, as they provide useful information about the amount of cash consumed by our operating activities that is not available to be used for purchases of property and equipment and other strategic initiatives. For example, as free cash flow is negative, we will need to access cash reserves or other sources of capital for these investments. One limitation of free cash flow and free cash flow margin is that they do not reflect our future contractual commitments. Additionally, free cash flow does not represent the total increase or decrease in our cash balance for a given period.

The following table presents a reconciliation of free cash flow and free cash flow margin to net cash used in operating activities:

	Year Ended January 31,		
	2017	2018	2019
	(dollars in thousands)		
Total revenue	\$ 52,745	\$ 118,752	\$ 249,824
Net cash used in operating activities	(51,998)	(58,766)	(22,968)
Less: Purchases of property and equipment	(6,591)	(22,906)	(35,851)
Less: Capitalized internal-use software	(5,556)	(6,542)	(6,794)
Less: Acquisition of intangible assets	(500)	(307)	—
Less: Cash used for business combinations	—	(6,471)	—
Free cash flow	<u>\$ (64,645)</u>	<u>\$ (94,992)</u>	<u>\$ (65,613)</u>
Net cash used in investing activities	\$ (11,854)	\$ (28,330)	\$ (142,030)
Net cash provided by financing activities	\$ 17,460	\$ 126,831	\$ 190,389
Net cash used in operating activities as a percentage of revenue	(99)%	(49)%	(9)%
Less: Purchases of property and equipment as a percentage of revenue	(12)%	(19)%	(14)%
Less: Capitalized internal-use software as a percentage of revenue	(11)%	(6)%	(3)%
Less: Acquisition of intangible assets as a percentage of revenue	(1)%	0%	0%
Less: Cash used for business combinations as a percentage of revenue	0%	(6)%	0%
Free cash flow margin	<u>(123)%</u>	<u>(80)%</u>	<u>(26)%</u>

### Components of Our Results of Operations

#### Revenue

**Subscription Revenue.** Subscription revenue primarily consists of subscription fees for our Falcon platform and additional cloud modules that are supported by our cloud-based platform. Subscription revenue is driven primarily by the number of subscription customers, the number of endpoints per customer, and the number of cloud modules included in the subscription. We recognize subscription revenue ratably over the term of the agreement, which is generally one to three years. Because our subscription customers are generally billed upfront, we have recorded significant deferred revenue. Consequently, a substantial portion of the revenue that we report in each period is attributable to the recognition of deferred revenue relating to subscriptions that we entered into during previous periods.

**Professional Services Revenue.** Professional services revenue includes incident response and proactive services, forensic and malware analysis, and attribution analysis. Professional services are generally sold separately from subscriptions to our Falcon platform, although customers frequently enter into a separate arrangement to purchase subscriptions to our Falcon platform at the conclusion of a professional services arrangement. Professional services are available through hourly rate and fixed fee contracts, one-time and ongoing engagements, and retainer-based agreements.

We recognize revenue when the following criteria are met: (1) persuasive evidence of the contract exists in the form of a written contract, amendments to that contract, or purchase orders

from a third party; (2) delivery has occurred, or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured based on customer creditworthiness and history of collection. Revenue for time and materials and retainer-based arrangements is recognized as services are performed. For professional services fixed fee contracts, we recognize revenue by applying the proportional performance method.

### **Cost of Revenue**

*Subscription Cost of Revenue.* Subscription cost of revenue consists primarily of costs related to hosting our cloud-based Falcon platform in data centers, amortization of our capitalized internal-use software, employee-related costs such as salaries, bonuses, stock-based compensation expense, benefits costs associated with our operations and support personnel, software license fees, property and equipment depreciation, and an allocated portion of facilities and administrative costs.

As new customers subscribe to our platform and existing subscription customers increase the number of endpoints on our Falcon platform, our cost of revenue will increase due to greater cloud hosting costs related to powering new cloud modules and the incremental costs for storing additional data collected for such cloud modules and employee-related costs. We intend to continue to invest additional resources in our cloud platform and our customer support organizations as we grow our business. The level and timing of investment in these areas could affect our cost of revenue in the future.

*Professional Services Cost of Revenue.* Professional services cost of revenue consists primarily of employee-related costs, technology, property and equipment depreciation, and an allocated portion of facilities and administrative costs.

### **Gross Profit and Gross Margin**

Gross profit and gross margin have been and will continue to be affected by various factors, including the timing of our acquisition of new subscription customers, renewals from existing subscription customers, sales of additional modules to existing subscription customers, the data center and bandwidth costs associated with operating our cloud platform, the extent to which we expand our customer support and cloud operations organizations, and the extent to which we can increase the efficiency of our technology, infrastructure, and data centers through technological improvements. We expect our gross profit to increase in dollar amount and our gross margin to increase modestly over the long term, although our gross margin could fluctuate from period to period depending on the interplay of these factors. Demand for our incident response services is driven by the number of breaches experienced by non-customers. Also, we view our professional services solutions in the context of our larger business and as a significant lead generator for new subscriptions. Because of these factors, our services revenue and gross margin may fluctuate over time.

### **Operating Expenses**

Our operating expenses consist of sales and marketing, research and development and general administrative expenses. For each of these categories of expense, employee-related expenses are the most significant component, which include salaries, employee benefit costs, bonuses, sales commissions, travel and entertainment related expenses, and stock-based compensation expense. Operating expenses also include an allocated portion of overhead costs for facilities, IT, and depreciation expense.

*Sales and Marketing.* Sales and marketing expenses primarily consist of employee-related expenses. Sales and marketing expenses also include expenses related to our Fal.Con customer

conference and other marketing events and an allocated portion of facilities and administrative expenses, and cloud hosting and related services costs related to proof of value efforts. Incremental expenses to obtain a subscription contract, such as sales commissions, are capitalized and amortized over the term of the subscription. We currently amortize sales commissions on a straight-line basis to sales and marketing expense over the term of the subscription. Once we adopt ASC 606 in the fiscal year ending January 31, 2020, sales commissions and any other incremental expenses to obtain a subscription and upsells to existing customers that are paid upon the initial acquisition of a subscription will be amortized to sales and marketing expense over the estimated customer life, and any such expenses paid for the renewal of a subscription will be amortized to sales and marketing expense over the term of the renewal.

We expect sales and marketing expenses to increase in dollar amount as we continue to make significant investments in our sales and marketing organization to drive additional revenue, further penetrate the market, and expand our global customer base.

*Research and Development.* Research and development expenses primarily consist of employee-related expenses, consulting expenses related to the design, development, testing, and enhancements of our subscription services, and an allocated portion of facilities and administrative expenses. Our cloud platform is software-driven, and our research and development teams employ software engineers in the design, and the related development, testing, certification, and support of these solutions.

We expect research and development expenses to increase in dollar amount as we continue to increase investments in our technology architecture and software platform. However, we anticipate research and development expenses to decrease as a percentage of our total revenue over time, although our research and development expenses may fluctuate as a percentage of our total revenue from period-to-period depending on the timing of these expenses.

*General and Administrative.* General and administrative expenses consist of employee-related expenses and related expenses for our executive, finance, human resources, and legal organizations. In addition, general and administrative expenses include outside legal, accounting, and other professional fees, and an allocated portion of facilities and administrative expenses. Following the completion of this offering, we expect to incur additional expenses as a result of operating as a public company. As a result, we expect our general and administrative expenses to increase in dollar amount. However, we anticipate general and administrative expenses to decrease as a percentage of our total revenue over time.

## Results of Operations

The following tables set forth our consolidated statements of operations in dollar amounts and as a percentage of total revenue for each period presented:

### **Fiscal Years Ended January 31, 2018 and 2019**

The following table summarizes our results of operations for fiscal 2018 as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
	(dollars in thousands)			
<b>Revenue</b>				
Subscription	\$ 92,568	\$ 219,401	\$ 126,833	137%
Professional services	26,184	30,423	4,239	16%
<b>Total revenue</b>	<u>118,752</u>	<u>249,824</u>	<u>131,072</u>	<u>110%</u>
<b>Cost of revenue<sup>(1)</sup></b>				
Subscription	39,857	69,208	29,351	74%
Professional services	14,629	18,030	3,401	23%
<b>Total cost of revenue</b>	<u>54,486</u>	<u>87,238</u>	<u>32,752</u>	<u>60%</u>
<b>Gross profit</b>	<u>64,266</u>	<u>162,586</u>	<u>98,320</u>	<u>153%</u>
<b>Operating expenses</b>				
Sales and marketing <sup>(1)</sup>	104,277	172,682	68,405	66%
Research and development <sup>(1)</sup>	58,887	84,551	25,664	44%
General and administrative <sup>(1)</sup>	32,542	42,217	9,675	30%
<b>Total operating expenses</b>	<u>195,706</u>	<u>299,450</u>	<u>103,744</u>	<u>53%</u>
<b>Loss from operations</b>	<u>(131,440)</u>	<u>(136,864)</u>	<u>(5,424)</u>	<u>4%</u>
Interest expense	(1,648)	(428)	1,220	(74)%
Other expense, net	(1,473)	(1,418)	55	(4)%
<b>Loss before provision for income taxes</b>	<u>(134,561)</u>	<u>(138,710)</u>	<u>(4,149)</u>	<u>3%</u>
Provision for income taxes	(929)	(1,367)	(438)	47%
<b>Net loss</b>	<u>\$ (135,490)</u>	<u>\$ (140,077)</u>	<u>\$ (4,587)</u>	<u>3%</u>

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

	Year Ended January 31,	
	2018	2019
	(in thousands)	
Cost of revenue	\$ 341	\$ 894
Sales and marketing	1,386	5,175
Research and development	3,429	7,815
General and administrative	7,187	6,621
<b>Total stock-based compensation expense</b>	<u>\$ 12,343</u>	<u>\$ 20,505</u>

The following table presents the components of our consolidated statements of operations as a percentage of total revenue:

	Year Ended January 31,	
	2018 % Revenue	2019 % Revenue
Revenue		
Subscription	78%	88%
Professional services	22%	12%
Total revenue	100%	100%
Cost of revenue		
Subscription	34%	28%
Professional services	12%	7%
Total cost of revenue	46%	35%
Gross profit	54%	65%
Operating expenses		
Sales and marketing	88%	69%
Research and development	50%	34%
General and administrative	27%	17%
Total operating expenses	165%	120%
Loss from operations	(111)%	(55)%
Interest expense	(1)%	0%
Other income (expense), net	(1)%	(1)%
Loss before provision for income taxes	(113)%	(56)%
Provision for income taxes	(1)%	(1)%
Net loss	(114)%	(56)%

### Revenue

The following is a breakdown of total revenue from subscriptions and professional services for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
	(dollars in thousands)			
Subscription	\$ 92,568	\$ 219,401	\$ 126,833	137%
Professional services	26,184	30,423	4,239	16%
Total revenue	\$ 118,752	\$ 249,824	\$ 131,072	110%

Total revenue increased from \$118.8 million for fiscal 2018, to \$249.8 million for fiscal 2019. Subscription revenue accounted for 78% of our total revenue for fiscal 2018, and 88% for fiscal 2019. Professional services revenue accounted for 22% of our total revenue for fiscal 2018, and 12% for fiscal 2019.

The growth in subscription revenue from \$92.6 million for fiscal 2018 to \$219.4 million for fiscal 2019, a 137% increase, was primarily attributable to the addition of new customers, as we increased our customer base by 103% from 1,242 customers as of January 31, 2018 to 2,516

customers as of January 31, 2019. Subscription revenue from new customers, subscription revenue from the renewal of existing customers, subscription revenue from the sale of additional endpoints to existing customers, and subscription revenue from the sale of additional modules to existing customers accounted for 59%, 23%, 13%, and 5% of total subscription revenue for fiscal 2019, respectively.

Professional services revenue grew from \$26.2 million for fiscal 2018, to \$30.4 million for fiscal 2019, a 16% increase, and was primarily attributable to an increase in the number of professional service hours performed.

### Cost of Revenue, Gross Profit, and Gross Margin

The following is a breakdown of cost of revenue related to subscriptions and professional services for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
	(dollars in thousands)			
Subscription	\$ 39,857	\$ 69,208	\$ 29,351	74%
Professional services	14,629	18,030	3,401	23%
Total cost of revenue	\$ 54,486	\$ 87,238	\$ 32,752	60%

Total cost of revenue increased from \$54.5 million for the fiscal 2018 to \$87.2 million for fiscal 2019. Subscription cost of revenue increased from \$39.9 million for fiscal 2018, to \$69.2 million for fiscal 2019, a 74% increase. The increase in subscription cost of revenue was primarily due to an increase of \$11.0 million in cloud hosting and related services, an increase in employee-related expenses of \$7.9 million, which includes an increase of \$0.6 million in stock-based compensation expense, driven by an increase in average headcount of 151%, an increase in depreciation of data center equipment of \$3.7 million, an increase in amortization of internal-use software of \$2.0 million, an increase in allocated overhead costs of \$1.7 million, and an increase in software license fees of \$1.3 million.

Professional services cost of revenue increased from \$14.6 million for fiscal 2018, to \$18.0 million for the fiscal 2019, a 23% increase. The increase in professional services cost of revenue was primarily due to an increase in employee-related expenses of \$1.9 million driven by an increase in average headcount of 37%, a \$0.6 million increase in travel-related costs, an increase of \$0.5 million in allocated overhead costs, and a \$0.4 million increase in consulting costs.

The following is a breakdown of gross profit and gross margin for subscriptions and professional services for fiscal 2018 compared to fiscal 2019.

	Year Ended January 31,		Change	
	2018	2019	\$	%
	(dollars in thousands)			
Subscription gross profit	\$ 52,711	\$ 150,193	\$ 97,482	185%
Professional services gross profit	11,555	12,393	838	7%
Total gross profit	\$ 64,266	\$ 162,586	\$ 98,320	153%

	Year Ended January 31,		Increase (Decrease)
	2018	2019	%
Subscription gross margin	57%	68%	20%
Professional services gross margin	44%	41%	(8)%
Total gross margin	54%	65%	20%

Subscription gross margin increased from 57% for fiscal 2018, to 68% for fiscal 2019. This increase was a result of moving more of our operations to colocation data centers from third-party cloud service providers and renegotiating the terms of a third-party cloud service provider contract. This increase in gross margin was also due to incentivizing our sales team to drive higher margin subscriptions and efforts to optimize our channel partner programs. Professional services gross margin decreased from 44% for fiscal 2018, to 41% for fiscal 2019, primarily due to the lower utilization of professional services personnel. The timing of professional services engagements is highly variable and can result in fluctuations in gross margin on professional services.

### Operating Expenses

#### Sales and Marketing

The following is a breakdown of sales and marketing expenses for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
Sales and marketing expenses	\$ 104,277	\$ 172,682	\$ 68,405	66%

(dollars in thousands)

Sales and marketing expenses increased from \$104.3 million for fiscal 2018, to \$172.7 million for fiscal 2019, a 66% increase. The increase in sales and marketing expenses was primarily due to an increase in employee-related expenses of \$48.6 million, which includes an increase in stock-based compensation expense of \$3.8 million, driven by an increase in average sales and marketing headcount of 73%, an increase in marketing programs of \$7.4 million, an increase in allocated overhead costs of \$7.1 million, an increase in travel-related costs of \$3.4 million, and an increase in cloud hosting and related services of \$0.9 million.

#### Research and Development

The following is a breakdown of research and development expenses for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
Research and development expenses	\$ 58,887	\$ 84,551	\$ 25,664	44%

(dollars in thousands)

Research and development expenses increased from \$58.9 million for fiscal 2018, to \$84.6 million for fiscal 2019, a 44% increase. This increase was primarily due to an increase in employee-related expenses of \$19.5 million, which includes an increase of \$4.4 million in stock-based compensation expense, driven by an increase in average research and development headcount of 36%. In addition, there was a \$3.3 million increase in allocated overhead costs, an increase in cloud hosting and related costs of \$3.1 million, and an increase in travel-related costs of \$0.6 million, partially offset by a decrease in contract labor and consulting expenses of \$1.9 million.

**General and Administrative**

The following is a breakdown of general and administrative expenses for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
(dollars in thousands)				
General and administrative expenses	\$ 32,542	\$ 42,217	\$ 9,675	30%

General and administrative expenses increased from \$32.5 million for fiscal 2018, to \$42.2 million for fiscal 2019, a 30% increase. The increase in general and administrative expenses was primarily due to an increase in employee-related expenses of \$3.9 million which includes a decrease of \$0.9 million in stock-based compensation, driven by an increase in average general and administrative headcount of 59%. In addition, there was a \$3.2 million increase in legal and accounting fees, a \$1.2 million increase in allocated overhead costs, and a \$0.8 million increase in software licensing fees.

**Interest and Other Expense, Net**

The following is a breakdown of interest and other expense, net, for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
(dollars in thousands)				
Interest expense	\$ 1,648	\$ 428	\$ (1,220)	(74)%
Other expense, net	\$ 1,473	\$ 1,418	\$ (55)	(4)%

The decrease in interest expense of \$1.2 million was driven primarily by a decrease in the amounts borrowed during fiscal 2019 compared to fiscal 2018. Other expense, net, decreased \$0.1 million, which was driven primarily by an increase in the fair value of the redeemable convertible preferred stock warrants of \$3.3 million, offset by an increase in interest income of \$2.4 million and a decrease in the amortization of debt issuance costs of \$1.0 million.

**Provision for Income Taxes**

The following is a breakdown of the provision for income taxes for fiscal 2018, as compared to fiscal 2019:

	Year Ended January 31,		Change	
	2018	2019	\$	%
(dollars in thousands)				
Provision for income taxes	\$ 929	\$ 1,367	\$ 438	47%

The increase in the provision for income taxes was driven primarily by an increase in international income tax expense due to increased activity in several countries during fiscal 2019.

**Fiscal Years Ended January 31, 2017 and 2018**

The following table summarizes our results of operations for fiscal 2017 compared to fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Revenue				
Subscription	\$ 37,895	\$ 92,568	\$ 54,673	144%
Professional services	14,850	26,184	11,334	76%
Total revenue	52,745	118,752	66,007	125%
Cost of revenue <sup>(1)</sup>				
Subscription	24,378	39,857	15,479	63%
Professional services	9,628	14,629	5,001	52%
Total cost of revenue	34,006	54,486	20,480	60%
Gross profit	18,739	64,266	45,527	243%
Operating expenses				
Sales and marketing <sup>(1)</sup>	53,748	104,277	50,529	94%
Research and development <sup>(1)</sup>	39,145	58,887	19,742	50%
General and administrative <sup>(1)</sup>	16,402	32,542	16,140	98%
Total operating expenses	109,295	195,706	86,411	79%
Loss from operations	(90,556)	(131,440)	(40,884)	45%
Interest expense	(615)	(1,648)	(1,033)	168%
Other income (expense), net	(82)	(1,473)	(1,391)	1,696%
Loss before provision for income taxes	(91,253)	(134,561)	(43,308)	47%
Provision for income taxes	(87)	(929)	(842)	968%
Net loss	\$ (91,340)	\$ (135,490)	\$ (44,150)	48%

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

	Year Ended January 31,	
	2017	2018
	(in thousands)	
Cost of revenue	\$ 91	\$ 341
Sales and marketing	638	1,386
Research and development	561	3,429
General and administrative	704	7,187
Total stock-based compensation expense	\$ 1,994	\$ 12,343

	Year Ended January 31,	
	2017 % Revenue	2018 % Revenue
Revenue		
Subscription	72%	78%
Professional services	28%	22%
Total revenue	100%	100%
Cost of revenue		
Subscription	46%	34%
Professional services	18%	12%
Total cost of revenue	64%	46%
Gross profit	36%	54%
Operating expenses		
Sales and marketing	102%	88%
Research and development	74%	50%
General and administrative	31%	27%
Total operating expenses	207%	165%
Loss from operations	(172)%	(111)%
Interest expense	(1)%	(1)%
Other income (expense), net	(0)%	(1)%
Loss before provision for income taxes	(173)%	(113)%
Provision for income taxes	(0)%	(1)%
Net loss	(173)%	(114)%

## Revenue

The following is a breakdown of total revenue from subscriptions and professional services for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Subscription	\$ 37,895	\$ 92,568	\$ 54,673	144%
Professional services	14,850	26,184	11,334	76%
Total revenue	\$ 52,745	\$ 118,752	\$ 66,007	125%

Total revenue increased from \$52.7 million for fiscal 2017 to \$118.8 million for fiscal 2018. Subscription revenue accounted for 72% of our total revenue for fiscal 2017 and 78% for fiscal 2018. Professional services revenue accounted for 28% of our total revenue for fiscal 2017 and 22% for fiscal 2018. The growth in subscription revenue from \$37.9 million for fiscal 2017 to \$92.6 million for fiscal 2018, a 144% increase, was primarily attributable to the addition of new customers, as we increased our subscription customer base from 450 at the end of fiscal 2017 to 1,242 at the end of fiscal 2018, a 176% increase. Subscription revenue from new customers, subscription revenue from the renewal of existing customers, subscription revenue from the sale of additional endpoints to existing customers, and subscription revenue from the sale of additional modules to existing customers accounted for 74%, 14%, 9%, and 3% of total subscription revenue for fiscal 2018, respectively.

Professional services revenue grew from \$14.9 million for fiscal 2017 to \$26.2 million for fiscal 2018, a 76% year-over-year increase, and was primarily attributable to an increase in the number of professional service hours performed.

### Cost of Revenue, Gross Profit, and Gross Margin

The following is a breakdown of cost of revenue related to subscriptions and professional services for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Subscription	\$ 24,378	\$ 39,857	\$ 15,479	63%
Professional services	9,628	14,629	5,001	52%
Total cost of revenue	\$ 34,006	\$ 54,486	\$ 20,480	60%

Total cost of revenue increased from \$34.0 million for fiscal 2017 to \$54.5 million for fiscal 2018. Subscription cost of revenue increased from \$24.4 million for fiscal 2017 to \$39.9 million for fiscal 2018, a 63% increase. The increase in subscription cost of revenue was primarily due to an increase of \$9.2 million in cloud hosting and related services, an increase in employee-related expenses of \$3.4 million driven by an increase in average headcount of 75%, an increase in amortization of internal-use software of \$1.6 million, and an increase of \$1.2 million in allocated overhead costs.

Professional services cost of revenue increased from \$9.6 million for fiscal 2017 to \$14.6 million for fiscal 2018, a 52% increase. The increase in professional services cost of revenue was primarily due to an increase in employee-related expenses of \$3.0 million driven by an increase in average headcount of 22% for fiscal 2018 compared to fiscal 2017. Of this \$3.0 million, \$1.1 million was attributable to an increase in employee bonus expense, which was driven by the 76% increase in professional services revenue for fiscal 2018 compared to fiscal 2017. In addition, there was an increase of \$1.0 million in allocated overhead costs and \$0.6 million increase in consulting costs as we used more third-party contractors to deliver our services.

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Subscription gross profit	\$ 13,517	\$ 52,711	\$ 39,194	290%
Professional services gross profit	5,222	11,555	6,333	121%
Total gross profit	\$ 18,739	\$ 64,266	\$ 45,527	243%

	Year Ended January 31,	
	2017	2018
Subscription gross margin	36%	57%
Professional services gross margin	35%	44%
Total gross margin	36%	54%

Subscription gross margin increased from 36% for fiscal 2017 to 57% for fiscal 2018. This increase was a result of moving more of our operations to colocation data centers from third-party cloud service providers and renegotiating the terms of a third-party cloud service provider contract. This increase in gross margin was also due to incentivizing our sales team to drive higher margin

subscriptions and efforts to optimize our channel partner programs. Professional services gross margin increased from 35% for fiscal 2017 to 44% for fiscal 2018 as a result of the increase in the number of professional services hours performed in fiscal 2018.

## Operating Expenses

### Sales and Marketing

The following is a breakdown of sales and marketing expenses for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Sales and marketing expenses	\$ 53,748	\$ 104,277	\$ 50,529	94%

Sales and marketing expenses increased from \$53.7 million for fiscal 2017 to \$104.3 million for fiscal 2018, a 94% increase. The increase in sales and marketing expenses was primarily due to an increase in employee-related expenses of \$32.9 million driven by an increase in average sales and marketing headcount of 106% for fiscal 2018 compared to fiscal 2017 and an increase in sales commission expense of \$12.4 million. In addition, there was an increase of \$7.7 million in allocated overhead costs, an increase of \$4.0 million in marketing program expenses including costs incurred for Fal.Con, our first user conference, an increase in travel-related costs of \$3.1 million, and an increase of \$1.9 million in contract labor and consulting costs.

### Research and Development

The following is a breakdown of research and development expenses for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Research and development expenses	\$ 39,145	\$ 58,887	\$ 19,742	50%

Research and development expenses increased from \$39.1 million for fiscal 2017 to \$58.9 million for fiscal 2018, a 50% increase. This increase was primarily due to an increase in employee-related expenses of \$14.0 million, which includes an increase of \$2.9 million in stock-based compensation expense, driven by an increase in average research and development headcount of 40% for fiscal 2018 compared to fiscal 2017. In addition, there was an increase of \$2.6 million in allocated overhead costs, an increase of \$2.4 million in cloud hosting and related services, and an increase of \$1.0 million in contract labor and consulting costs, partially offset by an increase in internal-use software capitalization of \$1.5 million.

### General and Administrative

The following is a breakdown of general and administrative expenses for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
General and administrative expenses	\$ 16,402	\$ 32,542	\$ 16,140	98%

General and administrative expenses increased from \$16.4 million for fiscal 2017 to \$32.5 million for fiscal 2018, a 98% increase. The increase in general and administrative expenses was primarily due to an increase in employee-related expenses of \$9.1 million, which includes an increase of \$6.3 million in stock-based compensation expense, driven by an increase in average general and administrative headcount of 78% for fiscal 2018 compared to fiscal 2017. In addition, there was an increase of \$3.7 million in legal and accounting fees, an increase of \$0.7 million in allocated overhead costs, an increase of \$0.5 million in contract labor and consulting costs, an increase of \$0.4 million in recruiting costs, an increase of \$0.4 million in bad debt expense, and an increase of \$0.4 million in finance charges.

### **Interest and Other Expense, Net**

The following is a breakdown of interest and other expense, net, for fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Interest expense	\$ 615	\$ 1,648	\$ 1,033	168%
Other expense, net	\$ 82	\$ 1,473	\$ 1,391	1,696%

The increase in interest expense was driven primarily by an increase in amounts borrowed during fiscal 2018 compared to fiscal 2017. The increase in other expense, net was primarily driven by a \$1.1 million increase in the amortization of our debt issuance costs due to the termination of our loan agreement during fiscal 2018, as discussed below in the section titled "—Debt Obligations."

### **Provision for Income Taxes**

The following is a breakdown of the provision for income taxes for the years ended fiscal 2017 and fiscal 2018:

	Year Ended January 31,		Change	
	2017	2018	\$	%
	(dollars in thousands)			
Provision for income taxes	\$ 87	\$ 929	\$ 842	968%

The increase in the provision for income taxes was driven primarily by an increase in international income tax expense due to our expansion into several new countries during fiscal 2018.

## **Quarterly Results of Operations**

The following table sets forth our unaudited quarterly statements of operations data for each of the quarters indicated. The unaudited quarterly statements of operations data set forth below have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair statement of such data. Our historical results are not necessarily indicative of the results that may be expected in the future, and the results for any quarter are not necessarily indicative of results to be expected for a full year or any other period. The following

quarterly financial data should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Three Months Ended				
	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
	(in thousands)				
Revenue					
Subscription	\$ 32,494	\$ 39,758	\$ 49,161	\$ 57,651	\$ 72,831
Professional services	6,223	7,531	6,540	8,728	7,624
Total revenue	<u>38,717</u>	<u>47,289</u>	<u>55,701</u>	<u>66,379</u>	<u>80,455</u>
Cost of revenue <sup>(1)</sup>					
Subscription	14,357	15,171	14,604	17,302	22,131
Professional services	4,813	4,223	3,971	4,972	4,864
Total cost of revenue	<u>19,170</u>	<u>19,394</u>	<u>18,575</u>	<u>22,274</u>	<u>26,995</u>
Gross profit	<u>19,547</u>	<u>27,895</u>	<u>37,126</u>	<u>44,105</u>	<u>53,460</u>
Operating expenses					
Sales and marketing <sup>(1)</sup>	34,265	36,617	40,113	46,614	49,338
Research and development <sup>(1)</sup>	15,928	17,615	18,963	25,968	22,005
General and administrative <sup>(1)</sup>	6,121	6,777	8,477	13,614	13,349
Total operating expenses	<u>56,314</u>	<u>61,009</u>	<u>67,553</u>	<u>86,196</u>	<u>84,692</u>
Loss from operations	<u>(36,767)</u>	<u>(33,114)</u>	<u>(30,427)</u>	<u>(42,091)</u>	<u>(31,232)</u>
Interest expense	(190)	(192)	(236)	—	—
Other expense, net	(53)	(190)	(1,852)	303	321
Loss before provision for income taxes	<u>(37,010)</u>	<u>(33,496)</u>	<u>(32,515)</u>	<u>(41,788)</u>	<u>(30,911)</u>
Provision for income taxes	(483)	(121)	(362)	(535)	(349)
Net loss	<u>\$ (37,493)</u>	<u>\$ (33,617)</u>	<u>\$ (32,877)</u>	<u>\$ (42,323)</u>	<u>\$ (31,260)</u>

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

	Three Months Ended				
	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
	(in thousands)				
Cost of revenue	\$ 258	\$ 109	\$ 145	\$ 435	\$ 205
Sales and marketing	438	773	1,031	2,137	1,234
Research and development	401	448	539	6,245	583
General and administrative	239	389	509	4,643	1,080
Total stock-based compensation expense	<u>\$ 1,336</u>	<u>\$ 1,719</u>	<u>\$ 2,224</u>	<u>\$ 13,460</u>	<u>\$ 3,102</u>

**Percentage of Revenue Data**

The following table presents the components of our statement of operations as a percentage of total revenue for each of the quarters indicated:

	Three Months Ended				
	January 31, 2018	April 30, 2018	July 31, 2018	October 31, 2018	January 31, 2019
<b>Revenue</b>					
Subscription	84%	84%	88%	87%	91%
Professional services	16%	16%	12%	13%	9%
Total revenue	100%	100%	100%	100%	100%
<b>Cost of revenue</b>					
Subscription	38%	32%	26%	27%	28%
Professional services	12%	9%	7%	7%	6%
Total cost of revenue	50%	41%	33%	34%	34%
Gross margin	50%	59%	67%	66%	66%
<b>Operating expenses</b>					
Sales and marketing	88%	78%	73%	69%	61%
Research and development	41%	38%	34%	39%	27%
General and administrative	16%	14%	15%	21%	17%
Total operating expenses	145%	130%	122%	129%	105%
Loss from operations	(95)%	(70)%	(55)%	(63)%	(39)%
Interest expense	(0)%	(0)%	(0)%	—%	—%
Other expense, net	(0)%	(0)%	(3)%	0%	0%
Loss before provision for income taxes	(95)%	(71)%	(58)%	(63)%	(39)%
Provision for income taxes	(2)%	(0)%	(1)%	(1)%	(0)%
Net loss	(97)%	(71)%	(59)%	(64)%	(39)%

**Quarterly Revenue Trends**

Total revenue increased sequentially in each of the quarters presented primarily due to our addition of new customers, as well as sales of additional endpoints and modules to existing customers. We typically receive a higher percentage of our annual orders from new customers, as well as renewal orders from existing customers, in our fourth fiscal quarter as compared to other quarters due to the annual budget approval process of many of our customers. However, because we recognize revenue ratably over the term of our subscription contracts, a substantial portion of the revenue that we report in each period is attributable to orders that we received during previous periods. Consequently, increases or decreases in new sales or renewals in any one period may not be immediately reflected in our revenue for that period and may negatively affect our revenue in future periods. Accordingly, the effect of downturns in sales and market acceptance of our cloud platform, and potential changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Professional services revenue is dependent upon the number of hours performed in a quarter and can vary from period to period.

**Quarterly Cost of Revenue Trends**

Total cost of revenue increased sequentially in each of the quarters presented except for the three months ended July 31, 2018, when it decreased. The increases were primarily driven by expanded use of our cloud platform by existing and new customers, which resulted in increased

data center costs, and due to an expansion in our customer support and cloud operations organizations to support our growth. These increases were tempered by cost savings as a result of moving more of our operations to colocation data centers from third-party cloud service providers and renegotiating the terms of a third-party cloud service provider contract, which changes primarily impacted total cost of revenue in the three months ended July 31, 2018.

### **Quarterly Gross Margin Trends**

The overall increase in gross margin over the course of the periods presented was enabled primarily by an increase in our revenue and, to a lesser extent, by the increased efficiency of our technology, infrastructure, and data centers through technological improvements, even as our customers expanded their use of our cloud platform. The increase in gross margin during the quarters presented was the result of moving more of our operations to colocation data centers from third-party cloud service providers and renegotiating the terms of a third-party cloud service provider contract. The increase in gross margin was also due to incentivizing our sales team to drive higher margin subscriptions and efforts to optimize our channel partner programs.

### **Quarterly Expense Trends**

Operating expenses generally have increased sequentially in every fiscal quarter primarily due to increases in employee related expenses associated with increases in our headcount to support our growth. We intend to continue to make significant investments in our sales and marketing organization, and sales and marketing expenses increased as we expanded our sales team to acquire new customers. We also intend to invest in research and development efforts to add new features to and enhance the functionality of our existing cloud platform, and to ensure the reliability, availability, and scalability of our solutions.

The increase in sales and marketing, research and development, and general and administrative expenses during the three months ended October 31, 2018 was primarily due to an increase of \$1.0 million, \$5.7 million, and \$3.9 million, respectively, in stock-based compensation expense primarily from the third-party tender offer transaction that was executed among certain of our employees and directors and certain of our stockholders described in the section titled "Certain Relationships and Related Party Transactions—Right of First Refusal." General and administrative expenses increased in recent fiscal quarters due to costs related to ongoing legal matters and preparing to be a public company, particularly during the three months ended January 31, 2019. We expect such costs to continue to increase for the foreseeable future.

The increase in other expense, net during the three months ended July 31, 2018 was due to an increase in the fair value of our redeemable convertible preferred stock warrants of \$2.1 million.

## **Liquidity and Capital Resources**

To date, we have financed our operations principally through private placements of our equity securities, payments received from customers using our Falcon platform and professional services, and borrowings under our credit facility. As of January 31, 2019, we had cash equivalents, consisting of money market funds and corporate debt securities, of \$70.1 million and marketable securities, consisting of corporate debt securities and U.S. treasury securities, of \$103.2 million. Our cash and cash equivalents primarily consist of highly liquid investments. Since our inception, we have generated operating losses, as reflected in our accumulated deficit of \$519.1 million as of January 31, 2019, and negative cash flows from operations. We expect to continue to incur operating losses and generate negative cash flows from operations for the foreseeable future due to the investments we intend to continue to make in sales and marketing and research and development, and due to additional general and administrative costs we expect to incur as a public

company. As a result, we may require additional capital resources to execute strategic initiatives to grow our business.

We believe that our existing cash and cash equivalents and marketable securities will be sufficient to fund our operating and capital needs for at least the next 12 months. This assessment is a forward-looking statement and involves risks and uncertainties. Our actual results could vary because of, and our future capital requirements will depend on, many factors, including our growth rate, the timing and extent of spending to support the expansion of our sales and marketing team, our research and development efforts, international operating activities, the timing of any new module deployments, and the continuing market acceptance of our Falcon platform. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights, which could decrease our cash and cash equivalents and increase our cash requirements. As a result of these and other factors, we may be required to seek additional equity or debt financing sooner than we currently anticipate. If 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 required, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations, and financial condition would be adversely affected.

We typically invoice our subscription customers annually in advance. Therefore, a substantial source of our cash is from such prepayments, which are included on our consolidated balance sheets as deferred revenue. Deferred revenue consists of billed fees for our subscriptions, prior to satisfying the criteria for revenue recognition, which are subsequently recognized as revenue in accordance with our revenue recognition policy. As of January 31, 2019, we had deferred revenue of \$290.1 million, of which \$218.7 million was recorded as a current liability and is expected to be recorded as revenue in the next 12 months, provided all other revenue recognition criteria have been met.

### Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Net cash used in operating activities	\$ (51,998)	\$ (58,766)	\$ (22,968)
Net cash used in investing activities	(11,854)	(28,330)	(142,030)
Net cash provided by financing activities	17,460	126,831	190,389

### Operating Activities

Net cash used in operating activities during fiscal 2019 was \$23.0 million, which resulted from a net loss of \$140.1 million, adjusted for non-cash charges of \$67.8 million and net cash inflow of \$49.3 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$28.6 million of amortization of deferred commissions, \$20.5 million in stock-based compensation expense, \$14.8 million of depreciation and amortization, and \$3.6 million due to the change in the fair value of our redeemable convertible preferred stock warrant liability. The net cash inflow from changes in operating assets and liabilities was primarily due to a \$131.1 million increase in deferred revenue, partially offset by a \$45.1 million increase in deferred commissions, and a \$33.4 million increase in accounts receivable.

Net cash used in operating activities during fiscal 2018 was \$58.8 million, which resulted from a net loss of \$135.5 million, adjusted for non-cash charges of \$34.3 million and net cash inflow of \$42.4 million from changes in operating assets and liabilities. Non-cash charges primarily consisted

of \$12.5 million of amortization of deferred commissions, \$12.3 million of stock-based compensation expense, and \$7.1 million of depreciation and amortization. The net cash inflow from changes in operating assets and liabilities was primarily the result of an \$82.2 million increase in deferred revenue from advance invoicing in accordance with our subscriptions and a \$23.7 million increase in accounts payable and accrued expenses, partially offset by a \$25.3 million increase in deferred commissions and an increase in accounts receivable of \$35.3 million.

Net cash used in operating activities during fiscal 2017 was \$52.0 million, which resulted from a net loss of \$91.3 million, adjusted for non-cash charges of \$10.3 million, and net cash inflow of \$29.0 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$5.1 million of amortization of deferred commissions, \$2.9 million of depreciation and amortization, and \$2.0 million of stock-based compensation expense. The net cash inflow from changes in operating assets and liabilities was primarily the result of a \$37.3 million increase in deferred revenue from advance invoicing in accordance with our subscriptions and a \$5.3 million increase in accounts payable and accrued expenses, partially offset by a \$9.4 million increase in deferred commissions and an increase in accounts receivable of \$8.5 million.

### ***Investing Activities***

Net cash used in investing activities during fiscal 2019 of \$142.0 million was primarily due to purchases of marketable securities of \$199.3 million, purchases of property and equipment of \$35.9 million, and capitalized internal-use software of \$6.8 million, partially offset by maturities of marketable securities of \$100.0 million.

Net cash used in investing activities during fiscal 2018 of \$28.3 million was primarily due to purchases of property and equipment of \$22.9 million, capitalization of internal-use software of \$6.5 million, cash used in business combinations of \$6.5 million, and the purchase of marketable securities of \$9.6 million, partially offset by maturities of marketable securities of \$17.5 million.

Net cash used in investing activities during fiscal 2017 of \$11.9 million was primarily due to purchases of property and equipment of \$6.6 million and capitalization of internal-use software of \$5.6 million. Most of these capital expenditures were related to developing and expanding our colocation centers for our cloud platform.

### ***Financing Activities***

Net cash provided by financing activities of \$190.4 million during fiscal 2019 was primarily due to \$206.9 million in net proceeds from the issuance of our Series E redeemable convertible preferred stock, \$10.0 million in proceeds from our revolving line of credit, and \$3.9 million from the exercise of stock options, partially offset by a repayment on our line of credit of \$20.0 million, a repayment on our outstanding bank loan of \$6.2 million, the repurchase of stock options of \$2.3 million, and payments of indemnity holdback and contingent consideration of \$2.1 million.

Net cash provided by financing activities of \$126.8 million during fiscal 2018 was primarily due to \$130.4 million in net proceeds from the issuance of shares of our Series D and Series D-1 redeemable convertible preferred stock, \$10.0 million in proceeds from our revolving line of credit, \$3.7 million from the exercise of stock options, and the repayment of notes receivable from related parties of \$2.4 million, partially offset by a repayment on our outstanding bank loan of \$19.3 million.

Net cash provided by financing activities of \$17.5 million during fiscal 2017 was primarily due to \$19.3 million in proceeds from our credit facility, partially offset by repayment of \$2.4 million for that facility.

## **Debt Obligations**

### *Secured Revolving Credit Facility*

In April 2019, we entered into a Credit Agreement with Silicon Valley Bank and the other lenders party thereto, providing us with a revolving line of credit of up to \$150.0 million, including a letter of credit sub-facility in the aggregate amount of \$10.0 million, and a swingline sub-facility in the aggregate amount of \$10.0 million. We also have the option to request an incremental facility of up to an additional \$75.0 million from one or more of the lenders under the Credit Agreement. The amount that we may borrow under the Credit Agreement may not exceed the lesser of \$150.0 million and our ordinary course recurring subscription revenue for the most recent month, as determined under the Credit Agreement, multiplied by a number that is (i) 6, for the first year after entry into the Credit Agreement; (ii) 5, for the second year after entry into the Credit Agreement; and (iii) 4, thereafter. Under the terms of the Credit Agreement, revolving loans may be either Eurodollar Loans or ABR Loans. Outstanding Eurodollar Loans incur interest at the Eurodollar Rate, which is defined in the Credit Agreement as LIBOR (or any successor thereto), plus a margin between 2.75% and 3.25%, depending on usage. Outstanding ABR Loans incur interest at the highest of (a) the Prime Rate, as published by the Wall Street Journal, (b) the federal funds rate in effect for such day plus 0.50%, and (c) the Eurodollar Rate plus 1.00%, in each case plus a margin between 1.75% and 2.25%, depending on usage. The applicable margin for Eurodollar Loans and ABR Loans will be reduced by 0.25% upon the completion of an initial public offering of at least \$100.0 million in gross proceeds. We will be charged a commitment fee of 0.2% to 0.3% per year for committed but unused amounts. The Credit Agreement will terminate on April 19, 2022.

The Credit Agreement is collateralized by substantially all of our current and future property, rights, and assets, including, but not limited to, intellectual property, cash, goods, equipment, contractual rights, financial assets, and intangible assets of us and our subsidiaries. The Credit Agreement contains covenants limiting our ability and the ability of our subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions. The Credit Agreement also contains financial covenants that require us to maintain the year-over-year growth rate of our ordinary course recurring subscription revenue above specified rates and to maintain minimum liquidity at specified levels. We were in compliance with all covenants as of April 30, 2019. The Credit Agreement contains events of default that include, among others, non-payment of principal, interest, or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, and material judgments.

No amounts were outstanding under the Credit Agreement as of April 30, 2019.

### *Loan and Security Agreement*

In January 2015, we entered into a Loan and Security Agreement with Silicon Valley Bank, which was subsequently amended and restated in March 2017, providing us with the ability to borrow up to \$10.0 million from a term loan and \$20.0 million from a revolving line of credit. As of January 31, 2018, we owed \$6.2 million on the term loan. Interest expense on the term loan was \$0.4 million, \$0.3 million, and \$0.1 million for fiscal 2017, fiscal 2018, and fiscal 2019, respectively. As of January 31, 2018, we had drawn \$10.0 million against the revolving line of credit. In July 2018, we voluntarily repaid the outstanding principal balance of the revolving line of credit and no further amounts were outstanding as of January 31, 2019. The carrying amount of the revolving line of credit, net of debt issuance costs of \$0.2 million, was \$9.8 million as of January 31, 2018. Outstanding principal amounts on the revolving line of credit incurred interest at the Prime Rate, as published by the Wall Street Journal. Interest expense on the revolving line of credit was \$0.4 million and \$0.3 million for fiscal 2018 and fiscal 2019, respectively. In April 2019, the Loan and Security Agreement was terminated in connection with our entrance into the Credit Agreement.

Pursuant to the Loan and Security Agreement, in January 2015, we issued Silicon Valley Bank a warrant to purchase 170,818 shares of our Series B redeemable convertible preferred stock at an exercise price of \$1.405 per share. In March 2017, as part of the Amended and Restated Loan and Security Agreement, we issued Silicon Valley Bank a warrant to purchase up to 66,225 shares of Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. Neither of the warrants have been exercised.

*Growth Capital Loan and Security Agreement*

In December 2016, we entered into a Growth Capital Loan and Security Agreement with TriplePoint Venture Growth BDC Corp. providing us the ability to borrow up to an aggregate principal amount of \$40.0 million in a growth capital term loan. The agreement was collateralized by our personal property, including but not limited to cash, goods, equipment, contractual rights, financial assets, and intangible assets. Draws on the growth capital term loan were payable as interest-only at the Prime Rate, as published by the Wall Street Journal (not to be less than 3.5%), plus 7.75% per month through December 31, 2018, followed by 24 months of principal and accrued interest.

The Growth Capital Loan and Security Agreement contained customary affirmative covenants and customary negative covenants limiting our ability and the ability of our subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions. The Growth Capital Loan and Security Agreement contained customary events of default that included, among others, non-payment of principal, interest, or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments, and events constituting a change in control.

As part of the Growth Capital Loan and Security Agreement, in December 2016 we issued TriplePoint Venture Growth BDC Corp. a warrant to purchase 99,343 shares of our Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. The warrant has not been exercised.

As of January 31, 2017, we owed \$19.1 million on the Growth Capital Loan and Security Agreement. In June 2017, we voluntarily repaid the outstanding principal balance of \$19.1 million and terminated the facility. Interest expense was \$0.2 million and \$1.0 million for fiscal 2017 and fiscal 2018, respectively.

**Contractual Obligations and Commitments**

The following table summarizes our contractual obligations as of January 31, 2019 and the years in which these obligations are due:

	Total	Payments Due by Period			
		Less than 1 year	1 - 3 years (in thousands)	3 - 5 years	Thereafter
Operating leases <sup>(1)</sup>	\$ 24,953	\$ 5,661	\$ 10,380	\$ 7,245	\$ 1,667
Data center commitments <sup>(2)</sup>	180,818	52,642	113,008	14,551	617
Other purchase obligations <sup>(3)</sup>	19,152	14,517	4,635	—	—
Fair value of contingent consideration <sup>(4)</sup>	474	227	247	—	—
<b>Total</b>	<b>\$ 225,397</b>	<b>\$ 73,047</b>	<b>\$ 128,270</b>	<b>\$ 21,796</b>	<b>\$ 2,284</b>

(1) Relates to our facilities worldwide.

- (2) Relates to non-cancelable commitments to data center vendors.
- (3) Relates to non-cancelable purchase commitments with various parties to purchase products and services entered into in the normal course of business.
- (4) Relates to business combinations. See Note 5 to our consolidated financial statements included elsewhere in this prospectus.

The above table does not reflect commitments of an additional \$40.0 million of non-cancelable purchase commitments under an amendment to an agreement with a data center provider entered into in April 2019.

### **Indemnification**

Our subscription agreements contain standard indemnification obligations. Pursuant to these agreements, we will indemnify, defend, and hold the other party harmless with respect to a claim, suit, or proceeding brought against the other party by a third party alleging that our intellectual property infringes upon the intellectual property of the third party, or results from a breach of our representations and warranties or covenants, or that results from any acts of negligence or willful misconduct. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. Typically, these indemnification provisions do not provide for a maximum potential amount of future payments we could be required to make. However, in the past we have not been obligated to make significant payments for these obligations and no liabilities have been recorded for these obligations on our consolidated balance sheet as of January 31, 2018 or January 31, 2019.

We also indemnify our officers and directors for certain events or occurrences, subject to certain limits, while the officer is or was serving at our request in such capacity. The maximum amount of potential future indemnification is unlimited. However, our director and officer insurance policy limits our exposure and enables us to recover a portion of any future amounts paid. Historically, we have not been obligated to make any payments for these obligations and no liabilities have been recorded for these obligations on our consolidated balance sheet as of January 31, 2018 or January 31, 2019.

### **Backlog**

We enter into both single and multi-year subscription contracts for our solutions. We generally invoice the entire amount at contract signing prior to commencement of subscription period. Until such time as these amounts are invoiced, they are not recorded in deferred revenue or elsewhere in our consolidated financial statements, and are considered by us to be backlog. As of January 31, 2018 and January 31, 2019, we had backlog of approximately \$29.5 million and \$55.6 million, respectively. Of the backlog of \$55.6 million as of January 31, 2019, approximately \$23.7 million is not reasonably expected to be billed in fiscal 2020. We expect backlog will change from period to period for several reasons, including the timing and duration of customer agreements, varying billing cycles of subscription agreements, and the timing and duration of customer renewals. Because revenue for any period is a function of revenue recognized from deferred revenue under contracts in existence at the beginning of the period, as well as contract renewals and new customer contracts during the period, backlog at the beginning of any period is not necessarily indicative of future revenue performance. We do not utilize backlog as a key management metric internally.

### **Off-Balance Sheet Arrangements**

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities. We do not have any

outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions, or foreign currency forward contracts.

### **Quantitative and Qualitative Disclosures About Market Risk**

We have operations in the United States and internationally, and we are exposed to market risk in the ordinary course of business.

#### ***Inflation Rate Risk***

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations.

#### ***Interest Rate Risk***

Our cash and cash equivalents primarily consist of cash on hand and highly liquid investments in corporate debt securities and money market funds, including overnight investments. Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair market value of our investments. As of January 31, 2019, we had cash and cash equivalents of \$88.4 million and marketable securities of \$103.2 million. The carrying amount of our cash equivalents reasonably approximates fair value due to the short maturities of these instruments. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs, and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. However, due to the short-term nature of our investment portfolio, for fiscal 2018 and fiscal 2019, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. We therefore do not expect our results of operations or cash flows to be materially affected by a sudden change in market interest rates.

#### ***Foreign Currency Risk***

To date, all of our sales contracts have been denominated in U.S. dollars. A portion of our operating expenses are incurred outside the United States, denominated in foreign currencies and subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British Pound, Australian Dollar, and Euro. The functional currency of our foreign subsidiaries is that country's local currency. Monetary assets and liabilities of the foreign subsidiaries are re-measured into U.S. dollars at the exchange rates in effect at the reporting date, non-monetary assets and liabilities are re-measured at historical rates, and revenue and expenses are re-measured at average exchange rates in effect during each reporting period. Foreign currency transaction gains and losses are recorded to other expense, net. As the impact of foreign currency exchange rates has not been material to our historical results of operations, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

### **Critical Accounting Policies and Estimates**

Our management's discussion and analysis of financial condition and results of operations is based upon our financial statements and notes to our financial statements, which were prepared in accordance with GAAP. The preparation of the financial statements requires our management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our management evaluates our estimates on an ongoing basis, including

those related to the allowance for doubtful accounts, the carrying value of long-lived assets, the useful lives of long-lived assets, the fair value of financial instruments, the recognition and disclosure of contingent liabilities, the provision for income taxes and related deferred taxes, stock-based compensation, the fair value of our common stock, and the fair value of our redeemable convertible preferred stock warrants. We base our estimates and judgments on our historical experience, knowledge of factors affecting our business and our belief as to what could occur in the future considering available information and assumptions that are believed to be reasonable under the circumstances.

The accounting estimates we use in the preparation of our financial statements will change as new events occur, more experience is acquired, additional information is obtained and our operating environment changes. Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in our reported results of operations and, if material, the effects of changes in estimates are disclosed in the notes to our financial statements. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from the amounts reported based on these estimates.

While our significant accounting policies are more fully described in Note 2 of our consolidated financial statements included elsewhere in this prospectus, we believe the following reflect our critical accounting policies and our more significant judgments and estimates used in the preparation of our financial statements.

### **Revenue Recognition**

We currently recognize revenue in accordance with Accounting Standards Codification Topic 605, *Revenue Recognition*, or ASC 605. Beginning February 1, 2019, we will be required to adopt ASC 606, *Revenue from Contracts with Customers*, or ASC 606. This new revenue standard became effective for public companies for the fiscal years beginning after December 15, 2017, and interim periods within that year. Private companies have an additional year to adopt the standard. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for applying ASC 606 that otherwise only applies to private companies. We plan to adopt using the modified retrospective transition method.

Under ASC 605, revenue is recognized only when:

- there is persuasive evidence that an arrangement exists, in the form of a written contract, amendments to that contract, or purchase orders from a third party;
- delivery has occurred, or services have been rendered;
- the price is fixed or determinable; and
- collectability is reasonably assured based on customer creditworthiness and history of collection.

Determining whether and when some of these criteria have been satisfied often involves judgments that can have a significant impact on the timing and amount of revenue we report. For example, our assessment of the likelihood of collection is a critical element in determining the timing of revenue recognition. If we do not believe that collection is probable and/or reasonably assured, revenue will be deferred until cash is received.

For multiple element arrangements we are required to allocate revenue to all elements in the arrangement based on their fair value. If we cannot establish, vendor specific objective evidence of fair value, or VSOE, we then determine if we can establish third-party evidence of fair value, or TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Our

services differ significantly from those of our peers and our offerings contain a significant level of customization and differentiation such that the comparable pricing of products with similar functionality cannot generally be obtained. Furthermore, we are unable to reliably determine what similar competitor products' selling prices are on a stand-alone basis. Therefore, we are typically not able to determine TPE.

If both VSOE and TPE do not exist, we then use best estimate of selling price, or BESP, to establish fair value and to allocate total consideration to each element in the arrangement and consideration related to each element is then recognized as each element is delivered. Any discount or premium inherent in the arrangement is allocated to each element in the arrangement based on the relative fair value of each element.

The objective of BESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. We determine BESP for a product or service by considering multiple factors including an analysis of recent stand-alone sales of that product, market conditions, competitive landscape, internal costs, gross margin objectives and pricing practices. As these factors are mostly subjective, the determination of BESP requires significant judgment. If we had chosen different values for BESP, our revenue and deferred revenue could have been materially different. We regularly review VSOE, TPE and BESP and maintain internal controls over the establishment and updates of these estimates.

### **Stock-Based Compensation**

Stock-based compensation expense related to stock awards is recognized based on the fair value of the awards on the date of the grant. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model and a single option award approach. Stock-based compensation expense is recognized over the requisite service period of the awards, which is generally four years. A substantial majority of option awards have service-based vesting conditions and we record the expense for these awards using the straight-line method.

During fiscal 2017 and fiscal 2018, we recognized stock-based compensation expense, net of estimated forfeitures. We used historical data to estimate pre-vesting forfeitures and recorded stock-based compensation expense only for those grants that were expected to vest. On February 1, 2018, we adopted Accounting Standard Update No. 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, or ASU 2016-09, which simplifies several aspects of the accounting for employee share-based payment transactions. In accordance with ASU 2016-09, we have elected to account for forfeitures as they occur.

Our use of the Black-Scholes 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 to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

These assumptions and estimates are as follows:

1. *Fair Value of Common Stock.* Because our common stock is not yet publicly traded, we must estimate the fair value of common stock, as discussed below in the section titled "—Common Stock Valuations."
2. *Expected Term.* 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.

3. *Volatility.* Since we do not have a trading history of our common stock, the expected volatility is determined based on the historical stock volatilities of our comparable companies. Comparable companies consist of public companies in our industry, which are similar in size, stage of life cycle and financial leverage. We intend to continue to apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own 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 used in the calculation.
4. *Risk-Free Interest Rate.* We base the risk-free interest rate used in the Black-Scholes option-pricing model on the implied yield available on U.S. Treasury zero-coupon issues with a remaining term equivalent to that of the options for each expected term.
5. *Dividend Yield.* The expected dividend assumption is based on our current expectations about our anticipated dividend policy. As we have no history of paying any dividends, we used an expected dividend yield of zero.

The following table summarizes the assumptions used in the Black-Scholes option-pricing model to determine the fair value of our stock options:

	Year Ended January 31,		
	2017	2018	2019
Expected term (in years)	6.05	6.05	6.05 - 7.52
Risk-free interest rate	1.1% - 1.5%	1.9% - 2.2%	2.6% - 3.1%
Expected stock price volatility	41.7% - 42.8%	40.3% - 41.4%	37.8% - 38.9%
Dividend yield	—	—	—

### **Common Stock Valuations**

Because our common stock is not publicly traded, our board of directors exercises significant judgment in determining the fair value of our common stock on the date of each option grant, with input from management, based on several objective and subjective factors. Factors considered by our board of directors include:

- company performance, our growth rate and financial condition at the approximate time of the option grant;
- the value of companies that we consider peers based on several factors including, but not limited to, similarity to us with respect to industry, business model, stage of growth, financial risk, or other factors;
- changes in the company and our prospects since the last time the board approved option grants and determined of fair value;
- amounts recently paid by investors for our redeemable convertible preferred stock in arm's-length transactions;
- amounts recently paid by investors for our common stock in arm's-length secondary stock transactions, including a secondary stock purchase transaction with certain of our stockholders completed in October 2018;
- the rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;

- the likelihood of achieving a liquidity event, such as an initial public offering or sale of all or a portion of the company;
- future financial projections; and
- valuations completed near the time of the grant.

Since our inception, we have prepared valuations in a manner consistent with the method outlined in the AICPA Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Certain of these valuations relied on a fundamental analysis of the business, using a discounted cash flow model, to derive an estimate of our total equity. The estimated equity value was then allocated to each class of equity, based on the respective rights and preferences, using an Option-Pricing Methodology, or OPM. Certain other valuations relied on recent transactions in our preferred and/or common stock. For dates near a recent preferred stock financing, we assessed the value of common stock implied by the price paid for the preferred, primarily using an OPM to backsolve the common stock value, but also giving consideration to the value implied on an "as converted" or "common stock equivalent" methodology. Additionally, in certain cases, transactions involving sales or purchases of our common stock were also considered.

We believe that we have used reasonable methodologies, approaches and assumptions consistent with the AICPA Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, to determine the fair value of our common stock. We have reviewed key factors and events between each date below and have determined that the combination of the factors and events described above reflect a true measurement of the fair value of our common stock over an extended period.

### **Accounting for Business Combinations**

We account for business combinations using the acquisition method of accounting. We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Intangible assets consist predominantly of purchased intellectual property acquired in transactions that were accounted for as business combinations under GAAP and purchased intellectual property that were acquired as an asset acquisition under GAAP. These intangible assets are measured at fair value at the date of acquisition. Such valuations require us to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from using the acquired technology, and discount rates. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statement of operations. We amortize all intangible assets on a straight-line basis over their expected lives. As of January 31, 2019, we had \$1.0 million of intangible assets, net. We evaluate our intangible assets for impairment by assessing the recoverability of these assets whenever adverse events or changes in circumstances or business climate indicate that expected undiscounted future cash flows related to such intangible assets may not be sufficient to support the net book value of such assets. An impairment is recognized in the period of identification to the extent the carrying amount of an asset exceeds the fair value of such asset. Based on our analysis, no impairment was recorded for fiscal 2017, fiscal 2018, or fiscal 2019.

Goodwill is currently our only indefinite-lived intangible asset. As of January 31, 2019, we had \$7.9 million of goodwill. Goodwill is tested for impairment at least annually on January 31 of each calendar year or more often if events or changes in circumstances indicate the carrying value may not be recoverable. Significant judgments are required in assessing impairment of goodwill and intangible assets include the identification of reporting units, identifying whether events or changes in circumstances require an impairment assessment, estimating future cash flows, determining appropriate discount and growth rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value whether an impairment exists and if so the amount of that impairment.

When an acquisition includes a liability contingent consideration, this liability must be adjusted to its fair value each quarter, with changes in fair value recorded in the consolidated statement of operations. Management estimates the fair value of contingent consideration each quarter based on its most recent financial forecast. To the extent our forecast increases, the fair value of the contingent consideration will increase with change in fair value recorded to operating expenses. Conversely, to the extent our forecast decreases, the fair value of the contingent consideration will decrease with change in fair value recorded as a reduction to operating expenses. Significant judgment is required in developing the assumptions required to determine the purchase price and in allocating that purchase price to the assets. If any of these assumptions were different, the amount recorded as goodwill, intangible assets and contingent consideration would have been different.

### **Income Taxes**

We are subject to federal, state, and local taxes in the United States as well as in other tax jurisdictions or countries in which we conduct business. Earnings generated by our non-U.S. activities are related to applicable transfer pricing requirements under local country income tax laws. We account for uncertain tax positions based on those positions taken or expected to be taken in a tax return. We determine if the amount of available support indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. We then measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement.

We have a full valuation allowance for our net deferred tax assets generated from our U.S. operations. We will continue to assess the need for such valuation allowance on our deferred tax assets by evaluating both positive and negative evidence that may exist. Any adjustment to the deferred tax asset valuation allowance would be recorded in the periods in which the adjustment is determined to be required.

On December 22, 2017, the U.S. government enacted the Tax Act, which makes significant changes to the U.S. tax code. The Tax Act includes several key tax provisions that affect us, including, but not limited to, lowering the U.S. federal corporate tax rate to 21% for tax years beginning after December 31, 2017, establishing a new provision to currently tax certain global intangible low-taxed income of controlled foreign corporations, and imposing a one-time tax ("Transition Tax") on the mandatory deemed repatriation of cumulative foreign earnings. The Transition Tax is based upon the post-1986 earnings and profits that were previously deferred from U.S. income taxes.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act, or SAB 118, which provides guidance on accounting for the Tax Act's impact and allows registrants to record provisional amounts during a measurement period not to extend beyond one year of the enactment date.

During the year ended January 31, 2019, we completed the accounting for the Tax Act within the measurement period. The previously recorded provisional amount recorded for the Transition Tax was adjusted by an immaterial amount but was fully offset by a corresponding adjustment to the valuation allowance resulting in no impact to the provision for income taxes. We have also completed the analysis of the impact of the Tax Act on our existing assertion to indefinitely reinvest the earnings of our subsidiaries outside the United States and concluded that no change was necessary. We have determined that the Tax Act did not have a material impact on our financial statements, other than disclosures in our year-end financial statements. We currently maintain a full valuation allowance recorded against our U.S. federal deferred tax assets.

As a result of the Tax Act, we can make an accounting policy election to either treat taxes due on the global intangible low-taxed income inclusion as a current period expense or factor such amounts into our measurement of deferred taxes. We have completed our analysis of the global intangible low-tax income provisions and elected to use the period cost method and therefore no accrual for the deferred tax aspects of this provision was made.

#### **JOBS Act Accounting Election**

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued after the enactment of the JOBS Act until those standards apply to private companies. We have elected to use this extended transition period under the JOBS Act.

#### **Recently Issued Accounting Pronouncements**

See Note 2 to our consolidated financial statements included at the end of this prospectus, regarding the impact of certain recent accounting pronouncements on our consolidated financial statements.

## **BUSINESS**

### **Our Mission**

We don't have a mission statement—we are on a mission to protect our customers from breaches.

### **Overview**

We founded CrowdStrike in 2011 to reinvent security for the cloud era. When we started the company, cyberattackers had a decided, asymmetric advantage over existing security products. We turned the tables on the adversaries by taking a fundamentally new approach that leverages the network effects of crowdsourced data applied to modern technologies such as AI, cloud computing, and graph databases. Realizing that the nature of cybersecurity problems had changed but the solutions had not, we built our CrowdStrike Falcon platform to detect threats and stop breaches.

We believe we are defining a new category called the Security Cloud, with the power to transform the security industry much the same way the cloud has transformed the CRM, HR, and service management industries. With our Falcon platform, we created the first multi-tenant, cloud native, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as laptops, desktops, servers, virtual machines, and IoT devices. We deliver comprehensive breach protection even against today's most sophisticated attacks on the endpoint, where the most valuable corporate data resides. Our Falcon platform is composed of two tightly integrated proprietary technologies: our easily deployed intelligent lightweight agent and our cloud-based, dynamic graph database called Threat Graph. Our solution benefits from crowdsourcing and economies of scale, which we believe enables our AI algorithms to be uniquely effective. We call this cloud-scale AI. Our single lightweight agent is installed on each endpoint and provides local detection and prevention capabilities while also intelligently collecting and streaming high fidelity data to our platform for real-time decision-making. Our Threat Graph processes, correlates, and analyzes this data in the cloud using a combination of AI and behavioral pattern-matching techniques. By analyzing and correlating information across our massive, crowdsourced dataset, we are able to deploy our AI algorithms at cloud-scale and build a more intelligent, effective solution to detect threats and stop breaches that on-premise or single instance cloud products cannot match. Today, we offer 10 cloud modules on our Falcon platform via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence.

Organizations everywhere are becoming more distributed as they adopt the cloud, increase workforce mobility, and grow their number of connected devices. They are adding more workloads to a myriad of different endpoints beyond the traditional security perimeter, exposing an increasingly broad attack surface to adversaries. In addition, the sophistication of cyberattacks has increased, often coming from nation-states, well-funded criminal organizations, and hackers using advanced, easily obtained methods of attack. On a number of occasions, adversaries have launched devastating, destructive attacks that have caused significant business disruption and billions of dollars in cumulative losses. The architectural limitations of legacy security products, coupled with a dynamic and intensifying threat landscape, are creating the need for a fundamentally new approach to security.

Our unique approach starts with our single intelligent lightweight agent that enables frictionless deployment of our platform at scale. Our customers can rapidly adopt our technology across any type of workload running on a variety of endpoints. Our lightweight agent offloads computationally intensive tasks to the cloud, while retaining local detection and prevention capabilities that are necessary on the endpoint. The agent is nonintrusive to the end user and

continues to protect the endpoint and track activity even when offline. The agent recommences transmitting data to our Falcon platform when the connection to the cloud has been reestablished. By utilizing a single agent, customers are able to leverage all the capabilities of our platform without burdening the endpoint with multiple agents.

Our lightweight agent intelligently streams high fidelity endpoint data to the cloud where Threat Graph provides a simple, flexible, and scalable way to model highly interconnected data sets. Threat Graph processes, correlates, and analyzes over one trillion endpoint-related events per week in real time and maintains an index of these events for future use. Threat Graph continuously looks for malicious activity by applying graph analytics and AI algorithms to the data streamed from the endpoints. Our multi-tenant architecture allows us to collect a broad array of high fidelity data about both potential attacks and benign behavioral patterns across our entire customer base, continuously enhancing our AI algorithms. This significantly increases the efficacy of our solution to stop breaches while reducing false positives.

We founded our company on the principle that the future of security would be driven by AI and that a cloud-native architecture would enable the collection of high fidelity data and scalability necessary for an effective solution. We call this cloud-scale AI. From the beginning, our strategy was focused on collecting data at scale, centrally storing such data in a singular model, and training our algorithms on these vast amounts of high fidelity data, which we believe is a fundamental differentiator from our competitors. Our cloud-scale AI means that the more data that is fed into our Falcon platform, the more intelligent Threat Graph becomes and the more our customers benefit, creating a powerful network effect that increases the overall value we provide. AI is revolutionizing many technology fields, including security solutions. To be truly effective, algorithms that enable AI depend on the quality and volume of data that trains them and the selection of the right differentiating features from that data. Our proprietary algorithms in Threat Graph identify events that may or may not be directly related, but together could indicate a threat that could otherwise remain undetected. Our cloud-scale algorithms make over 91 million indicator of attack decisions per minute. We are uniquely effective because we have more high fidelity data to train our AI models and more security expertise to guide our feature selection—all resulting in industry-leading efficacy and low false positives. Our rich set of continuously collected high fidelity endpoint data feeding our algorithms also enables us to use an active learning approach, where the models are continuously updated to fill in gaps identified in initial models and their performance is validated with this data prior to production use.

By leveraging a multi-tenant, cloud native solution, the data we analyze to stop breaches is both larger and more meaningful than the data from on-premise or single instance private cloud products. If Threat Graph discovers something in one customer environment, all customers benefit automatically and in real time. Taken together, our platform enables intelligent, dynamic automation at scale to detect threats and stop breaches.

We designed our Falcon platform with an open, interoperable, and highly extensible architecture. Because of our single data model, we only need to collect high fidelity endpoint data once from our agent, which we can use repeatedly for multiple use cases. Therefore, we can rapidly innovate, build, and deploy highly integrated modules to access additional market opportunities. We recently launched CrowdStrike Store, the first open cloud-based application platform for endpoint security and the industry's first unified security cloud ecosystem of trusted third-party applications. We also built a rich set of APIs that allows us to ingest third-party data into our Falcon platform and allows our customers to expand the functionality of their existing security systems by writing their own programs and accessing the data on our platform.

Our Falcon platform includes our OverWatch threat hunting cloud module that combines the human intelligence of our elite security experts with the power of Threat Graph. Because our world

class team can see potential attacks across our entire customer base, their expertise is enhanced by their constant visibility into the threat landscape. We are able to keep this team extremely small and scalable by leveraging automation and our Threat Graph. OverWatch is a force multiplier that extends the capabilities and improves the productivity of our customers' security teams.

We offer our customers compelling business value that includes ease of adoption, rapid time-to-value, superior efficacy rates in detecting threats and preventing breaches, and reduced total cost of ownership by consolidating legacy, siloed security products in a single solution. We also allow thinly-stretched security organizations to automate previously manual tasks, freeing them to focus on their most important objectives. With the Falcon platform, organizations can transform how they combat threats, from slow, manual, and reactionary to fast, automated, and predictive, providing visibility across the entire threat lifecycle.

We have a channel-centric go-to-market approach. We sell our platform and cloud modules directly and through channel partners, who work closely with our field sales and inside sales professionals. We primarily sell our platform and cloud modules through our direct sales team that leverages our network of channel partners to maximize effectiveness and scale. We amplify our sales presence by leveraging our technology alliance partners that can deliver, embed, or build applications with data and analytics from our Falcon platform. We are also enhancing our go-to-market strategy using a low-touch, trial-to-pay approach. In May 2018, we launched a free trial of Falcon Prevent, our next-generation antivirus module, available directly from our website or the AWS Marketplace. We are beginning to see a number of these trial users convert to paying customers. We believe this approach will enable a higher velocity of new customer acquisition and expansion, and will extend our reach to customers of all sizes.

We have a low friction land-and-expand sales strategy. When customers deploy our Falcon platform, they can start with any number of cloud modules and we can activate additional cloud modules in real time on the same agent already deployed on the endpoint. Once customers experience the benefits of our Falcon platform, they often expand their adoption over time by adding more endpoints or purchasing additional modules. Our dollar-based net retention rate, which measures expansion in existing customers' subscriptions over a 12 month period, was 147% as of January 31, 2019, demonstrating the power of our land-and-expand strategy.

Some of the world's largest enterprises, government organizations, and high profile brands trust us to protect their business. As of January 31, 2019, we had 2,516 subscription customers worldwide, including 44 of the Fortune 100, 37 of the top 100 global companies, and nine of the top 20 major banks. We began as a large enterprise solution, but the flexibility and scalability of our Falcon platform and enhanced go-to-market approach enable us to protect customers of any size—from hundreds of thousands of endpoints to as few as one. We have been recognized by numerous independent third-party analysts, including Gartner<sup>(2)(3)</sup>, Forrester, and IDC.

We have recently experienced significant growth, with total revenue increasing from \$52.7 million for fiscal 2017 to \$118.8 million for fiscal 2018, representing year-over-year growth of 125% and from \$118.8 million for fiscal 2018 to \$249.8 million for fiscal 2019, representing year-over-year growth of 110%. Subscription revenue grew from \$37.9 million for fiscal 2017 to \$92.6 million for fiscal 2018, a 144% increase, and from \$92.6 million for fiscal 2018 to \$219.4 million for fiscal 2019, a 137% increase. Our annual recurring revenue, or ARR, has grown from \$58.8 million as of January 31, 2017, to \$141.3 million as of January 31, 2018, a 140% increase, and from \$141.3 million as of January 31, 2018, to \$312.7 million as of January 31, 2019, a 121% increase. Our net loss increased from \$91.3 million for fiscal 2017 to \$135.5 million for fiscal 2018, and from \$135.5 million for fiscal 2018 to \$140.1 million for fiscal 2019. We expect to continue to incur net losses for the foreseeable future as we continue to invest in our business, and our sales capabilities in particular, to address our large market opportunity.

## Industry Background

There are a number of key trends that are driving the need for a new approach to security.

### ***Cybersecurity Threats are Greater than Ever***

Today's cybersecurity threat landscape is more dangerous than ever. Breaches are complex and often executed over multiple steps known in the industry as the threat lifecycle. The typical threat lifecycle starts with an initial exploit to enter a system, historically using malware, but increasingly using malware-free or fileless methods, to penetrate endpoints and establish a beachhead inside the corporate perimeter. Once inside, adversaries move laterally across the corporate environment where they collect credentials and escalate privileges enabling the typical adversary to download a larger, more destructive malware program or connect with an external control source. At this stage in the threat lifecycle, the adversary is able to encrypt, destroy, or silently exfiltrate sensitive data.

Increasingly, adversaries are well-trained, possess significant technological and human resources, and are highly deliberate and targeted in their attacks. Adversaries today range from militaries and intelligence services of well-funded nation-states to sophisticated criminal organizations who are motivated by financial gains to hackers leveraging readily available advanced techniques. These groups and individuals are responsible for many breaches that involve theft or holding hostage financial data, intellectual property, and trade secrets. These attacks are pervasive, targeting a broad range of industries including technology, transportation, healthcare, financial services, governments and political organizations, utility, retail, and public infrastructure. On a number of occasions, adversaries have launched devastating, destructive attacks that have caused significant business disruption and billions of dollars in cumulative losses. For example, cyber risk modeling firm Cyence Inc. estimated that the overall global economic costs incurred from the 2017 WannaCry attack were between \$4 billion and \$8 billion.

### ***Proliferation of Workloads Expanding the Attack Surface***

The rise of cloud computing, workforce mobility, and growth in connected devices has created a rapid expansion of workloads across endpoints and industries. According to a 2018 Cisco white paper, the number of connected devices is expected to be 28.5 billion by 2022, up from 18 billion in 2017. As a result, devices, applications, and data are highly distributed and diverse, challenging organizations to monitor and protect all of their workloads running on various endpoints. The adoption of many of these technologies and the resulting disappearance of the corporate perimeter have expanded the attack surface and left many organizations increasingly vulnerable to breach. Today, workloads running on endpoints, such as laptops and servers, are the primary targets in a security attack since they are vulnerable and frequently are repositories of valuable and sensitive data, including intellectual property, authentication credentials, personally identifiable information, financial information, and other digital assets. As new workloads are provisioned on emerging mobile and IoT devices, oftentimes residing outside of the corporate perimeter, increasingly more sensitive and mission critical data will be generated and stored on these endpoints as well. Attacks such as Shamoon, WannaCry and NotPetya have shown that destroying or locking data on a large portion of an enterprise's endpoints can cause widespread business disruption.

### ***On-Premise Security Architectures are Constrained***

On-premise products are siloed, lack integration, and have limited ability to collect, process, and analyze vast amounts of data—attributes that are required to be effective in today's increasingly dynamic threat landscape. Legacy vendors often deploy more agents to the endpoint as they layer on a patchwork of additional point product capabilities. This approach burdens endpoints by

consuming additional storage space, memory, and processor capacity, degrading end user experience without providing effective security. In addition, integrating and maintaining numerous products, data repositories, and infrastructures across highly distributed enterprise environments is a costly and resource-intensive process for already thinly-staffed security teams.

### ***Other Existing Security Products have Limitations***

***Legacy Signature-based Products.*** Signature-based products are designed to detect attacks that are already catalogued in a repository of previously identified threats but are not capable of preventing unknown threats or stopping associated breaches. These signatures, known as Indicators of Compromise, or IOCs, represent a reactive method of tracking cyberattacks. By the time IOCs are located, all they provide is evidence of compromise or breach that may have already resulted in substantial losses to the victim. If an attack vector is even slightly modified, a signature-based approach will no longer detect the attack and will fail to stop the breach. Many significant breaches seen in the last two decades have involved the failure of a legacy signature-based antivirus product to detect a previously unknown or modified version of a previously known attack.

***Malware-focused Machine Learning Products.*** Traditionally, organizations have focused on protecting their networks and endpoints against malware-based attacks. These attacks involve malware built for the specific purpose of performing malicious activities, stealing data, or destroying systems. A malware-centric defensive approach will leave the organization vulnerable to attacks that do not leverage malware. According to data from our customer base indexed by Threat Graph, 40% of detections in the second quarter of fiscal 2018 were not malware-based, but instead leveraged legitimate tools built into modern operating systems enabling attackers to accomplish their objectives without writing files to the endpoint, making them more difficult for a traditional antivirus product to detect.

***Application Whitelisting Products.*** Application whitelisting products resort to an "always allow" or "always block" policy on an endpoint in order to allow or prevent processes from executing. Whitelisting relies in part on manually creating and maintaining a complex list of rules, burdening end users and IT organizations. In order to avoid these management challenges, IT organizations often create special exceptions to the whitelist that attackers leverage to compromise endpoints. Furthermore, fileless attacks can exploit legitimate whitelisted applications, compromising the integrity of the whitelisting product.

***Network-centric Security Products.*** Traditional network security vendors have focused their products on perimeter-based protection. However, these approaches have decreased in relevance and effectiveness as employees and workplace devices have expanded beyond the firewall and the use of encrypted traffic has increased creating blind spots and vulnerabilities that attackers are able to exploit. As the number of endpoints proliferates, this layer of defense cannot adequately protect information-rich endpoints and workloads that are outside the corporate perimeter.

***Bolt-on Cloud Products.*** Many on-premise vendors have introduced cloud offerings by putting their on-premise products in the cloud. Such single-tenant products were not designed to run in the cloud and therefore continue to be siloed, lack integration, and possess limited scalability to identify threats across their customer base in real time. In addition, such products are complex to deploy, difficult to scale, brittle to maintain, costly to own, and can be ineffective in stopping breaches. Any product that was originally designed for on-premise deployments and migrated to the cloud cannot by definition be a cloud native solution.

## **Creation of the Security Cloud**

Over the last 15 years, cloud computing has revolutionized many industries in enterprise software and created significant shifts in market share away from incumbents with on-premise or single instance cloud offerings. The cloud has enabled organizations to cost-efficiently scale their compute and storage resources, accelerate innovation, eliminate ongoing maintenance and administrative costs, and consolidate previously disparate and siloed products. During this period, new data technologies also emerged leveraging the cloud to enable more data collection, improve data analysis, and share key insights to drive better business outcomes and make more informed decisions.

The purpose-built, cloud native leaders that began from scratch with multi-tenant architectures, single data models, and SaaS business models have defined entirely new categories such as CRM Cloud, HR Cloud, and Service Management Cloud. We believe we are doing the same for security.

An effective solution to address the modern cybersecurity threat landscape should combine multiple methods into an integrated, data-driven, and automated cloud-based platform in order to provide comprehensive breach protection across the entire threat lifecycle. Such a platform requires collecting, processing, analyzing, and correlating vast amounts of high fidelity endpoint events in the cloud. This platform needs to operate at web-scale, process events in real time, and benefit from the network effects of crowdsourced data to understand attacks that happen across millions of endpoints. We believe only a cloud native approach can address today's threat landscape.

We believe we are defining a new category called the Security Cloud.

### **Our Solution**

With our Falcon platform, we created the first multi-tenant, cloud native, open, intelligent security solution capable of protecting workloads across on-premise, virtualized, and cloud-based environments running on a variety of endpoints such as laptops, desktops, servers, virtual machines, and IoT devices. Our solution consists of our single intelligent lightweight agent and our powerful and dynamic cloud-based database Threat Graph. These two tightly integrated proprietary technologies continually collect, process, analyze and correlate vast amounts of high fidelity data across the entire threat lifecycle using a combination of AI and behavioral pattern-matching techniques to stop breaches. We implement this approach by crowdsourcing data across our entire customer base and taking advantage of economies of scale, which we believe enables our AI algorithms to be uniquely effective. Our cloud-based AI is also automatically shared with every customer in our community in real time. We combine multiple methods of detection, prevention, and response to known and unknown threats as well as malware and malware-free techniques across the threat lifecycle.

Our Falcon platform integrates 10 cloud modules via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence to deliver comprehensive breach protection even against today's most sophisticated attacks. Our single data model and open cloud architecture enable us and third-party partners to rapidly innovate, build, and deploy new cloud modules to provide our customers with additional functionality across a myriad of use cases.

We designed our platform to be rapidly deployable, easy to use, and extensible, with the ability to consolidate point security products that have historically led to data siloes and agent sprawl, into one comprehensive and integrated solution. Our platform allows our customers' thinly-staffed security organizations to spend less time and fewer resources provisioning hardware, configuring supporting software systems, and performing ongoing maintenance work, freeing them

to focus on their most important objectives. We aim to transform how organizations combat threats from slow, manual, and reactionary to fast, automated, and predictive.

Our cloud modules currently span the following categories:

- **Endpoint Security:** Our next-generation antivirus, EDR, and device control modules combine machine learning and advanced behavioral techniques to defend against malware and malware-free attacks, allow for continuous and comprehensive visibility and analysis of endpoint activity, and provide administrators with visibility and granular control across USB peripheral devices.
- **Security and IT Operations:** We offer modules addressing IT hygiene, scan-less vulnerability management, a turnkey response and remediation solution, as well as a threat hunting solution that is powered by a team of elite security experts leveraging Threat Graph.
- **Threat Intelligence:** Our threat research, malware search engine, and malware analysis modules provide automated assistance to review detected threats, conduct malware research and detonate suspicious files securely.

We recently launched the CrowdStrike Store, which is the first open cloud-based application Platform as a Service, or PaaS, for cybersecurity. The CrowdStrike Store introduces a unified Security Cloud ecosystem of trusted partners and applications to our customers. The CrowdStrike Store allows customers to rapidly and easily discover, try, and purchase applications from both trusted partners and CrowdStrike without needing to deploy and manage additional agents and infrastructures or go through lengthy sales, integration, or implementation processes. The CrowdStrike Store allows partners to bring new security applications to the market and efficiently target our customer base. Leveraging our Falcon platform, partners can develop applications that address our customers' needs without having to develop and support their own agents, invest in underlying infrastructure, or hire additional sales personnel. We believe the CrowdStrike Store will cultivate a rich, innovative, and trusted ecosystem between our partners and customers, increasing the overall value of our Falcon platform.

Earlier this year, we announced CrowdStrike Falcon for Mobile, the first enterprise EDR solution for mobile devices, which we expect will be commercially available later this year. Falcon for Mobile enables security teams to hunt for advanced threats on mobile devices while providing enhanced visibility into malicious, unwanted, or accidental access to sensitive corporate data, while protecting user privacy and without impacting device performance. Falcon for Mobile closes the gap between disparate mobile endpoint and enterprise defense solutions by leveraging our cloud-native platform and single-agent architecture.

#### **Key Benefits of Our Solution**

- **The Power of the Crowd.** Our crowdsourced data enables all of our customers to benefit from contributing to Threat Graph. As more high fidelity data is fed into our Falcon platform, there is more data to train our AI models with, increasing the overall efficacy of our Falcon platform. This benefits our customers and supports our efforts to gain more customers, creating a powerful network effect. Threat Graph can then learn and identify warning signs once and rapidly deliver protection to every customer in our community. Further, our AI algorithms are more effective because they are trained on such a broad and representative set of data that captures information about potential attacks throughout the entire threat lifecycle across our customer base.
- **High Efficacy with Low False Positives.** Our Falcon platform collects, processes, correlates, and analyzes high fidelity data on both real-world attacks and benign behavioral

patterns to continually train and enhance our algorithms resulting in industry-leading threat detection and low false positive rates.

- **Consolidation of Siloed Products.** Integrating and maintaining numerous products, data and infrastructures across highly distributed enterprise environments leaves blind spots that hackers can exploit and is a costly and resource-intensive process. Our integrated platform unifies cloud modules addressing next-generation antivirus, EDR, device control, vulnerability management, IT hygiene, threat hunting, and automated threat intelligence. Our platform enables our customers to reduce or streamline their siloed and layered security products, simplifying operations while providing a comprehensive solution.
- **Consolidation of Agents.** We provide robust and diverse functionality through a single intelligent lightweight agent. Legacy vendors' agents were designed to be single purpose, thus they often deploy multiple agents to the endpoint as they layer additional point product capabilities on top of their initial offering. This legacy approach burdens endpoints by consuming additional storage space, memory, and processor capacity, degrading the end user experience. All of our cloud modules are powered by a single intelligent agent, allowing customers to consolidate and remove numerous agents from their infrastructure and restore endpoint performance. Because we collect data once from our agent and use it across multiple use cases, the Falcon platform can offer a wide range of functionality without burdening the endpoint.
- **Rapid Time to Value.** On-premise security solutions take time to install, configure, deploy, and maintain. We streamline the deployment process by providing cloud-delivered security with protection policies that work from day one, eliminating lengthy implementation periods and professional services engagements. For example, an enterprise customer recently deployed our Falcon platform to over 100,000 endpoints globally in as little as 24 hours. Moreover, once a customer deploys our lightweight agent on their endpoints, we can activate additional cloud modules in real time.
- **Constant Protection Anywhere.** Our cloud-based model allows us to secure any type of workload across a variety of customer endpoints such as laptops, desktops, servers, virtual machines, and IoT devices. In addition, once our agent is deployed on an endpoint it continues to protect the endpoint and track activity even when offline.
- **Elite Security Team as a Force Multiplier.** Our OverWatch threat hunting cloud module combines world class human intelligence from our elite security experts with the power of Threat Graph. OverWatch is a force multiplier that extends the capabilities and improves the productivity of our customers' security teams. Because our world class team can see attacks across our entire customer base, their expertise is enhanced by their constant visibility into the threat landscape.
- **Bridging the Security Skills Gap through Automation.** Our solution automates certain previously manual tasks, freeing up personnel to focus on their most important objectives. Our Falcon Complete module provides a turnkey solution that combines endpoint security with remediation and response capabilities.
- **Lowering Total Cost of Ownership.** Our cloud-based platform eliminates our customers' need for initial or ongoing purchases of hardware and does not require their personnel to configure, implement or integrate disparate point products. Additionally, our comprehensive platform reduces overall personnel costs associated with ongoing maintenance, as well as the need for software patches and upgrades for separate products.

In addition to developing the first multi-tenant, cloud native security platform protecting workloads running on any endpoint, we have been recognized by multiple third-party industry analysts:

- CrowdStrike was named the highest rated vendor (4.9/5.0) in the February 2019 Gartner Peer Insights Customer's Choice 'Voice of the Customer' for Endpoint Security and Endpoint Protection Platforms.<sup>(1)</sup>
- CrowdStrike positioned highest among Visionaries for ability to execute and furthest in completeness of vision in the 2018 Gartner Magic Quadrant for Endpoint Protection Platforms.<sup>(2)</sup>
- CrowdStrike scores highest overall for use case Type A or "Lean Forward" Organizations\* in Gartner's 2018 Critical Capabilities report for Endpoint Protection Platforms.<sup>(3)</sup>
- Forrester Names CrowdStrike a Leader in the 2019 Wave for Cybersecurity Incident Response Services.
- Forrester Names CrowdStrike a Leader in the 2018 Wave for Endpoint Detection And Response.
- CrowdStrike Named a Leader in the 2018 Forrester Wave for Endpoint Security Suites.
- CrowdStrike Named a Leader in the IDC MarketScape: U.S. Incident Readiness, Response and Resiliency Services 2018 Vendor Assessment.
- CrowdStrike Named a Leader in IDC MarketScape: Worldwide Endpoint Specialized Threat Analysis and Protection, 2017.

### **Our Opportunity**

Our customers utilize our Falcon platform and cloud modules across a wide variety of use cases. Our total addressable market initially began as a replacement opportunity in the corporate endpoint security market, but has significantly expanded due to rapid innovation and adoption of our cloud modules across additional security and non-security markets. In addition, our increasing market opportunity is driven by the proliferation of enterprise mobility, adoption of cloud computing, the benefits of big data, and an increasingly dynamic and intensifying threat landscape.

Our approach to protecting workloads running on the endpoint is unique and innovative. Because of our architecture, our Falcon platform is the first solution to natively address multiple security markets, including markets not typically associated with endpoint security. Today, the five markets we address are comprised of:

**Corporate Endpoint Security.** In 2013, we launched what is now Falcon OverWatch and our Falcon Insight cloud module, and in 2017 we launched Falcon Prevent, to disrupt the EDR and next-generation antivirus markets, respectively. IDC estimates that the global market for these segments will be \$7.6 billion in 2019 and is expected to reach \$8.7 billion in 2021.

**Threat Intelligence.** In 2012, we released what is now our Falcon X cloud module to address the threat intelligence market. IDC estimates that the global market for this segment will be \$1.6 billion in 2019 and is expected to reach \$2.0 billion in 2021.

**Security and Vulnerability Management.** In 2017, we released our Falcon Spotlight cloud module to address the vulnerability management market. IDC estimates that the global market for this segment will be \$8.4 billion in 2019 and is expected to reach \$10.4 billion in 2021.

**IT Systems and Services Management.** In 2017, we released our Falcon Discover cloud module to address our first non-security market of IT Asset Management. IDC estimates that the global market for this segment will be \$2.6 billion in 2019 and is expected to reach \$3.1 billion in 2021.

**Managed Security Services.** In 2018, we released our Falcon Complete cloud module to address the managed security services market. While our initial goal was to target smaller organizations that lacked security staff resources, this solution has also benefitted larger enterprises with thinly-staffed security teams. IDC estimates the global market for this segment will be \$24.8 billion in 2019 and is expected to reach \$29.6 billion in 2021. We estimate that our directly addressable opportunity in this segment is approximately \$4.4 billion in 2019 and will reach \$5.1 billion in 2021. In assessing the size of our addressable opportunity in this segment, we compared estimates from third party reports of the size of the corporate endpoint security market in which we operate to the size of the total IT security products market in the relevant year to infer the portion of the managed security services market in such year that would be addressable by our offerings.

Combining these segments, our global opportunity is estimated to be \$24.6 billion in 2019 and is expected to reach \$29.2 billion in 2021.

We believe our Falcon platform provides broad applicability and functionality across the security and IT operations markets. We plan on continuing to leverage our endpoint data sets to rapidly innovate and create new cloud modules that we believe will significantly expand our market opportunity over time. In addition, we believe more workloads will be run on endpoints such as mobile and IoT devices, generating and storing increasing amounts of sensitive, mission critical data. We believe our Falcon platform will be best suited to address such workloads that often reside outside of the corporate perimeter and require a cloud native solution for pervasive protection.

## Growth Strategy

Key elements of our growth strategy include:

- **Grow Our Customer Base by Replacing Legacy and Other Endpoint Security Products.** Given the limitations of existing legacy and other endpoint security products, many organizations are replacing their existing legacy and other endpoint security products with our Falcon platform. We grew our subscription customer base by 1,274 customers from 1,242 at January 31, 2018, to 2,516 at January 31, 2019, representing a 103% increase. We will continue to invest in customer acquisition programs, including our channel partnerships and new programs, like our recently launched free trial program of Falcon Prevent that is easily downloaded from our website and AWS Marketplace.
- **Further Penetrate Existing Customers.** Our growth will depend in part on our ability to continue to expand our relationships with our customers by deploying on additional endpoints in their environment and cross selling more cloud modules. When customers deploy our lightweight agent, they can easily add additional cloud modules. We also offer in-application trial usage of additional modules to cross-sell to existing customers. While some new customers initially deploy our Falcon platform broadly across the organization, others elect to deploy only in selected business units and later deploy on additional endpoints and subscribe to additional modules. Over time, we seek to deploy our solution enterprise wide for all customers. The power of our land-and-expand strategy is evidenced by our 147% dollar-based net retention rate as of January 31, 2019.

- **Leverage our Falcon Platform to Enter New Markets.** Because we leverage a single data model and open cloud architecture, we are uniquely positioned to continue innovating and rapidly deploying new cloud modules on our platform. For example, since 2016, we have launched seven new cloud modules on our platform. One of these new cloud modules is Falcon Discover, which includes use cases outside of security, such as application license management, AWS spend analysis, and asset inventory. We continue to innovate and are developing additional offerings for mobile and IoT devices. Because our lightweight agent collects diverse endpoint data once for repeated use, we can expand our addressable market by rapidly adding new cloud modules that leverage this data. We intend to continue to develop new cloud modules for broader endpoint use cases such as IT configuration management, performance monitoring, and IT operations that leverage this data as well as new classes of endpoints such as those created by IoT.
- **Broaden Reach into New Customer Segments.** While we initially targeted large sophisticated enterprises, we have expanded our go-to-market efforts to include customers of all sizes with a dedicated inside sales team focused on smaller organizations. We also released Falcon Complete in 2018, our turnkey solution that combines the most popular cloud modules of our Falcon platform with our remediation and response capabilities, to create a solution for customers with limited or no internal security expertise. As a result, we can now sell our Falcon platform to the largest enterprises or smallest businesses with any level of security sophistication and budget. We continue to look for new ways to broaden our reach into new customer segments.
- **Extend our Falcon Platform and Ecosystem.** We designed our architecture to be open, interoperable, and highly extensible. We recently launched the CrowdStrike Store, the first open cloud-based application PaaS for cybersecurity, which provides an ecosystem of trusted partners and applications for our customers. In the future we plan to continue investing in the CrowdStrike Store to empower our partners by making it easier to build applications and to enable our customers to more easily discover, try, and purchase additional cloud modules from both trusted partners and us. In addition, we recently announced a strategic technology and go-to-market partnership with Dell Inc. that will enable Dell's business customers to seamlessly add the Falcon platform to their purchase of Dell hardware. Dell and SecureWorks Corp. have also agreed to take our Falcon platform to market as their preferred endpoint security offering through their global sales organizations. We believe these new innovations and partnerships will significantly enhance the distribution of our platform and may represent future revenue sources for our business.
- **Broaden Reach into the U.S. Federal Government Vertical.** We are investing in the acquisition of customers in the U.S. federal government vertical. Our platform recently received Federal Risk and Authorization Management Program, or FedRAMP, compliance certification and has been added to the Department of Homeland Security's Continuous Diagnostics and Mitigation Approved Products List to provide federal agencies with innovative security tools. In addition, our platform is deployed in the AWS GovCloud.
- **Expand Our International Footprint.** We are expanding our international operations and intend to invest globally to broaden our international footprint. We grew our international revenue from \$19.5 million for fiscal 2018, to \$57.8 million for fiscal 2019, representing an increase of 196%. We intend to grow our international customer base by increasing our investments in our overseas operations, including adding headcount in Europe, the Middle East, Asia-Pacific, and Japan and establishing overseas data centers.

## Falcon Platform

Our Falcon platform is composed of two tightly integrated proprietary technologies: our lightweight agent and Threat Graph. The Falcon platform offers a unified set of cloud-delivered technologies that power a wide range of products including next-generation antivirus, EDR, device control, managed threat hunting, IT hygiene, vulnerability management, and threat intelligence. We can rapidly and cost effectively develop and deliver additional cloud modules on our Falcon platform, and are expanding options for our new customers to test modules on a trial basis and in-application trials for existing customers. Our expanding set of open APIs allows customers and partners to build their own capabilities on top of the Falcon platform. With our Falcon platform, we can crowdsource data and deliver a variety of cloud modules to detect and stop breaches.

## Our Cloud Modules

Our cloud modules integrate seamlessly with the Falcon platform to provide functionality in the endpoint security, security and IT operations (including vulnerability management), and threat intelligence markets. Today, our cloud modules include:

### Endpoint Security

*Falcon Prevent—Next-Generation Antivirus.* Falcon Prevent provides next-generation antivirus capabilities to customers, delivering comprehensive protection to defend customers against both malware and fileless attacks. Falcon Prevent incorporates identification of known malware, machine learning for unknown malware, exploit blocking and advanced behavioral techniques to allow organizations to replace their existing legacy antivirus products.

*Falcon Insight—Endpoint Detection and Response.* Falcon Insight provides EDR capabilities to customers, allowing for continuous and comprehensive visibility to notify our customers what is happening on their endpoints in real time. Falcon Insight records and automatically analyzes activity on the endpoint to provide deep visibility, fast and powerful search capabilities, and comprehensive context and data needed to enable proactive threat hunting and forensic analysis.

*Falcon Device Control.* Falcon Device Control provides administrators with a high degree of visibility and granular control of USB peripheral devices.

### Security and IT Operations

*Falcon OverWatch—Threat Hunting.* Falcon OverWatch is a threat hunting solution that consists of an elite team of dedicated security experts who work with the power of Threat Graph to proactively identify threats for our customers. The global Falcon OverWatch team seamlessly augments customers' in-house security resources to identify and investigate suspicious and malicious activities.

*Falcon Discover—IT Hygiene.* Falcon Discover identifies rogue systems and applications in our customers' networks, and monitors the use of privileged user accounts anywhere in a customer's environments. The module also enables use cases outside of security, such as application license management, AWS spend analysis, and asset inventory.

*Falcon Complete—Turnkey Security Solution.* Falcon Complete provides comprehensive monitoring, management, response, and remediation solution to our customers. It is backed by an underwritten limited warranty policy for breaches. Falcon Complete is designed to bring enterprise level security to companies that may lack enterprise level resources.

*Falcon Spotlight—Vulnerability Management.* Falcon Spotlight identifies vulnerabilities in real time that exist across our customer endpoints. The module does not depend on scanning systems

for vulnerabilities, a process that can often take days or weeks for an enterprise, and instead leverages data already collected by our agent to provide instant and accurate real-time visibility into an enterprise's vulnerability exposure.

### **Threat Intelligence**

*Falcon X—Threat Intelligence.* Falcon X integrates threat intelligence into endpoint protection. It provides automated analysis of detected threats to provide insight into the capabilities, motivation and attribution of attacks. It also extends protection against detected threats and their variants into other security solutions deployed within the organization for defense-in-depth coverage by delivering actionable intelligence and custom IOCs. In addition to the standard Falcon X offering, we also offer premium options that include global threat research and reporting from our team of intelligence analysts.

*Falcon Search Engine—Malware Search.* Falcon Search Engine enables customers to search in real time across 300 terabytes of malware collected in our Falcon platform and indexed by our proprietary binary data indexing technology. Results are enriched with threat intelligence, enabling rapid analysis and giving security analysts and threat researchers the advantage they need to stay ahead of the adversary.

*Falcon Sandbox—Malware Analysis.* Falcon Sandbox allows our customers to analyze unknown files for malicious behavior by detonating them safely in virtual machines. Sandbox provides visibility into malware behavior, automating in-depth file and memory analysis for faster threat protection and response.

### **Technology**

We have designed an innovative architecture from the ground up to overcome the limitations of existing security products and deliver cloud-based solutions. The key design principles of our Falcon platform include:

*Cloud Native Architecture.* We built the Falcon platform entirely in and for the cloud, enabling collection and analysis of a massive, crowdsourced dataset from all of our customers to stop breaches. Our platform is designed to be redundant, resilient, and high performing. Delivering security from the cloud enables agility, ease of use, and protection for workloads on a variety of endpoints wherever they are located. As customer adoption grows, the network effect of each additional endpoint added to the Falcon platform will amplify the breadth and depth of our dataset and intelligence.

*Falcon Agent.* We designed an intelligent lightweight agent that is installed on each endpoint. These agents incorporate identification and prevention of known malware, machine learning for unknown malware, exploit blocking and advanced behavioral techniques, to protect workloads across all endpoints while capturing and recording high fidelity endpoint data. Our agents continue to protect workloads running on endpoints even when offline. The agent recommences transmitting data to our Falcon platform when the connection to the cloud has been re-established. Our lightweight agent occupies less than 35 megabytes of storage space on the endpoint and is built to support Windows, Mac and Linux operating systems. The agent is hardened against attacks and uses a combination of kernel and user-mode modules to collect high fidelity endpoint events as they take place on a system. It correlates these events with a local situational model on the endpoint, analyzes via agent-based machine learning models and is capable of taking a variety of preventative and responsive actions on the endpoint, either automatically or via human control. Events are streamed by the agent to the cloud in real time in order to be further analyzed in the Threat Graph, where additional correlation and AI algorithms can be applied. The agent is also

capable of being remotely reconfigured in real time based on analytics in our cloud platform in order to collect and analyze different events or take other actions.

*Threat Graph.* Threat Graph is a proprietary, powerful, and dynamic graph database. Threat Graph continually looks for malicious activity by combining AI with behavioral pattern-matching techniques to look beyond file features and track the behaviors of every software program executed on an endpoint in a customer's network environment. By applying powerful graph analytics and AI algorithms to cybersecurity, we enrich the data collected with our proprietary and third-party threat intelligence, such as adversary capabilities, motivations, attributions, and threat indicators. Threat Graph processes, correlates, and analyzes over one trillion endpoint-related events across our global customer community per week in real time, making 91 million indicator of attack decisions per minute, and indexing petabytes of historical data for exploration and search. The graph data model allows the AI algorithms to identify relationships between events that are not directly related but which could indicate an attack that would otherwise remain undetected. We believe that our AI algorithms are advantaged by the rich dataset that we have to train them with. Threat Graph provides customers with complete real time and historical visibility and insight into events occurring on their endpoints for hunting and searching.

Threat Graph also provides query and hunting capability over the full set of high fidelity events collected in the graph. This correlated data, natively represented in a graph structure, enables new products and cloud modules to be created rapidly since the platform provides the visibility, collection, correlation and actions over data as reusable building blocks. This collect-once, use repeatedly approach is the reason why we have been able to deliver new cloud modules covering IT hygiene and vulnerability management quickly and enables us to continue expanding the Falcon platform rapidly in the future. Our design approach incorporates the MITRE Adversarial Tactics, Techniques and Common Knowledge, or ATT&CK, Framework, which is an independent industry standard and model for describing the actions an adversary might take to compromise, and operate within, an enterprise network, which accelerates alert triage and shortens incident analysis time. Our Threat Graph has also been validated for its successful completion of an evaluation by MITRE's Leveraging External Transformational Solutions, or LETS, program.

*High Fidelity Data and Smart Filtering.* Absent an intelligent agent, a typical endpoint generates approximately 100 gigabytes of unfiltered system event data per day. After this data is compressed, or data shaped, a typical enterprise organization with 100,000 endpoints would generate over one petabyte of endpoint events daily. The presence of a local graph model in our agent enables it to track the state of the machine in real time, perform rapid machine learning and behavioral analysis, and provide efficient event streaming to the cloud. We call this "smart filtering." This allows us to keep overhead on the endpoint to a minimum, dramatically reduce the bandwidth required for agent-cloud communication, efficiently process large volumes of data, and separate the signal from the noise. The Falcon agent collects and analyzes unfiltered data with local machine learning and behavioral algorithms on the endpoint but only streams high fidelity endpoint events to the cloud to only send what is necessary for detection, prevention and investigation of attacks. This smart filtering architecture allows us to reduce network load for customers to approximately five megabytes per endpoint per day. The Falcon platform collects an array of high fidelity endpoint events, such as code execution, network, file system and user activity. This information can be used for a variety of use cases beyond security, such as IT operations and vulnerability management.

*Management Interface.* The Falcon platform management interface gives customers an intuitive and informative view of their complete environment, with timely alerts and detailed search capabilities. We provide real-time endpoint visibility to allow customers to review details and respond to threats instantly and effectively, from anywhere, and maintain an index of these events

for future use. We also provide access to Falcon X, streamlining and simplifying the forensics analysis process.

*APIs and Integrations.* Our Falcon platform and architecture is built around a rich set of APIs that efficiently and effectively complement and expand a customer's existing security infrastructure, such as security information event management, or SIEMs, and intrusion prevention systems and intrusion detection systems. The platform includes streaming, query and batch APIs allowing customers and partners to integrate a variety of solutions seamlessly. It also includes rich management and control APIs. The platform allows third parties to develop additional cloud modules and features, furthering the power of the Falcon platform. By connecting existing security systems to the Falcon platform, we allow our customers to further leverage their security investments. For example, ForeScout used our APIs to develop a joint solution that allows our common customers to leverage our threat intelligence to proactively combat threats across endpoints and orchestrate workflows to isolate and remediate compromised devices.

## Data Center Operations

We have data center co-location facilities in Sacramento and San Jose, California and Las Vegas, Nevada, and we also utilize AWS data centers located in the United States for our storage needs and to help deliver our solution. Our technology infrastructure, combined with select use of AWS resources, provides us with a distributed and scalable architecture on a global scale.

## Professional Services

In addition to our Falcon platform and cloud modules, we also offer incident response services and proactive services to organizations that have experienced a breach or are assessing their security posture.

- *Incident Response Services.* Our incident response services typically begin by deploying our lightweight agents to a customer's endpoints to provide comprehensive visibility and determine if an attacker is currently in the environment, what assets have been compromised, and how much damage has been done. We also provide customized remediation planning by providing a strategy to eject attackers out of the network, lock down credentials from further use, and ensure adversaries stay out. In addition to providing valuable breach remediation to our customers, our incident response services also act as a strong lead generation engine for our Falcon platform and cloud modules. After experiencing the benefits of our platform firsthand, many of our incident response customers become subscription customers. Among organizations who first became a customer after February 1, 2017, for each \$1.00 spent by those customers on their initial engagement for our incident response or proactive services, as of January 31, 2019, we derived an average of \$2.97 in ARR from those subscription contracts.
- *Proactive Services.* Our proactive security services include cybersecurity maturity assessment, penetration testing, and other customized offerings that leverage our Falcon platform and cloud modules. These services are designed to evaluate our customers' security profile so they can identify areas of vulnerability, secure their network and improve their response if their defenses are breached.

## Customers

Some of the world's largest enterprises, government organizations, and high profile brands trust us to protect their business. As of January 31, 2019, we had 2,516 subscription customers worldwide, including 44 of the Fortune 100, 37 of the top 100 global companies, and nine of the top 20 major banks. Historically, we and our channel partners have primarily sold to large

organizations, but have increasingly focused on selling to small and medium-sized businesses, particularly through our trial-to-pay model. We engage our customers through our global customer and technical advisory boards in which we solicit feedback from our customers on a regular basis allowing us to understand their evolving needs. We have used this feedback to develop new cloud modules, such as Falcon Insight, and we intend to continue to develop new cloud modules based on our customer's feedback. We also have a CrowdStrike Champion Program with over 180 customers participating who have agreed to be references for our products and solutions. Our business is not dependent on any particular end customer.

## Customer Case Studies

The customer examples below illustrate how customers from different industries benefit from our Falcon platform.

### Amazon Web Services

*Situation:* Amazon Web Services (AWS) is the leading cloud services provider, supporting many prominent enterprises and government agencies around the globe. The challenges of protecting its millions of customers required increased visibility and a level of efficacy that its previous endpoint protection vendors were unable to provide.

*Solution:* AWS conducted a yearlong test comparing our Falcon platform against multiple next-gen and legacy vendors. AWS chose to deploy our entire Falcon platform, including our turnkey solution, Falcon Complete. The initial deployment consisted of 13,000 endpoints. Today, our Falcon platform runs on hundreds of thousands of AWS workstations and servers.

*"CrowdStrike Falcon provides us with the protection as well as a level of functionality and visibility we didn't find in other providers."*

—Deputy CISO, Amazon Web Services (AWS)

### HSBC<sup>(1)</sup>

*Situation:* HSBC, a global financial institution, operates in 3,800 offices across 66 countries. Recognizing its massive scale and distributed practice, they sought to implement a cloud-first security strategy across their entire enterprise.

*Solution:* In 2017, HSBC deployed our Falcon platform, including Falcon Prevent, Falcon Insight, Falcon Discover, Falcon Intelligence (which we now offer as Falcon X), and Falcon OverWatch modules, across 320,000 endpoints in 12 weeks. HSBC selected our Falcon platform as the only solution that effectively combines prevention, detection, and response at the endpoint and real-time forensics in a single, cloud-delivered solution. In addition, HSBC also benefits from the OverWatch team for continual and proactive threat hunting throughout its environment.

*"CrowdStrike has changed the way HSBC works. It has given us the flexibility of an all-encompassing platform, not just another AV product."*

—Managing Director, Cybersecurity, HSBC

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(1) An affiliate of HSBC is an underwriter in this offering.

### Hyatt Hotels Corporation

*Situation:* Hyatt is a global hospitality company with a portfolio of more than 750 properties in over 55 countries. As Hyatt management looked to evolve its security posture, they began looking for a new antivirus and endpoint detection and response (EDR) solution.

**Solution:** In 2017, Hyatt began using a broad spectrum of our platform, including deploying modules across 40,000 endpoints in just days, including threat intelligence, threat monitoring and malware analysis. Since then, Hyatt has experienced significantly higher efficacy in protecting against breaches and reduced its number of false positives. This includes the ability to alert Hyatt of attempted intrusions in real time, providing the Hyatt organization with peace of mind and empowering them to focus on protecting against breaches.

*"CrowdStrike products are a key part of Hyatt's cybersecurity ecosystem. Our security has improved measurably since implementing the platform last year. The unique combination of best-in-class antivirus, endpoint detection and response, as well as the threat intelligence and dedicated support team far surpasses our expectations."*

—CISO, Hyatt Hotels Corporation

#### **ADP, LLC**

**Situation:** As a Fortune 300 provider of cloud-based human capital management solutions, ADP handles a significant amount of highly sensitive information including personal finance and health data for its 740,000 clients. An internal security team identified a gap in its global server infrastructure, which comprises some 20 data centers, both on-premise and in the cloud, forcing ADP to reevaluate alternative solutions.

**Solution:** In 2016 ADP deployed our Falcon platform with Falcon Insight and Falcon OverWatch as the first two modules rolled out across 85,000 servers in only three months, with no disruption for any of its employees or clients. The high fidelity data collected and analyzed by our Falcon platform provided ADP with unprecedented visibility across its environment and a more effective way of detecting threats and stopping breaches.

The deployment went so smoothly that in 2017, ADP deployed Falcon Insight and Falcon OverWatch as the primary endpoint protection technology for all of the firm's desktops, some 100,000 PCs, and added additional modules: Falcon Prevent, Falcon Discover and Falcon Intelligence (which we now offer as Falcon X). Working closely with CrowdStrike during these multiple deployments, ADP came to value CrowdStrike's innovative ethos and extraordinary ability to turn ideas into tangible security and peace of mind for its customers.

*"In my career, the deployment of the CrowdStrike Falcon platform was perhaps the easiest global security technology rollout I've seen. By leveraging the technology's cloud architecture and CrowdStrike's expertise, we were able to deploy with incredible speed and efficacy. We realized the value immediately."*

—Chief Security Officer, ADP

#### **The Pokémon Company International**

**Situation:** The Pokémon Company International is responsible for the brand management, licensing and marketing of Pokémon products globally. In 2017, the company introduced the smash hit product, PokémonGo, which saw its online business rapidly expand to hundreds of millions of users worldwide. That success also drew the attention of cybercriminals, many seeking to capitalize on the game's popularity with a variety of malicious activities. Management hoped to solve a range of issues by implementing a new security platform that could scale alongside Pokémon's rapidly growing hybrid IT environment, protecting both on-premise and cloud systems with a high degree of elasticity to seamlessly support spikes in usage among its global use base.

**Solution:** To achieve security, visibility and IT hygiene, Pokémon deployed our Falcon platform, including Falcon Prevent, Falcon Insight, and Falcon OverWatch modules across its

environment in 2018. Based on the initial success of this install, Pokémon gained further visibility into its cloud infrastructure by subsequently deploying our Falcon Discover module on AWS to identify all Amazon EC2 instances that did not have the Falcon platform installed, as well as provide granular details about each Falcon equipped endpoints. The security and deep visibility our platform offered across Pokémon's entire environment not only provided value to their security organization, but to its developers and engineers by allowing them to improve their ability to track and manage different software tools to build and deploy applications.

*"CrowdStrike allows our security team to move faster than ever before. One of our challenges at the forefront was finding a platform that could allow our analysts to pivot seamlessly from one system to the other. CrowdStrike gives us this capability. One of the reasons we went with CrowdStrike versus competitors was the level of integration that the platform had, with a whole range of security capabilities. That's been extremely helpful so far, and we are excited about the future and continued partnership with CrowdStrike."*

—CISO, Pokémon Company International

## Sales and Marketing

Our sales and marketing organizations work together closely to drive market awareness, build a strong sales pipeline and cultivate customer relationships to drive revenue growth.

### Sales

We primarily sell subscriptions to our Falcon platform and cloud modules through our direct sales team, which is comprised of field sales and inside sales professionals who are segmented by a customer's number of endpoints. Our sales team also leverages our network of channel partners. We also use our sales team to identify current customers who may be interested in free trials of additional cloud modules, which serves as a powerful driver of our land and expand model. By segmenting our sales teams, we can deploy a low-touch sales model that efficiently identifies prospective customers.

### Marketing

Our marketing organization is focused on building our brand reputation, increasing the awareness and reputation of our platform, and driving customer demand. As part of these efforts, we deliver targeted content to demonstrate thought leadership in the security industry, including speaking engagements with the security industry's foremost organizations to provide expert advice, issuing regular reports on the state of the industry, educating the public about the cybersecurity threats, and identifying and naming adversary groups. We also engage in paid media, web marketing, industry and trade conferences, including our annual Fal.Con conference, analyst engagements, producing whitepapers, demand generation via digital and web, and targeted displacement campaigns. We employ a wide range of digital programs, including search engine marketing, online and social media initiatives, and content syndication to increase traffic to our website and encourage new customers to sign up for a 15-day free trial of the Falcon platform. Additionally, we engage in joint marketing activities with our channel and technology alliance partners. In December 2017, we began to employ a trial-to-pay model in which we offer free trial access to our Falcon Prevent to prospective customers directly from our website or the AWS Marketplace.

## Partnership Ecosystem

We work with a number of technology alliance partners to design go-to-market strategies that combine our platform with products or services provided by our technology alliance partners. These

partner integrations deliver more secure solutions and an improved end user experience to their customers. Our technology alliance partnerships focus on security analytics, network and infrastructure security, threat platforms and orchestration, and automation. We recently launched the CrowdStrike Store, the first open cloud-based application PaaS for cybersecurity and the industry's first unified security cloud ecosystem of trusted third-party applications. In addition, we recently announced a strategic technology and go-to-market partnership with Dell Inc. that will enable Dell's business customers to seamlessly add the Falcon platform to their purchase of Dell hardware. Dell and SecureWorks Corp. have also agreed to take our Falcon platform to market as their preferred endpoint security offering through their global sales organizations.

### **Research and Development**

Our research and development organization is responsible for the design, architecture, operation and quality of our cloud native Falcon platform. In addition to improving on our features, functionality and scalability, this organization works closely with our cloud operations team to ensure that our platform is available, reliable, and stable.

Our success is a result of our continuous drive for innovation. Our internal team of security experts, researchers, intelligence analysts, and threat hunters continuously analyzes the evolving global threat landscape to develop products that defend against today's most sophisticated and stealthy attacks and reports on emerging security issues. We invest substantial resources in research and development to enhance our Falcon platform, and develop new cloud modules, features and functionality. We believe timely development of new, and enhancement of our, products, services, and features is essential to maintaining our competitive position. We work closely with our customers and channel partners to gain valuable insight into their security management practices to assist us in designing new cloud modules and features that extend the capability of our platform. Our technical staff monitors and tests our software on a regular basis, and we also make our Falcon platform available for third-party validation. We also maintain a regular release process to update and enhance our existing solutions. In addition, we engage security consulting firms to perform periodic vulnerability analysis of our solutions. Our research and development expenses were \$39.1 million, \$58.9 million, and \$84.6 million for fiscal 2017, fiscal 2018, and fiscal 2019, respectively.

Our research and development leadership team is located in Seattle, Washington, Washington, D.C., and Sunnyvale, California, and we also maintain research and development centers in Irvine, California. We plan to dedicate significant resources to research and development.

### **Competition**

The market for our services is intensely competitive and characterized by rapid changes in technology, customer requirements, and industry standards and by frequent new product and service offerings and improvements. We compete with an array of established and emerging security solution vendors. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnerships, or acquisitions by our competitors or continuing market consolidation. With the introduction of new technologies and market entrants, we expect the competitive environment to remain intense. Our competitors include the following by general category:

- legacy antivirus product providers, such as McAfee, Inc. and Symantec Corporation, who offer a broad range of approaches and solutions with traditional antivirus and signature-based protection;
- alternative endpoint security providers, such as Cylance, Inc. and Carbon Black, Inc., who offer point products based on malware-only or application whitelisting techniques; and

- network security vendors, such as Palo Alto Networks, Inc. and FireEye, Inc., who are supplementing their core perimeter-based offerings with endpoint security solutions.

We compete on the basis of a number of factors, including but not limited to our:

- ability to identify security threats and prevent security breaches;
- ability to integrate with other participants in the security ecosystem;
- time to value, price, and total cost of ownership;
- brand awareness, reputation, and trust in the provider's services;
- strength of sales, marketing, and channel partner relationships; and
- customer support, incident response, and proactive services.

Although certain of our competitors enjoy greater resources, recognition, deeper customer relationships, larger existing customer bases, or more mature intellectual property portfolios, we believe that we compete favorably with respect to these factors and that we are well positioned as a leading provider of endpoint security solutions.

### **Intellectual Property**

We believe that our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace.

As of January 31, 2019, we had 14 issued patents in the United States, eight issued patents in a number of international jurisdictions, 48 patent applications (including seven provisional applications) pending in the United States and 47 patent applications pending internationally. Our issued patents expire between 2032 and 2037, and six of our pending patent applications have been allowed. These patents and patent applications seek to protect our proprietary inventions relevant to our business. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation based on allegations of patent infringement or other violations of intellectual property rights. We believe that competitors will try to develop products that are similar to ours and that may infringe our intellectual property rights. Our competitors or other third-parties may also claim that our security platform and other solutions infringe their intellectual property rights. In particular, some companies in our industry have extensive patent portfolios. From time to time, third parties have in the past and may in the future assert claims of infringement, misappropriation and other violations of intellectual property rights against us or our customers, with whom our agreements may obligate us to indemnify against these claims. Successful claims of infringement by a third party could prevent us from offering certain products or features, require us to develop alternate, non-infringing technology, which could require significant time and during which we could be unable to continue to offer our affected products or solutions, require us to obtain a license, which may not be available on reasonable terms or at all, or force us to pay substantial damages, royalties, or other fees. For additional information, see the section titled "Risk Factors—Risks Related to Our Business—The success of our business depends in part on our ability to protect and enforce our intellectual property rights."

## **Employees**

As of January 31, 2019, we had 1,455 full-time employees. We also engage temporary employees and consultants as needed to support our operations. None of our employees in the United States are represented by a labor union or subject to a collective bargaining agreement. In certain countries in which we operate, we are subject to, and comply with, local labor law requirements which may automatically make our employees subject to industry-wide collective bargaining agreements. We may be required to comply with the terms of these collective bargaining agreements. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

## **CrowdStrike Foundation**

We have a history of providing pro bono service and giving back to the cybersecurity community. In 2017 we established the CrowdStrike Foundation, a tax-exempt 501(c)(3) nonprofit, to nurture and develop the next generation of talent and research in cybersecurity and AI. The CrowdStrike Foundation funds scholarships and research in cybersecurity and AI and provides pro-bono security software to nonprofit organizations, journalists and activists facing sophisticated intrusions. The CrowdStrike Foundation also supports communities across the globe through philanthropy, volunteer work, and other activities.

## **Facilities**

Our corporate headquarters occupies approximately 30,331 square feet in Sunnyvale, California under leases that expire between 2020 and 2023. We also lease offices in California, Maryland, Missouri, Minnesota, Texas, Virginia, and Washington, as well as locations internationally, including in Australia, Germany, India, Romania, and the United Kingdom.

We believe that our existing facilities are sufficient for our current needs. In the future, we may need to add new facilities and expand our existing facilities as we add employees, grow our infrastructure and evolve our business, and we believe that suitable additional or substitute space will be available on commercially reasonable terms to meet our future needs.

## **Legal Proceedings**

We are currently involved in proceedings before the Trademark Trial and Appeal Board at the U.S. Patent and Trademark Office, or USPTO, regarding our U.S. trademark registrations for "CrowdStrike Falcon" and our U.S. application to register our "Falcon OverWatch" trademark. On November 23, 2016, Fair Isaac Corporation, or FICO, filed a Petition for Cancellation of our "CrowdStrike Falcon" trademark registrations and a Notice of Opposition against our "Falcon OverWatch" trademark application before the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, or TTAB. On January 3, 2017, we filed answers to both the cancellation and opposition proceedings, and the proceedings thereafter were consolidated. On November 21, 2018, we filed a Petition for Partial Cancellation or Amendment of one of FICO's "Falcon" trademark registrations, and on December 10, 2018, the parties filed a joint request to consolidate the proceedings and adjust the schedule. FICO moved to dismiss our petition on January 16, 2019, and the TTAB issued a standard order suspending the proceeding pending disposition of the motion to dismiss. On January 28, 2019, the parties jointly requested a suspension of the pre-trial and trial schedule in the consolidated proceedings filed by FICO pending resolution of FICO's motion to dismiss and the parties' request to consolidate the proceedings, and the TTAB granted that request on March 28, 2019. If we do not ultimately prevail in these proceedings and in any subsequent appeal or civil action, we could ultimately be required to change the names of our solutions, which may entail significant expense and adversely affect our brand recognition.

From time to time, we may be subject to legal proceedings arising in the ordinary course of business. In addition, from time to time, third parties may assert intellectual property infringement claims against us in the form of letters and other forms of communication. As of the date of this prospectus, we are not a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations, prospects, cash flows, financial position, or brand.

**MANAGEMENT****Executive Officers, Key Employees, and Directors**

The following table provides information regarding our executive officers, key employees, and directors as of April 30, 2019:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
<b>Executive Officers:</b>		
George Kurtz	48	President, Chief Executive Officer, and Director
Burt W. Podbere	53	Chief Financial Officer
Colin Black	55	Chief Operating Officer and Chief Information Officer
<b>Key Employees:</b>		
Dmitri Alperovitch	38	Chief Technology Officer
Michael Carpenter	43	President, Global Sales and Field Operations
Johanna Flower	44	Chief Marketing Officer
Shawn Henry	57	President of CrowdStrike Services and Chief Security Officer
Amol S. Kulkarni, Ph.D.	49	Chief Product Officer
Adam Meyers	40	Vice President, Intelligence
<b>Non-Employee Directors:</b>		
Roxanne S. Austin	58	Director
Cary J. Davis	52	Director
Sameer K. Gandhi	53	Director
Joseph P. Landy	57	Director
Denis J. O'Leary	62	Director
Joseph E. Sexton	60	Director
Godfrey R. Sullivan	65	Director
Gerhard Watzinger	58	Chairman of the Board of Directors

**Executive Officers**

*George Kurtz.* Mr. Kurtz is one of our co-founders and has served as our President, Chief Executive Officer, and a member of our board of directors since November 2011. From October 2004 to October 2011, Mr. Kurtz served in executive roles at McAfee, Inc., a security technology company, including as Executive Vice President and Worldwide Chief Technology Officer from October 2009 to October 2011. In October 1999, Mr. Kurtz founded Foundstone, Inc., a security technology company, where he served as its Chief Executive Officer until it was acquired by McAfee, Inc. in October 2004. Since November 2017, he has also served as Chairman and as a board member for the CrowdStrike Foundation, a nonprofit established to support the next generation of talent and research in cybersecurity and artificial intelligence through scholarships, grants, and other activities. Mr. Kurtz holds a B.S. in Accounting from Seton Hall University. Mr. Kurtz also holds a CPA license from the State of New Jersey with an inactive status.

We believe Mr. Kurtz is qualified to serve on our board of directors because he is a security industry pioneer with more than 26 years of experience in the security space, a technology business leader, and an accomplished entrepreneur. Furthermore, Mr. Kurtz has accumulated extensive perspective, operational insight, and expertise as our co-founder and Chief Executive Officer.

*Burt W. Podbere.* Mr. Podbere has served as our Chief Financial Officer since September 2015. From May 2014 to August 2015, Mr. Podbere served as Chief Financial Officer for OpenDNS, Inc. (acquired by Cisco in 2015), a cloud-delivered network security company, where he

oversaw the finance function. From October 2011 to April 2014, he served as Chief Financial Officer for Net Optics, Inc. (acquired by Ixia in 2013), a manufacturer of network monitoring and intelligent access solutions for physical and virtual networks. Since November 2017, he has also served as Treasurer and as a board member for the CrowdStrike Foundation, a nonprofit established to support the next generation of talent and research in cybersecurity and artificial intelligence through scholarships, grants, and other activities. Mr. Podbere is a Chartered Accountant and holds a B.A. from McGill University.

*Colin Black.* Mr. Black has served as our Chief Operating Officer since January 2017 and as our Chief Information Officer from November 2015 to December 2017. From May 2012 to November 2015, he served as Chief Information Officer for Kratos Defense and Security Solutions, Inc., a provider of advanced engineering, security, surveillance, and information technology services. From August 2008 to May 2012, he served as Chief Information Officer for Cymer, LLC, a developer and manufacturer of lithography light sources used in the semiconductor industry. Since November 2017, he has also served as Secretary and as a board member for the CrowdStrike Foundation, a nonprofit established to support the next generation of talent and research in cybersecurity and artificial intelligence through scholarships, grants, and other activities. Mr. Black holds a B.S. in Electronics Engineering from the University of Glasgow.

### Key Employees

*Dmitri Alperovitch.* Mr. Alperovitch is one of our co-founders and has served as our Chief Technology Officer since November 2011. From November 2008 to September 2011, Mr. Alperovitch served as Vice President, Threat Research for McAfee. Since November 2017, he has also served as President and as a board member for the CrowdStrike Foundation, a nonprofit established to support the next generation of talent and research in cybersecurity and artificial intelligence through scholarships, grants, and other activities. Mr. Alperovitch holds a B.S. in Computer Science and an M.S. in Information Security from the Georgia Institute of Technology.

*Michael Carpenter.* Mr. Carpenter has served as our President, Global Sales and Field Operations since November 2016. From February 2014 to September 2016, he served as President of Global Sales and Field Operations for Tanium Inc., an endpoint security and systems management company. From December 2012 to January 2014, Mr. Carpenter served as President, Americas Sales for Intel Security Group, a global computer security software company. Mr. Carpenter holds a B.A. in Accounting from the University of Massachusetts Lowell.

*Johanna Flower.* Ms. Flower has served as our Chief Marketing Officer since November 2014. From June 2000 to June 2014, she served in various executive roles at Websense Inc., a cybersecurity software company now known as Forcepoint, LLC, most recently as Senior Vice President and Chief Marketing Officer. Ms. Flower holds a B.A. in Business Administration from Brighton University, United Kingdom.

*Shawn Henry.* Mr. Henry has served as President of CrowdStrike Services and our Chief Security Officer since March 2012. Mr. Henry previously worked for the FBI from 1987 through March 2012, including most recently as Executive Assistant Director of the FBI's Criminal, Cyber, Response and Services Branch. Since June 2016, Mr. Henry has served as a faculty member specializing in cybersecurity for the National Association of Corporate Directors, an organization providing training and education for private and public company directors. Since June 2015, Mr. Henry has served as a cybersecurity and national security analyst for NBC News, a broadcast television network. Mr. Henry holds a B.B.A. from Hofstra University and an M.S. in Criminal Justice from Virginia Commonwealth University.

*Amol S. Kulkarni, Ph.D.* Dr. Kulkarni has served as our Chief Product Officer since July 2018, and previously served as our Senior Vice President of Engineering from July 2017 to June 2018 and as our Vice President of Engineering from December 2014 to June 2017. From October 2000 to November 2014, he served in various executive roles at Microsoft Corporation, most recently as Principal Engineering Manager, where he oversaw major engineering projects. Dr. Kulkarni holds a B.Eng. from College of Engineering, Pune; an M. Tech in Energy Systems Engineering from the Indian Institute of Technology, Bombay and a Ph.D. in Electrical Engineering from the University of Washington.

*Adam Meyers.* Mr. Meyers has served as our Vice President, Intelligence since June 2013 and previously served as our Director of Intelligence from September 2011 to June 2013. From April 2002 to February 2012, he worked at SRA International, a provider of technology and strategic consulting services, most recently as Director of Cyber Security Intelligence. Mr. Meyers holds a B.A. in Political Science and Computer Science from George Washington University.

### **Non-Employee Directors**

*Roxanne S. Austin.* Ms. Austin has served on our board of directors since September 2018. Ms. Austin has served as President of Austin Investment Advisors, a private investment and consulting firm, since January 2004, and has also served as chair of the U.S. Mid-Market Investment Advisory Committee of EQT Partners, a private equity group. Ms. Austin currently serves on the boards of directors of Abbott Laboratories, a provider of pharmaceutical, medical devices, and nutritional products, Target Corporation, a department store retailer, Teledyne Technologies Incorporated, an industrial conglomerate, and AbbVie Inc., a biopharmaceutical company. She previously served as on the board of directors of LM Ericsson Telephone Company, a networking and telecommunications company. Ms. Austin is a member of the California State Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Austin holds a B.B.A. in Accounting from the University of Texas at San Antonio.

We believe Ms. Austin is qualified to serve on our board of directors because of her extensive management and operating experience, financial expertise, and knowledge of financial statements, corporate finance and accounting matters.

*Cary J. Davis.* Mr. Davis has served on our board of directors since July 2013. Mr. Davis is a Managing Director at Warburg Pincus, which he joined in October 1994, where he focuses on investments in the software and financial technology sectors. Prior to joining Warburg Pincus, he was Executive Assistant to Michael Dell at Dell Inc., a multinational computer technology company, and a consultant at McKinsey & Company, a worldwide management consulting firm. Mr. Davis currently serves on the boards of directors of Cyren Ltd., a cloud-based, internet security technology company, and several privately-held companies. Mr. Davis holds a B.A. in Economics from Yale University and an M.B.A. from Harvard Business School.

We believe Mr. Davis is qualified to serve on our board of directors based on his extensive business and investment expertise and his knowledge of our company and our industry.

*Sameer K. Gandhi.* Mr. Gandhi has served on our board of directors since August 2013. Mr. Gandhi is currently a partner for Accel, a venture capital firm which he joined in June 2008, where he focuses on consumer, software and services companies. He currently serves on the boards of directors of several privately-held companies. Mr. Gandhi holds a B.S. and an M.S. in Electrical Engineering and an M.S. in Computer Science from the Massachusetts Institute of Technology and an M.B.A. from the Stanford Graduate School of Business.

We believe Mr. Gandhi is qualified to serve on our board of directors based on his extensive knowledge of our company and as an investor in multiple technology companies.

*Joseph P. Landy.* Mr. Landy has served on our board of directors since August 2013. Mr. Landy is Co-Chief Executive Officer of Warburg Pincus and has been engaged in all aspects of private equity investing since March 1985. He has been jointly responsible for the management of the firm since 2000, including the formulation of strategy, oversight of investment policy and decisions, and leadership of the firm's Executive Management Group. Mr. Landy currently serves as a trustee of New York University. He previously served on the board of directors of Kosmos Energy Ltd., an international oil company. Mr. Landy holds a B.S. in Economics from The Wharton School at the University of Pennsylvania and a M.B.A. from The Leonard N. Stern School of Business at New York University.

We believe Mr. Landy is qualified to serve on our board of directors based on his extensive investment experience and knowledge of our company.

*Denis J. O'Leary.* Mr. O'Leary has served on our board of directors since December 2011. Mr. O'Leary has been a private investor since January 2016. From September 2009 to February 2016, he served as co-managing partner of Encore Financial Partners, Inc., a company focused on the acquisition and management of banking organizations. From June 1978 to April 2003, Mr. O'Leary was with JPM Chase & Co., an investment bank and financial services company, where he served in various executive roles, including Corporate Treasurer, CIO, and Head of Retail and Small Business Banking. Mr. O'Leary currently serves on the board of directors of Fiserv, Inc., a provider of financial services technology. Mr. O'Leary holds a B.A. in Economics from the University of Rochester and an M.B.A. from New York University.

We believe Mr. O'Leary is qualified to serve on our board of directors because of his extensive investment experience and knowledge of our company.

*Joseph E. Sexton.* Mr. Sexton has served on our board of directors since March 2015. He has been a private investor since June 2017. From September 2016 to May 2017, he served as an Executive in Residence for the venture capital firms of Lightspeed Venture Partners and Greylock Partners, where he advised portfolio companies on sales strategy and execution. From December 2012 to April 2017, he served as President of Worldwide Field Operations of AppDynamics, Inc., an application intelligence software company. Mr. Sexton currently serves on the board of directors of a privately-held company. Mr. Sexton holds a B.B.A. in Marketing from the University of Kentucky.

We believe Mr. Sexton is qualified to serve on our board of directors based on his extensive knowledge of our company and his experience advising technology companies.

*Godfrey R. Sullivan.* Mr. Sullivan has served on our board of directors since December 2017. From September 2008 to November 2015, he served as President and Chief Executive Officer of Splunk, Inc. a provider of machine data analytics software. He has served on the board of directors of Splunk since September 2008 and as its Chairman since December 2011. He previously served on the board of directors of Citrix Systems, Inc., an enterprise software company, and Informatica Corporation, an enterprise data management company. Mr. Sullivan holds a B.B.A. from Baylor University.

We believe Mr. Sullivan is qualified to serve on our board of directors based on his perspective and experience he brings as a former chief executive officer of other publicly traded companies and his experience as an executive and as a member of the board of directors of other companies in the enterprise software industry.

*Gerhard Watzinger.* Mr. Watzinger has served as Chairman of our board of directors since April 2012. From April 2013 to September 2013, he served as the Chief Executive Officer for IGATE Corporation, an IT services company. Mr. Watzinger served as the Executive Vice President for Corporate Strategy and Mergers & Acquisitions of the McAfee business unit of Intel Corporation, or

Intel, a designer and manufacturer of digital technology platforms, until his resignation in March 2012. Mr. Watzinger joined Intel in February 2011 upon Intel's acquisition of McAfee. Mr. Watzinger joined McAfee in November 2007 upon McAfee's acquisition of SafeBoot Corp., a global leader in data protection software, where he served as Chief Executive Officer from February 2004 to November 2007. He currently serves on the board of directors of Mastech Digital, Inc., a digital transformation and information technology services company and Absolute Software, a persistent software company. Mr. Watzinger holds an advanced degree in Computer Science from the University of Applied Sciences in Munich.

We believe Mr. Watzinger is qualified to serve on our board of directors because of his expertise within the IT industry, his experience as a chief executive officer of several information technology companies, and his extensive perspective and operational insight as our current Chairman.

Our executive officers are appointed by our board of directors and serve until their successors have been duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

### **Code of Business Conduct and Ethics**

Prior to the completion of this offering, we will adopt a code of business conduct and ethics that will apply to all of our employees, officers, and directors, including our chief executive officer, chief financial officer, and other executive and senior financial officers. Upon the completion of this offering, the full text of our code of business conduct and ethics will be available on the investor relations page on our website. We intend to post any amendment to our code of business conduct and ethics, and any waivers of its requirements, on our website or in filings under the Exchange Act to the extent required by applicable rules or exchange requirements. Information on or that can be accessed through our website is not part of this prospectus.

### **Board of Directors**

Our business and affairs are managed under the direction of our board of directors. The number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering. Our board of directors currently consists of nine members. Each of our current directors will continue to serve as directors until the election and qualification of his or her successor or until his or her earlier death, resignation, or removal.

Certain members of our board of directors were elected pursuant to the provisions of our certificate of incorporation as in effect prior to this offering and the stockholders agreement among us and certain of our stockholders, or the stockholders agreement, described in the section titled "Certain Relationships and Related Party Transactions." George Kurtz was elected pursuant to the stockholders agreement in his capacity as our current Chief Executive Officer; Cary J. Davis, Joseph P. Landy, and Joseph E. Sexton were elected by holders of the majority of our Series A-1 Preferred Stock; Sameer Gandhi was elected by holders of a majority of our Series B Preferred Stock; and Denis J. O'Leary, Godfrey R. Sullivan, and Gerhard Watzinger were elected pursuant to their designation by George Kurtz and certain institutional stockholders. The provisions of our certificate of incorporation and stockholders agreement relating to the selection of our directors will terminate upon the closing of this offering.

### **Classified Board of Directors**

Following the completion of this offering, our amended and restated certificate of incorporation and amended and restated bylaws will provide for a classified board of directors, with each director serving a staggered, three-year term. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during 2020 for the Class I directors, 2021 for the Class II directors, and 2022 for the Class III directors.

- Our Class I directors will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2020;
- Our Class II directors will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2021; and
- Our Class III directors will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, and their terms will expire at the annual meeting of stockholders to be held in 2022.

Upon expiration of the term of a class of directors, directors for that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Each director's term shall continue until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal. Any additional directorships resulting from an increase in the number of authorized directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control. Under Delaware law, our directors may be removed for cause by the affirmative vote of the holders of a majority of our voting stock.

### **Director Independence**

Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of this offering. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member. Additionally, 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 the board of directors or a committee of the board, 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.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships and as a result of this review, our board of directors determined that each of Roxanne S. Austin, Cary J. Davis, Sameer K. Gandhi,

Joseph P. Landy, Denis J. O'Leary, Joseph E. Sexton, Godfrey R. Sullivan and Gerhard Watzinger, representing eight of our nine directors, does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and was an "independent director" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### **Committees of Our Board of Directors**

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which will have the composition and responsibilities described below upon completion of this offering. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

#### ***Audit Committee***

Our audit committee is comprised of Roxanne S. Austin, Godfrey R. Sullivan, and Gerhard Watzinger, each of whom is a non-employee member of our board of directors. Roxanne S. Austin is the chairman of our audit committee. Our board of directors has determined that each of the members of our audit committee satisfies the requirements for independence and financial literacy under the rules and regulations of and the SEC. Our board of directors has also determined that Roxanne S. Austin qualifies as an "audit committee financial expert" as defined in the SEC rules and satisfies the financial sophistication requirements of Nasdaq. The audit committee is responsible for, among other things:

- selecting and hiring our registered public accounting firm;
- evaluating the performance and independence of our registered public accounting firm;
- approving the audit and pre-approving any non-audit services to be performed by our registered public accounting firm;
- reviewing the integrity of our financial statements and related disclosures and reviewing our critical accounting policies and practices;
- reviewing the adequacy and effectiveness of our internal control policies and procedures and our disclosure controls and procedures;
- overseeing procedures for the treatment of complaints on accounting, internal accounting controls or audit matters;
- reviewing and discussing with management and the independent registered public accounting firm the results of our annual audit, our quarterly financial statements and our publicly filed reports;
- reviewing and approving in advance any proposed related-person transactions; and
- preparing the audit committee report that the SEC requires in our annual proxy statement.

#### ***Compensation Committee***

Our compensation committee is comprised of Sameer K. Gandhi, Cary J. Davis, and Joseph E. Sexton, each of whom is a non-employee member of our board of directors. Sameer K. Gandhi is the chairman of our compensation committee. Our board of directors has determined that

each member of our compensation committee meets the requirements for independence under the rules of Nasdaq and the SEC, and is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act. The compensation committee is responsible for, among other things:

- reviewing and approving our chief executive officer's and other executive officers' annual base salaries, incentive compensation plans, including the specific goals and amounts, equity compensation, employment agreements, severance arrangements and change in control agreements and any other benefits, compensation or arrangements;
- administering our equity compensation plans;
- overseeing our overall compensation philosophy, compensation plans and benefits programs; and
- preparing the compensation committee report that the SEC will require in our annual proxy statement.

#### ***Nominating and Corporate Governance Committee***

Our nominating and corporate governance committee is comprised of Denis J. O'Leary, Joseph P. Landy, and Joseph E. Sexton, each of whom is a non-employee member of our board of directors. Denis J. O'Leary serves as the chairman of the committee. Our board of directors has determined that each member of our nominating and corporate governance committee meets the requirements for independence under the rules of Nasdaq. The nominating and corporate governance committee will be responsible for, among other things:

- evaluating and making recommendations regarding the composition, organization and governance of our board of directors and its committees;
- evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees;
- reviewing and making recommendations with regard to our corporate governance guidelines and compliance with laws and regulations;
- reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the audit committee; and
- evaluating the performance of our board of directors and of individual directors.

Our audit, compensation, and nominating and corporate governance committees will each operate under a written charter to be effective prior to the completion of this offering that satisfies the applicable rules and regulations of the SEC and the listing standards of the .

We intend to post the charters of our audit, compensation, and nominating and corporate governance committees, and any amendments thereto that may be adopted from time to time, on our website. Information on or that can be accessed through our website is not part of this prospectus. Our board of directors may from time to time establish other committees.

#### **Compensation Committee Interlocks and Insider Participation**

Mr. Kurtz was our President and Chief Executive Officer during fiscal 2019 and was appointed to the compensation committee in August 2016. Mr. Kurtz resigned from the compensation committee in 2019. Mr. Kurtz did not participate in committee meetings or discussions related to his compensation and the compensation committee did not have the authority to approve Mr. Kurtz's compensation while Mr. Kurtz was a member. No other members of our compensation committee is, or was during fiscal 2019, an officer or employee of our company. None of our

executive officers currently serves or served during fiscal 2019 as a director or member of the compensation committee (or other board committee performing equivalent functions) of any entity that has or had, at the relevant time, one or more executive officers serving on our compensation committee or our board of directors. See the section titled "Certain Relationships and Related Party Transactions" for information about related party transactions involving our compensation committee or their affiliates.

### Non-Employee Director Compensation

We do not currently have a formal policy with respect to compensation payable to our non-employee directors for service as directors. The table below shows the equity and other compensation granted to our non-employee directors during fiscal 2019:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)<sup>(1)(2)</sup></u>	<u>Option Awards (\$)<sup>(1)(2)</sup></u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Roxanne S. Austin <sup>(3)</sup>	—	1,166,425	1,612,989	—	2,779,414
Cary J. Davis	—	—	—	—	—
Sameer K. Gandhi	—	—	—	—	—
Joseph P. Landy	—	—	—	—	—
Denis J. O'Leary	12,500	—	—	—	12,500
Joseph E. Sexton	—	—	—	—	—
Godfrey R. Sullivan	—	—	—	—	—
Gerhard Watzinger	—	—	—	3,360 <sup>(4)</sup>	3,360

- (1) The amounts in these columns represent the aggregate grant date fair value of restricted stock units and stock option awards granted in fiscal 2019 computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718, or FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in the Option Awards column are set forth in Note 10 to our consolidated financial statements included elsewhere in this prospectus.
- (2) The following table sets forth the aggregate number of shares underlying outstanding stock awards and options for each current director as of January 31, 2019:

<u>Name</u>	<u>Shares Underlying Outstanding Stock Awards<sup>(a)</sup></u>	<u>Shares Underlying Outstanding Options<sup>(b)</sup></u>
Roxanne S. Austin	92,500	277,500
Cary J. Davis	—	—
Sameer K. Gandhi	—	—
Joseph P. Landy	—	—
Denis J. O'Leary	—	106,250
Joseph E. Sexton	—	62,293
Godfrey R. Sullivan	—	269,792
Gerhard Watzinger	—	83,543

- (a) Each entry represents the number of shares underlying any outstanding unvested restricted stock unit awards.
- (b) Each entry represents the aggregate of any shares underlying unexercised options and any unvested shares acquired upon early exercise of options.
- (3) Ms. Austin became a member of our board of directors in September 2018.
- (4) This amount reflects health insurance benefits provided to Mr. Watzinger.

We entered into offer letters with each of Ms. Austin and Messrs. O'Leary, Sexton, Sullivan, and Watzinger in connection with each of their appointments to our board of directors. The offer letters with Ms. Austin and Messrs. Sexton and Sullivan provide that the relevant director will be reimbursed for reasonable expenses he or she incurs in connection with his or her service on our board of directors.

Ms. Austin's offer letter provides for the grant of an option to purchase 277,500 shares of our Class B common stock and RSUs covering 92,500 shares of our Class B common stock, which we granted to her in October 2018. Each of Ms. Austin's awards will become fully vested in the event of a change of control (as defined in her offer letter).

Mr. O'Leary's offer letter provides for annual compensation of \$12,500, the grant of an option to purchase 400,000 shares of our Class B common stock, which we granted to him in December 2011, and the right to purchase up to an aggregate of \$300,000 of our redeemable convertible preferred stock. Mr. O'Leary exercised his right to purchase up to an aggregate of \$300,000 of our redeemable convertible preferred stock in connection with our Series A-1 financing in December 2011.

Mr. Sexton's offer letter provides for compensation of \$10,000 per year and the grant of an option to purchase 220,000 shares of our Class B common stock, which we granted to him in March 2015. For fiscal 2019, Mr. Sexton declined to receive any compensation provided for in his offer letter.

Mr. Sullivan's offer letter provides for the grant of an option to purchase 370,000 shares of our Class B common stock, which we granted in December 2017. Mr. Sullivan's option award will become fully vested in the event we are sold.

Mr. Watzinger's offer letter provides for the grant of an option to purchase 450,000 shares of our Class B common stock, which we granted to him in April 2012, the grant on the three-year anniversary of his start date of an additional option to purchase 100,000 shares of our Class B common stock, which we granted to him in March 2015, and the right to purchase up to an aggregate of \$300,000 of our redeemable convertible preferred stock. Mr. Watzinger exercised his right to purchase up to an aggregate of \$300,000 of our redeemable convertible preferred stock through an affiliated entity in connection with our Series A-1 financing in April 2012.

Our non-employee directors are also eligible to receive other compensation and benefits, including reasonable personal benefits and perquisites, as determined by us from time to time.

During fiscal 2019, Mr. Kurtz was our President and Chief Executive Officer and received no additional compensation for his service as a director. See the section titled "Executive Compensation" for additional information about compensation to Mr. Kurtz.

Although compensation has been paid to our non-employee directors prior to the completion of this offering, we do not currently have a general policy or plan to make equity award grants or pay cash retainers to our non-employee directors at a particular time, of a particular value or of a particular amount. As described in its summary below, our 2019 Plan contains maximum limits, which will be approved by our stockholders prior to our 2019 Plan becoming effective, on the size of the equity awards that can be granted to each of our non-employee directors in any fiscal year, but those maximum limits do not reflect the intended size of any potential grants or a commitment to make any equity award grants to our non-employee directors in the future.

Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our non-employee directors would be eligible to receive equity awards and cash retainers as compensation for service on our board of directors and committees of our board of directors beginning as of the effective date of the registration statement of which this prospectus forms a part.

**EXECUTIVE COMPENSATION**

**Fiscal 2019 Summary Compensation Table**

The following table provides information regarding the total compensation for services rendered in all capacities that was earned by our named executive officers during the fiscal year ended January 31, 2019:

<b>Name</b>	<b>Fiscal Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>Option Awards (\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$)<sup>(5)(6)</sup></b>	<b>Total (\$)</b>
George Kurtz <sup>(2)</sup> <i>President and Chief Executive Officer</i>	2019	394,039	107,659 <sup>(3)</sup>	35,508,650	8,415,367	492,341 <sup>(4)</sup>	11,774	44,929,830
Burt W. Podbere <i>Chief Financial Officer</i>	2019	347,467	—	624,000	284,268	157,674	8,729	1,422,138
Colin Black <i>Chief Operating Officer and Chief Information Officer</i>	2019	377,359	—	624,000	284,268	230,830	9,401	1,525,848

- (1) The amounts disclosed represent the grant date fair value of the restricted stock units and stock options granted to the named executive officers during fiscal 2019 as computed in accordance with 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 10 to our audited consolidated financial statements included in this prospectus. Such grant date fair values do not take into account any estimated forfeitures related to service-vesting conditions. These amounts do not reflect the actual economic value that will be realized by the named executive officer upon the vesting of the restricted stock units or stock options, the exercise of the stock options, or the sale of the Class B common stock acquired under such restricted stock units or stock options.
- (2) Mr. Kurtz serves on our board of directors but is not paid additional compensation for such service.
- (3) This amount represents a discretionary bonus paid to Mr. Kurtz.
- (4) This amount represents a performance-based bonus paid pursuant to Mr. Kurtz's individual bonus plan for fiscal 2019.
- (5) For Mr. Kurtz, this amount represents the airfare and hotel expenses paid by the Company for Mr. Kurtz's spouse to attend a sales and marketing event.
- (6) As part of our sales and marketing activities, we sponsor a CrowdStrike-branded professional racing car, which our President and Chief Executive Officer drives in some races at no incremental cost to us and in lieu of us hiring a professional driver. As we do not pay any amounts to our President and Chief Executive Officer under these arrangements, it is not reflected in the above table.

**Named Executive Officer Employment Letters**

**George Kurtz**

We entered into an employment agreement with Mr. Kurtz, our President and Chief Executive Officer, dated November 18, 2011, or the Kurtz Employment Agreement. The Kurtz Employment Agreement has no specified term and provides for at-will employment. Pursuant to the Kurtz Employment Agreement, Mr. Kurtz's annual base salary, now \$450,000, is subject to increase by the compensation committee. Mr. Kurtz is eligible to participate in our annual bonus program, health plan, insurance plan, retirement plan, and other benefit plans as provided to our similarly situated executives.

Pursuant to the Kurtz Employment Agreement, if Mr. Kurtz's employment is terminated (1) by us without "cause" (as defined in the Kurtz Employment Agreement), other than due to death or disability, or (2) by Mr. Kurtz for "good reason" (as defined in the Kurtz Employment Agreement), and Mr. Kurtz agrees to be bound by certain limitations on competitive activities set forth in a Non-Interference Agreement between Mr. Kurtz and us and executes a release of claims in the form attached to the Kurtz Employment Agreement that becomes effective and irrevocable within 60 days of his termination of employment, Mr. Kurtz shall be entitled to (i) continued payment of his base salary for 12 months following his termination, payable in accordance with our regular payroll

practices, and (ii) subject to Mr. Kurtz's election of COBRA continuation coverage under our group health plan, we will pay Mr. Kurtz an additional monthly amount equal to (on an after tax basis) the "applicable percentage" of the monthly COBRA premium cost for the level of coverage that Mr. Kurtz had as of the date of termination for up to 12 months following his termination. The "applicable percentage" shall be the percentage of Mr. Kurtz's health care premium costs covered by us as of the date of termination.

***Burt W. Podbere***

We entered into an employment letter with Mr. Podbere dated as of August 10, 2015. Pursuant to this letter, we have agreed to provide Mr. Podbere with severance benefits in the event of a qualifying termination of employment. In the event that we terminate Mr. Podbere's employment without cause or he terminates his employment for good reason, Mr. Podbere will receive three months base salary as severance and, if the termination occurs within 12 months after a change of control, Mr. Podbere will receive full vesting of his unvested options, in each case subject to his release of claims against us and our affiliates.

***Colin Black***

We entered into an employment letter with Mr. Black dated as of October 3, 2015. Pursuant to this letter, we have agreed to provide Mr. Black with severance benefits in the event of a qualifying termination of employment. In the event that we terminate Mr. Black's employment without cause or he terminates his employment for good reason within 12 months after a change of control, Mr. Black will receive three months base salary as severance and full vesting of his unvested options, in each case subject to his release of claims against us and our affiliates.

**Bonus and Non-Equity Incentive Plan Compensation**

We provide each of our named executive officers an opportunity to receive formula-based incentive payments. The payments are based on a target incentive amount for each named executive officer.

***George Kurtz***

We established an individual bonus plan for George Kurtz during fiscal 2019 that provided for non-equity incentive compensation based upon our achievement of performance goals for fiscal 2019. Mr. Kurtz's annual target award under this plan was \$450,000. The actual amount paid was \$600,000.

***Burt W. Podbere***

Pursuant to his employment letter with us, Mr. Podbere is entitled to a bonus to be paid out quarterly based on the achievement of certain performance objectives. Mr. Podbere was a participant in our 2019 Bonus Plan. Mr. Podbere's annual target award under the 2019 Bonus Plan was \$163,000, and the actual amount of his bonus for fiscal 2019 was \$157,674; \$28,250 of which was paid for the quarter ended April 30, 2018, \$30,524 for the quarter ended July 31, 2018, \$46,920 for the quarter ended October 31, 2018, and \$51,980 for the quarter ended January 31, 2019.

***Colin Black***

Pursuant to his employment letter with us, Mr. Black is entitled to a bonus to be paid out quarterly based on the achievement of certain performance objectives. Mr. Black's annual target award under the 2019 Bonus Plan was \$221,000, and the actual amount of his bonus for fiscal 2019 was \$230,820; \$56,500 of which was paid for the quarter ended April 30, 2018, \$51,770 for

the quarter ended July 31, 2018, \$58,140 for the quarter ended October 31, 2018, and \$64,410 for the quarter ended January 31, 2019.

### Outstanding Equity Awards at Fiscal 2019 Year-End

The following table sets forth information regarding outstanding stock options and stock awards held by our named executive officers as of January 31, 2019:

Name	Grant Date <sup>(1)</sup>	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(2)</sup>
George Kurtz	10/9/2018 <sup>(3)</sup>	1,407,956	—	11.13	10/09/2028	—	—
	10/9/2018 <sup>(4)</sup>	—	—	—	—	2,815,912	36,099,992
Burt W. Podbere	11/19/2015 <sup>(7)</sup>	1,096,612	53,388	1.67	11/19/2025	—	—
	11/19/2015 <sup>(8)</sup>	162,500	37,500	1.67	11/19/2025	—	—
Colin Black	9/25/2018 <sup>(5)</sup>	4,166	45,834	11.13	9/25/2028	—	—
	9/25/2018 <sup>(6)</sup>	—	—	—	—	50,000	641,000
	11/19/2015 <sup>(9)</sup>	282,708	83,334	1.67	11/19/2025	—	—
	2/4/2017 <sup>(10)</sup>	250,000	—	1.76	2/4/2027	—	—
	9/25/2018 <sup>(5)</sup>	4,166	45,834	11.13	9/25/2028	—	—
	9/25/2018 <sup>(6)</sup>	—	—	—	—	50,000	641,000

- (1) Each of the outstanding equity awards was granted pursuant to our 2011 Equity Incentive Plan.
- (2) This amount reflects the fair market value of our common stock of \$12.82 as of January 10, 2019 (the determination of the fair market value by our board of directors as of the most proximate date) multiplied by the amount shown in the column for the number of shares or units that have not vested.
- (3) The option is subject to an early exercise provision and is immediately exercisable. Shares subject to the option vest as follows: 1,055,967 shares of Class B common stock vest in 48 equal monthly installments beginning on November 1, 2018 and 351,989 shares of Class B common stock vest in 24 equal monthly installments beginning on November 1, 2022, in each case subject to continued service through the applicable vesting date. As of January 31, 2019, this award remains unvested as to 1,341,959 shares of Class B common stock that are subject to the option's early exercise provision.
- (4) The RSUs vest pursuant to a time-based and performance-based vesting schedule as follows: 2,111,934 RSUs vest in 16 equal quarterly installments beginning on December 20, 2018 and 703,978 RSUs vest in eight equal quarterly installments beginning on December 20, 2022, in each case subject to continued service through the applicable vesting date, provided that none of the RSUs will vest before the earlier of (A) a change in control in which the consideration paid to holders of Company shares is either cash, publicly traded securities, or a combination thereof, or (B) the first Company vest date (as defined in the RSU agreement) following the expiration of the lock-up period established in connection with this offering.
- (5) Shares subject to the option vest in 48 equal monthly installments beginning on October 25, 2018 subject to continued service through the applicable vesting date.
- (6) One-fourth of the RSUs vest on September 20, 2019, and 1/16 of the RSUs vest quarterly thereafter subject to continued service through the applicable vesting date, provided that none of the RSUs vest before the earlier of (i) a change in control in which the consideration paid to holders of Company shares is either cash, publicly traded securities, or a combination thereof, or (ii) the first Company vest date (as defined in the RSU agreement) following the expiration of the lock-up period established in connection with this offering.
- (7) The option is subject to an early exercise provision as to 1,059,760 of the underlying shares. Shares subject to the option vest as follows: 25% of the award vests on September 16, 2016, and 1/48 of the award vests monthly thereafter for the following 36 months. The vesting of each of the options is subject to continued service through the applicable vesting date. As of January 31, 2019, this award remains unvested as to 163,280 shares of Class B common stock that are subject to the option's early exercise provision.
- (8) The option is subject to an early exercise provision as to 162,500 of the underlying shares. Shares subject to the option vest monthly over the 48 month period beginning October 16, 2016 until all the shares have vested on September 16, 2020. The vesting of each of the options is subject to continued service through the applicable vesting date. As of January 31, 2019, this award remains unvested as to 45,834 shares of Class B common stock that are subject to the option's early exercise provision.
- (9) Shares subject to the option vest as follows: 25% of the award vests on November 9, 2016, and 1/48 of the award vests monthly thereafter for the following 36 months. The vesting of each of the options is subject to continued service through the applicable vesting date.
- (10) The option is subject to an early exercise provision and is immediately exercisable. Shares subject to the option vest as follows: 25% of the award vests on December 26, 2017, and 1/48 of the award vests monthly thereafter for the following 36 months. The vesting of each of the options is subject to continued service through the applicable vesting date. 50,000 of the shares subject to the option were subject to a performance condition regarding our platform adjusted gross margin percentage for the fiscal year ended January 31, 2018. As of January 31, 2019, this award remains unvested as to 119,793 shares of Class B common stock.

### Employee Benefit and Stock Plans

#### 2019 Equity Incentive Plan

Prior to the completion of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2019 Equity Incentive Plan, or our 2019 Plan. We expect that our 2019 Plan will be effective on the business day immediately prior to the effective date of the

registration statement of which this prospectus forms a part. Our 2019 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or the Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, performance shares, and other share-based awards to our employees, directors and consultants and our parent and subsidiary corporations' employees and consultants.

*Authorized Shares.* A total of \_\_\_\_\_ shares of our Class A common stock will be reserved for issuance pursuant to our 2019 Plan. In addition, the shares reserved for issuance under our 2019 Plan also will include a number of shares equal to the number of shares of Class B common stock subject to awards granted under our Amended and Restated 2011 Stock Incentive Plan, or 2011 Plan, that, on or after the termination of the 2011 Plan, expire or terminate, are tendered to or withheld by us for payment of an exercise price or for tax withholding obligations or are forfeited or repurchased by us (provided that any shares from the 2011 Plan will be issuable under the 2019 Plan as shares of our Class A common stock and that the maximum number of shares that may be added to our 2019 Plan from the 2011 Plan is \_\_\_\_\_ shares). The number of shares available for issuance under our 2019 Plan will also include an annual increase on the first day of each fiscal year beginning with the \_\_\_\_\_ fiscal year, equal to the least of:

- \_\_\_\_\_ shares;
- \_\_\_\_\_ percent ( \_\_\_\_\_ %) of the outstanding shares of our capital stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

If an award expires or is terminated, surrendered or cancelled or otherwise becomes unexercisable without having been exercised in full, is forfeited in whole or in part (including as the result of shares subject to the award being repurchased by us at or below the original issuance price pursuant to a contractual repurchase right), is surrendered pursuant to an exchange program, or is forfeited or repurchased due to failure to vest, then the unpurchased shares (or the forfeited, unused or repurchased shares) will become available for future grant or sale under the 2019 Plan. With respect to stock appreciation rights, the number of shares counted against the shares available for issuance under the 2019 Plan will be the full number of shares subject to the stock appreciation right multiplied by the percentage of the stock appreciation right actually exercised, regardless of the number of shares actually used to settle such stock appreciation right upon exercise. Shares that have actually been issued under the 2019 Plan under any award will not be returned to the 2019 Plan; provided, however, that if shares issued pursuant to awards under the 2019 plan are repurchased or forfeited due to a failure to vest, such shares will become available for future grant under the 2019 Plan. Shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2019 Plan. To the extent an award is settled or paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2019 Plan. Shares repurchased by us on the open market using proceeds from the exercise of an award will not increase the number of shares available for issuance under the 2019 Plan.

*Plan Administration.* Our compensation committee or other such committee designated by our board of directors will administer our 2019 Plan. Subject to the provisions of our 2019 Plan and applicable law, the administrator (or its delegate) will have the authority to administer our 2019 Plan and make all determinations deemed necessary or advisable for administering the 2019 Plan, such as the power to determine the fair market value of our common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2019 Plan, determine the terms and

conditions of awards (such as the exercise price, the times or times at which the awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of our 2019 Plan and awards granted under it, prescribe, amend, and rescind rules relating to our 2019 Plan, including creating sub-plans, modify or amend each award, including the discretionary authority to extend the post-termination exercisability period of awards, allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award and determine the timing and characterization or reason for a participant's termination of employment or service with us. The administrator also will have the authority, without shareholder consent, to institute an exchange program by which (i) outstanding awards may be surrendered or cancelled in exchange for awards of the same type (which may have a higher or lower exercise price and/or different terms), awards of a different type and/or cash, (ii) participants have the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator, or (iii) the exercise price of an outstanding award is increased or reduced. The administrator's decisions, determinations, and interpretations will be final and binding on all participants.

*Stock Options.* We will be able to grant stock options under our 2019 Plan. The per share exercise price of options granted under our 2019 Plan must be at least equal to the fair market value of a share of our Class A common stock on the date of grant. The term of an option does not exceed 10 years, except that with respect to any incentive stock option granted to any participant who owns more than 10% of the voting power of all classes of stock of ours or any parent or subsidiary corporations, the term must not exceed five years and the per share exercise price must equal at least 110% of the fair market value of a share of our Class A common stock on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law or any combination thereof. After the termination of service of a participant, he or she will be able to exercise his or her option (to the extent it has vested as of the date of the termination of service) for the period of time stated in his or her award agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2019 Plan, the administrator determines the other terms of options.

*Stock Appreciation Rights.* We will be able to grant appreciation rights under our 2019 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our Class A common stock between the exercise date and the date of grant. Stock appreciation rights will not have a term exceeding 10 years. After the termination of service of a participant, he or she will be able to exercise his or her stock appreciation right for the period of time stated in his or her award agreement. In the absence of a specified time in the award agreement, if termination is due to death or disability, the stock appreciation rights will remain exercisable for 12 months. In all other cases, in the absence of a specified time in the award agreement, the stock appreciation rights will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2019 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our Class A common stock, or a combination thereof, except that the per share exercise price for a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

**Restricted Stock.** We will be able to grant restricted stock under our 2019 Plan. Restricted stock awards are grants of shares of our Class A common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director or consultant and, subject to the provisions of our 2019 Plan, will determine the terms and conditions of such awards. The administrator will be able to impose whatever conditions to vesting it determines to be appropriate (for example, the administrator will be able to set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the administrator will have the discretion to accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise; provided, however, that if dividends are paid in shares, such dividends will be subject to the same vesting schedule as the restricted stock awards. Shares of restricted stock that do not vest will be subject to our right of repurchase or forfeiture.

**RSUs.** We will be able to grant RSUs under our 2019 Plan. Each RSU is a bookkeeping entry representing an amount equal to the fair market value of one share of our Class A common stock. Subject to the provisions of our 2019 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The administrator will be able to set vesting criteria based upon continued employment or service, the achievement of company-wide, divisional, business unit, or individual goals, or any other basis determined by the administrator in its discretion. The administrator will have the discretion to pay earned restricted stock units in the form of cash, in shares or in some combination thereof. The administrator will also have the discretion to accelerate the time at which any restrictions will lapse or be removed.

**Performance Units and Performance Shares.** We will be able to grant performance units and performance shares under our 2019 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting criteria (including continued employment or service) in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The administrator will be able to set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals, or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator will have the discretion to reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units will have an initial dollar value established by the administrator on or prior to the grant date. Performance shares will have an initial value equal to the fair market value of our Class A common stock on the grant date. The administrator will have the discretion to pay earned performance units or performance shares in the form of cash, in shares or in some combination thereof.

**Other Share-Based Awards.** We will be able to grant other share-based awards under our 2019 Plan. Subject to the provisions our 2019 Plan, the administrator will determine the terms and conditions of such awards.

**Outside Directors.** Our 2019 Plan will provide that all outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under our 2019 Plan. Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our outside directors will be eligible to receive equity awards under our 2019 Plan. Our 2019 Plan includes a maximum annual limit of \$ \_\_\_\_\_ of cash compensation and equity awards that may be paid, issued, or granted to an outside director in any fiscal year. For purposes of this limitation, the

value of equity awards is based on the grant date fair value (determined in accordance with GAAP). Any cash compensation paid or equity awards granted to a person for his or her services as an employee, or for his or her services as a consultant (other than as an outside director), will not count for purposes of the limitation. The maximum limit does not reflect the intended size of any potential compensation or equity awards to our outside directors.

*Non-Transferability of Awards.* Unless the administrator provides otherwise, our 2019 Plan generally will not allow for the transfer of awards and only the recipient of an award will be able to exercise an award during his or her lifetime. If the administrator makes an award transferrable, such award will contain such additional terms and conditions as the administrator deems appropriate.

*Certain Adjustments.* In the event of certain changes in our capitalization or applicable laws, regulations, or accounting principles, to prevent diminution or enlargement of the benefits or potential benefits available under our 2019 Plan, the administrator will, subject to compliance with Section 409A of the Code and other applicable law, adjust the number and class of shares that may be delivered under our 2019 Plan and/or the number, class and price of shares covered by each outstanding award, the terms and conditions of any outstanding award and the numerical share limits set forth in our 2019 Plan.

*Dissolution or Liquidation.* In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

*Merger or Change in Control.* Our 2019 Plan provides that in the event of a merger or change in control, as defined under our 2019 Plan, each outstanding award will be treated as the administrator determines, without a participant's consent. The administrator is not required to treat all awards, all awards held by a participant, or all awards of the same type, similarly.

In the event that a successor corporation does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels (unless specifically provided otherwise under the applicable award agreement, policy, or other written agreement with the participant) and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time. If an option or stock appreciation right is not assumed or substituted, the administrator will notify the participant in writing or electronically that such option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion and the option or stock appreciation right will terminate upon the expiration of such period.

In addition, in the event of a change in control, each outside director's options and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock and restricted stock units will lapse and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels (unless specifically provided otherwise under the applicable award agreement, policy, or other written agreement with the outside director), and all other terms and conditions met.

*Forfeiture and Clawback.* All awards granted under our 2019 Plan will be subject to recoupment under any clawback policy that we have in place from time to time, including any policy that we are required to adopt under applicable law. In addition, the administrator will be able to provide in an award agreement that the recipient's rights, payments, and benefits with respect to such award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events. In the event of any accounting restatement, the recipient of an award will be

required to repay a portion of the proceeds received in connection with the settlement of an award earned or accrued under certain circumstances.

*Amendment; Termination.* The board of directors will have the authority to amend, suspend or terminate our 2019 Plan provided such action does not impair the existing rights of any participant. Our 2019 Plan will automatically terminate in 2029, unless we terminate it sooner.

### **2019 Employee Stock Purchase Plan**

Prior to the effectiveness of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2019 Employee Stock Purchase Plan, or ESPP. We expect that our ESPP will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. We believe that allowing our employees to participate in our ESPP provides them with a further incentive towards ensuring our success and accomplishing our corporate goals.

*Authorized Shares.* A total of \_\_\_\_\_ shares of our Class A common stock will be available for sale under our ESPP. The number of shares of our Class A common stock that will be available for sale under our ESPP also includes an annual increase on the first day of each fiscal year beginning with the fiscal year \_\_\_\_\_ equal to the least of:

- \_\_\_\_\_ shares;
- \_\_\_\_\_ % of the outstanding shares of our capital stock as of the last day of the immediately preceding fiscal year; or
- \_\_\_\_\_ such other amount as the administrator may determine.

*Plan Administration.* Our board of directors, or a committee appointed by our board of directors, will administer our ESPP. We expect our compensation committee to administer our ESPP. The administrator will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the ESPP, to delegate ministerial duties to any of our employees, to designate separate offerings under the ESPP, to designate our subsidiaries and affiliates as participating in the ESPP, to determine eligibility, to adjudicate all disputed claims filed under the ESPP and to establish procedures that it deems necessary or advisable for the administration of the ESPP, such as adopting such procedures and sub-plans as are necessary or appropriate to permit participation in the ESPP by employees who are foreign nationals or employed outside the U.S. The administrator's findings, decisions, and determinations will be final and binding on all participants to the full extent permitted by law.

*Eligibility.* Generally, all of our employees will be eligible to participate if they are customarily employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. The administrator will have the discretion prior to an enrollment date for all options granted on such enrollment date in an offering, determine that an employee who (i) has not completed at least two years of service (or a lesser period of time determined by the administrator) since his or her last hire date, (ii) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (iii) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, is or is not eligible to participate in such offering period.

An employee may not be granted rights to purchase shares of our Class A common stock under our ESPP if such employee would, immediately after the grant:

- own capital stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or
- hold rights to purchase shares of our Class A common stock under all of our employee stock purchase plans that accrue at a rate that exceeds \$25,000 worth of shares of our Class A common stock for each calendar year in which such option is outstanding at any time.

*Offering Periods.* Our ESPP will include a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to designated affiliates, as described in our ESPP. Our ESPP will provide for -month offering periods. The offering periods will be scheduled to start on the first trading day on or after and of each year, except for the first offering period, which will commence on the first trading day on or after completion of this offering and will end on the last trading day on or before . The duration and timing of offering periods may be changed pursuant to the ESPP. Each offering period will include purchase periods, which will be the approximately -month period commencing with one exercise date and ending with the last trading day on or before the next exercise date.

*Contributions.* Our ESPP will permit participants to purchase shares of our Class A common stock through payroll deductions or otherwise of up to % of their eligible compensation. A participant will be able to purchase a maximum of shares of our Class A common stock during a purchase period.

*Exercise of Purchase Right.* Amounts deducted and accumulated by the participant will be used to purchase shares of our Class A common stock at the end of each -month purchase period. The purchase price of the shares will be % of the lower of the fair market value of our Class A common stock on the first trading day of each offering period or on the exercise date. Participants will be able to end their participation at any time during an offering period and will be returned their accrued contributions that have not yet been used to purchase shares of our Class A common stock. Participation will end automatically upon termination of employment with us.

*Non-Transferability.* A participant will not be able to assign, transfer, pledge, or otherwise dispose of rights granted under our ESPP. If our compensation committee permits the transfer of rights, it may only be done by will, the laws of descent and distribution or as otherwise provided under our ESPP.

*Merger or Change in Control.* Our ESPP will provide that in the event of a merger or change in control, as defined under our ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

*Amendment; Termination.* The administrator will have the authority to amend, suspend or terminate our ESPP. Our ESPP will automatically terminate in 2039 unless we terminate it sooner.

## **2011 Stock Incentive Plan**

Our board of directors adopted our Amended and Restated 2011 Stock Incentive Plan, or the 2011 Plan, in November 2011. Our stockholders approved our 2011 Plan in November 2011. Our 2011 Plan was most recently amended in October 2018. Our 2011 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, and other stock-based awards to employees, directors, and consultants of the company or any direct or indirect parent or subsidiary of the company (which are together referred to as the "company group") or any person who has been offered employment by the company group.

*Authorized Shares.* As of January 31, 2019, 1,540,071 shares of our Class B common stock were reserved for future issuance under our 2011 Plan. We will terminate our 2011 Plan in connection with this offering. Accordingly, no awards will be granted under the 2011 Plan following the completion of this offering, but our 2011 Plan will continue to govern outstanding awards granted thereunder. As of January 31, 2019, options to purchase 26,535,487 shares of our Class B common stock remained outstanding under our 2011 Plan.

*Plan Administration.* Our board of directors or a committee appointed by our board of directors consisting of at least two individuals administers the 2011 Plan. To the extent permitted by applicable law, the administrator may delegate to officers or employees of the company group (or committees thereof) the authority, subject to terms determined by the administrator, to perform such functions as the administrator determines to be appropriate, but awards granted to any person or entity who is not an employee of the company group must be expressly approved by the administrator. Subject to the provisions of the 2011 Plan, the administrator has full and final authority to (i) select eligible persons to become participants, (ii) grant awards, (iii) determine the type, number of shares subject to, and other terms and conditions of, and all other matters relating to, awards, (iv) prescribe award agreements (which need not be identical for each participant) and rules and regulations for the administration of the 2011 Plan, (v) construe and interpret the 2011 Plan and award agreements and correct defects, supply omissions, and reconcile inconsistencies, (vi) suspend the right to exercise Awards during any period that the administrator deems appropriate to comply with applicable securities laws, and/or subsequently extend the exercise period of an award by an equivalent period of time, (vii) make all other decisions and determinations as the administrator may deem necessary or advisable for the administration of the 2011 Plan. The administrator also may adopt procedures and sub-plans as necessary or appropriate to permit participation in the 2011 Plan by persons or entities who are residents or primarily employed or providing services outside of the United States. The administrator may approve a repricing of awards without additional stockholder consent. The administrator's actions will be final, conclusive, and binding on all persons.

*Stock Options.* Stock options could be granted under our 2011 Plan. The exercise price of options granted under our 2011 Plan generally may not be less than 100% of the fair market value of our Class B common stock on the date of grant if the option is intended to qualify as either (i) a "stock right" within the meaning of Section 409A of the Code or (ii) an incentive stock option. The term of an option cannot exceed 10 years; however, with respect to an incentive stock option granted to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term cannot exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator determined the methods of payment of the exercise price of an option. Unless a participant's award agreement provides otherwise or the administrator determines otherwise, any unvested portion of the participant's option will immediately expire, and the vested portion of the participant's option will (i) immediately

expire if the participant's termination is for cause, as defined under our 2011 Plan (ii) remain exercisable for 12 months following a termination due to death or disability, or (iii) remain exercisable for 90 days (or if the participant was a California resident when his or her option was granted, for 3 months) following a termination for any other reason. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2011 Plan, the administrator determined the other terms of options.

*Restricted Stock.* Restricted stock could be granted under our 2011 Plan. Restricted stock awards are grants of shares of our Class B common stock that vest in accordance with terms and conditions established by the administrator. The administrator determined the number of shares of restricted stock granted to any employee, director or consultant and, subject to the provisions of our 2011 Plan, determined the terms and conditions of such awards. The administrator could impose whatever conditions to vesting it determined to be appropriate; provided, however, that the administrator has the discretion to accelerate the time when such awards will vest. Recipients of restricted stock awards generally will have voting rights with respect to such shares upon grant without regard to vesting, unless the administrator provided otherwise. Unless an award agreement provides otherwise, cash dividends and stock dividends, if any, will be withheld for the participant's account and subject to forfeiture to the same degree as the underlying restricted stock. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

*RSUs.* RSUs could be granted under our 2011 Plan. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our Class B common stock. Subject to the provisions of our 2011 Plan, the administrator determined the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The administrator could set vesting criteria based upon the achievement of company-wide, business unit, or individual goals (including continued employment or service), or any other basis determined by the administrator in its discretion. The administrator has the discretion to pay earned RSUs in the form of cash, in shares or in some combination thereof. The administrator also has the discretion to reduce or waive any vesting criteria that must be met to receive payment.

*Other Stock-Based Awards.* The administrator could grant other awards that may be denominated or payable in, valued by reference to, or otherwise based upon or related to shares of our common stock. The administrator could also grant shares of our common stock as a bonus or could grant other awards in lieu of obligations of any member of the company group to pay cash or deliver other property. The terms and conditions applicable to such awards were determined by the administrator, subject to the conditions in the 2011 Plan.

*Non-Transferability of Awards.* Unless the administrator provides otherwise, our 2011 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

*Certain Adjustments.* In the event of (i) certain changes in our capitalization or (ii) a change in applicable laws or circumstances that results in or could result in (as determined by the administrator in its sole discretion) any substantial dilution or enlargement of the rights intended to be granted to or available for participants, then the administrator will make equitable and proportionate adjustments or substitutions to the number and type of shares that may be delivered under the 2011 Plan and/or the number, type, and price of shares covered by each outstanding award granted under the 2011 Plan.

*Corporate Event.* If there is a corporate event, as defined under our 2011 Plan, the administrator may generally provide for one or more of the following: (i) the assumption or substitution of an award; (ii) the acceleration of vesting of an award, subject to the consummation of the corporate event; (iii) the cancellation of an award in exchange for a payment for the vested

portion of the award based on the amount of the consideration paid for a share of our Class B common stock in the corporate event minus the exercise price of the award (if any); and (iv) the replacement of an award (unless the award is a "stock right" within the meaning of Section 409A of the Code) with a cash incentive program that preserves the value of the award as of the consummation of the corporate event, with subsequent payment of cash incentives subject to the same vesting conditions that applied to the award and made within 30 days of the applicable vesting date.

*Amendment; Termination.* Our board of directors may amend our 2011 Plan at any time, but no amendment will impair a participant's rights under his or her awards without his or her written consent. As noted above, in connection with the adoption of our 2019 Plan, our 2011 Plan will be terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

### **Executive Incentive Compensation Plan**

Prior to the effectiveness of this offering, our board of directors intends to adopt our Executive Incentive Compensation Plan, or our Incentive Compensation Plan. Our Incentive Compensation Plan will allow us to grant incentive awards, generally payable in cash, to employees selected by the administrator of the Incentive Compensation Plan, including our named executive officers, based upon performance goals established by the administrator.

Under our Incentive Compensation Plan, the administrator will determine the performance goals applicable to any award, such as the attainment of research and development milestones, bookings, business divestitures and acquisitions, cash flow, cash position, contract awards or backlog, customer renewals, customer retention rates, earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings), earnings per share, expenses, gross margin, growth in stockholder value, internal rate of return, market share, net income, net profit, net sales, new product development, new product invention or innovation, number of customers, operating cash flow, operating expenses, operating income (or loss), operating margin, overhead or other expense reduction, product defect measures, product release timelines, productivity, profit, retained earnings, return on assets, return on capital, return on equity, return on investment, return on sales, revenue, revenue growth, sales results, sales growth, stock price, time to market, total stockholder return, working capital, and individual objectives such as peer reviews or other subjective or objective criteria. The performance goals may differ from participant to participant and from award to award.

A committee appointed by our board of directors (which, unless and until our board of directors determines otherwise, will be our compensation committee) will administer our Incentive Compensation Plan. The administrator of our Incentive Compensation Plan will have the discretion to increase, reduce or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The administrator will be able to determine the amount of any such increase, reduction or elimination on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual awards generally will be paid in cash (or its equivalent) only after they are earned, and, unless otherwise determined by the administrator, to earn an actual award a participant must be employed by us through the date the actual award is paid. The administrator will have the right to settle an actual award with a grant of an equity award under our then-current equity compensation plan. Payment of awards will occur as soon as practicable after they are earned and after the actual award is approved by the administrator, but no later than the dates that will be set forth in our Incentive Compensation Plan.

Our board of directors and the administrator will have the authority to amend, suspend or terminate our Incentive Compensation Plan, provided such action does not, without the consent of the participant, alter or impair any rights or obligations with respect to any earned awards.

**401(k) Plan**

We maintain a tax-qualified retirement plan, or the 401(k) plan, that provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. Eligible employees are able to participate in the 401(k) plan as of their start date, and participants are able to defer up to 100% of their eligible compensation subject to applicable annual Code limits. All participants' interests in their deferrals are 100% vested when contributed. The 401(k) plan permits us to make matching contributions and profit sharing contributions to eligible participants, and although we have not made any such contributions to date, we may provide matching employer contributions in the future.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

In addition to the compensation arrangements, including employment, termination of employment, and change in control arrangements, discussed in the sections titled "Management" and "Executive Compensation," the following is a description of each transaction since February 1, 2016, and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

**Equity Financing Transactions****Series D Financing**

In May 2017, we sold an aggregate of 17,569,969 shares of our Series D redeemable convertible preferred stock, or Series D preferred stock, at a purchase price of \$5.69 per share, for an aggregate purchase price of \$100.0 million. Each share of our Series D preferred stock will convert automatically into one share of our Class B common stock immediately prior to the completion of this offering. The following table summarizes purchases of our Series D preferred stock by related persons:

<u>Stockholder</u>	<u>Shares of Series D Preferred Stock</u>	<u>Total Purchase Price</u>
Entities affiliated with Accel <sup>(1)</sup>	8,784,985	\$ 50,000,006
CapitalG LP <sup>(2)</sup>	2,052,996	\$ 11,684,688
Entities affiliated with Warburg Pincus <sup>(3)</sup>	1,109,598	\$ 6,315,310

- (1) References to "Accel" refer to any or all of Accel London III L.P., Accel London Investors 2012 L.P., Accel Leaders Fund L.P., Accel Leaders Fund Investors 2016 L.L.C., Accel Growth Fund II L.P., Accel Growth Fund II Strategic Partners L.P., and Accel Growth Fund Investors 2013 L.L.C. Affiliates of Accel holding our securities whose shares are aggregated for purposes of reporting share ownership information are Accel Growth Fund Investors 2013 L.L.C., Accel Growth Fund II L.P., Accel Growth Fund II Strategic Partners L.P., Accel London Investors 2012 L.P. and Accel London III L.P. Sameer K. Gandhi, a member of our board of directors, is an affiliate of Accel.
- (2) References to "CapitalG" refer to either or both of CapitalG LP and CapitalG 2015 LP.
- (3) References to "Warburg Pincus" refer to either or both of Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P. Affiliates of Warburg Pincus holding our securities whose shares are aggregated for purposes of reporting share ownership information are Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P. Cary J. Davis and Joseph P. Landy, members of our board of directors, are affiliates of Warburg Pincus.

**Series D-1 Financing**

In October 2017, we sold an aggregate of 5,393,976 shares of our Series D-1 redeemable convertible preferred stock, or Series D-1 preferred stock, at a purchase price of \$5.69 per share, for an aggregate purchase price of \$30.7 million. Each share of our Series D-1 preferred stock will convert automatically into one share of our Class B common stock immediately prior to the completion of this offering. The following table summarizes purchases of our Series D-1 preferred stock by related persons:

<u>Stockholder</u>	<u>Shares of Series D-1 Preferred Stock</u>	<u>Total Purchase Price</u>
CapitalG LP	4,392,492	\$ 25,000,000

**Series E and E-1 Financing**

From June 2018 through September 2018, we sold an aggregate of 8,797,811 shares of our Series E redeemable convertible preferred stock, or Series E preferred stock, and 3,777,086 shares of our Series E-1 redeemable convertible preferred stock, or Series E-1 preferred stock, at a purchase price of \$16.46 per share, for an aggregate purchase price of \$207.0 million. Each share of our Series E-1 preferred stock subsequently converted into one share of our Series E preferred stock, resulting in an aggregate of 12,574,897 outstanding shares of our Series E preferred stock. Each share of our Series E preferred stock will convert automatically into one share of our Class B common stock immediately prior to the completion of this offering. The following table summarizes purchases of our Series E preferred stock and Series E-1 preferred stock by related persons:

<u>Stockholder</u>	<u>Shares of Series E Preferred Stock</u>	<u>Shares of Series E-1 Preferred Stock</u>	<u>Total Purchase Price</u>
Entities affiliated with Accel <sup>(1)</sup>	718,289	2,319,127	\$ 49,999,998
CapitalG LP	—	1,457,959	\$ 23,999,988

- (1) Affiliates of Accel holding our securities whose shares are aggregated for purposes of reporting share ownership information are Accel Growth Fund Investors 2013 L.L.C., Accel Growth Fund II L.P., Accel Growth Fund II Strategic Partners L.P., Accel Leaders Fund L.P. and Accel Leaders Fund Investors 2016 L.L.C. Sameer K. Gandhi, a member of our board of directors, is an affiliate of Accel.

**Stockholders Agreement**

We are party to a stockholders agreement with certain holders of our capital stock, including entities affiliated with Warburg Pincus, Accel and CapitalG, which are each holders of 5% or more of our capital stock, Denis J. O'Leary and an entity affiliated with Gerhard Watzinger, who are each directors, and entities affiliated with George Kurtz, who is a director and an executive officer and is affiliated with entities holding 5% or more of our capital stock, which provides, among other things, that we will use our commercially reasonable efforts so as to ensure that the composition of our board of directors complies with the provisions of the stockholders agreement related to the composition of our board of directors, which are discussed in the section titled "Management—Board of Directors." Such provisions of the stockholders agreement will terminate upon the closing of this offering.

**Amended and Restated Registration Rights Agreement**

We are party to an amended and restated registration rights agreement, or RRA, with certain holders of our capital stock, including entities affiliated with Warburg Pincus, Accel and CapitalG, which each hold 5% or more of our capital stock, Denis J. O'Leary and an entity affiliated with Gerhard Watzinger, who are each directors, and entities affiliated with George Kurtz, who is a director and an executive officer and is affiliated with entities holding 5% or more of our capital stock, which provides, among other things, that such stockholders have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights" for additional information regarding these registration rights.

**Loans to Directors and Executive Officers**

We previously made loans to certain of our directors and executive officers. As described below, each of the loans has been repaid and terminated.

### ***Loan to George Kurtz***

In November 2015, we loaned George Kurtz, our President and Chief Executive Officer and a member of our board of directors, \$1,000,000 with interest at 0.49%, compounded annually. The loan was made pursuant to a full recourse promissory note and secured by a pledge of 720,720 shares held by Mr. Kurtz. In November 2017, Mr. Kurtz repaid the outstanding principal and interest due under the loan and we terminated the promissory note. A total of \$10,058 in interest was paid under the loan.

### ***Loan to Dmitri Alperovitch***

In November 2015, we loaned Dmitri Alperovitch, our Chief Technology Officer, \$1,000,000 with interest at 0.49%, compounded annually. The loan was made pursuant to a full recourse promissory note and secured by a pledge of 720,720 shares held by Mr. Alperovitch. In November 2017, Mr. Alperovitch repaid the outstanding principal and interest due under the loan and we terminated the promissory note. A total of \$10,044 in interest was paid under the loan.

### ***Loan to Burt W. Podbere***

In February 2016, we loaned Burt Podbere, our Chief Financial Officer, \$249,750 with interest at 0.81%, compounded semi-annually, in connection with Mr. Podbere's early exercise of 150,000 options to purchase shares of our Class B common stock. The loan was made pursuant to a recourse promissory note with partial recourse as to 51% of the amount the loan and secured in full by a pledge of 150,000 shares held by Mr. Podbere. In February 2018, Mr. Podbere repaid the outstanding principal and interest due under the loan and we terminated the promissory note. A total of \$3,783 in interest was paid under the loan.

### ***Loan to Joseph E. Sexton***

In March 2017, we loaned Joseph E. Sexton, a member of our board of directors, \$370,750 with interest at 1.01%, compounded semi-annually, in connection with Mr. Sexton's early exercise of 370,000 options to purchase shares of our Class B common stock. The loan was made pursuant to a recourse promissory note with partial recourse as to 51% of the amount the loan and secured in full by a pledge of 370,000 shares held by Mr. Sexton. In April 2017, Mr. Sexton repaid the outstanding principal and interest due under the loan and we terminated the promissory note. A total of \$389 in interest was paid under the loan.

## **Right of First Refusal**

Pursuant to our equity compensation plans and the stockholders agreement, certain holders of our capital stock and we or our assignees have a right of first refusal to purchase shares of our capital stock proposed to be sold by certain of our stockholders to other parties. These rights will terminate upon completion of this offering.

In October 2017, certain of our stockholders, including George Kurtz, our President and Chief Executive Officer and a member of our board of directors, and Dmitri Alperovitch, our Chief Technology Officer, sold shares of our Class B common stock for aggregate proceeds of \$17.5 million. The aggregate proceeds received by Messrs. Kurtz and Alperovitch were \$11.4 million. We waived our right of first refusal in connection with these sales.

In October 2018, shares of our Class B common stock were purchased pursuant to a third-party tender offer for aggregate proceeds of \$37.6 million from certain of our employees and directors, including sales by entities affiliated with George Kurtz, our President and Chief Executive Officer and a member of our board of directors, Dmitri Alperovitch, our Chief Technology Officer,

Michael Carpenter, our President of Global Sales and Field Operations, and Denis J. O'Leary and Gerhard Watzinger, members of our board of directors, for aggregate proceeds of \$19.2 million. The purchasers included certain of our stockholders, including an aggregate of \$11.1 million in shares purchased by CapitalG LP and entities affiliated with Accel. We waived our right of first refusal in connection with this third-party tender offer.

See the section titled "Principal Stockholders" for additional information regarding beneficial ownership of our capital stock.

### **Commercial Arrangements**

During fiscal 2019, we recorded revenue of \$1.5 million for subscription services sold to Google LLC, which is an affiliate of CapitalG, a 5% stockholder. During fiscal 2018, we recorded revenue of \$0.1 million for subscription services and professional services sold to Google LLC. During fiscal 2017, fiscal 2018, and fiscal 2019, we purchased goods and services totaling \$0.3 million, \$0.4 million, and \$1.0 million, respectively, from subsidiaries of Alphabet Inc., which is an affiliate of CapitalG.

Other than as described above under this section titled "Certain Relationships and Related Party Transactions," since February 1, 2016, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, \$120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm's-length dealings with unrelated third parties.

### **Limitation of Liability and Indemnification Matters**

Our amended and restated certificate of incorporation to be effective upon the completion of this offering, will provide that we will indemnify our directors and officers and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law, which prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws.

In addition to the indemnification required in our amended and restated certificate of incorporation, we have entered into and expect to continue to enter into agreements to indemnify each of our current directors, officers and some employees, that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. With specified exceptions, these agreements provide indemnification for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism, or

hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent, or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by, or in the right of, our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors. Our directors who are affiliated with venture capital firms also have certain rights of indemnification provided by their venture capital funds and the affiliates of those funds, together referred to as the Fund Indemnitors. We have agreed to reimburse the Fund Indemnitors for advancements they made to their affiliated directors for matters that such directors are entitled to indemnification from us. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as we may provide indemnification for liabilities arising under the Securities Act to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, 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.

#### **Policies and Procedures for Related Party Transactions**

Effective upon the completion of this offering, we will have a formal written policy providing that our executive officers, directors, nominees for election as directors, beneficial owners of more than 5% of any class of our voting securities and any member of the immediate family of any of the foregoing persons, are not permitted to enter into a related-party transaction with us without the consent or ratification of our board of directors, audit committee, or a comparable body of the

board of directors consisting solely of independent directors, subject to the exceptions described below.

In approving or rejecting any such proposal, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to our audit committee, including, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, and the extent of the related party's interest in the transaction. Certain transactions will not require approval, including certain employment arrangements of executive officers, director compensation, transactions involving the purchase or sale of products or services in the ordinary course of business not exceeding \$120,000; transactions in which the related party's interest derives solely from his or her service as a director of another corporation that is party to the transaction; transactions in which the related party's interest derives solely from his or her ownership of less than 10% of the equity interest in another person, which is a party to the transaction; and, transactions where a related party's interest arises solely from the ownership of our equity securities and all holders of that class of our equity securities received the same benefit on a pro rata basis.

We believe that we have executed all of the transactions set forth above on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates, are approved by the audit committee of our board of directors and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

## PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our capital stock as of March 31, 2019, and as adjusted to reflect the sale of our Class A common stock offered by us in this offering assuming no exercise of the underwriters' option to purchase additional shares of our Class A common stock from us, for:

- each person, or group of affiliated persons, who beneficially owned more than 5% of our Class A or Class B common stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of Class B common stock that they beneficially owned, subject to applicable community property laws.

Applicable percentage ownership prior to this offering is based on 179,043,811 shares of Class B common stock outstanding at March 31, 2019, after giving effect to the conversion of all outstanding shares of redeemable convertible preferred stock into shares of Class B common stock, assuming that the underwriters will not exercise their option to purchase up to an additional \_\_\_\_\_ shares of our Class A common stock. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership and voting power of such person, we deemed to be outstanding all shares of common stock subject to equity awards held by the person that are currently exercisable or exercisable within 60 days of March 31, 2019. We did not deem such shares outstanding for the purpose of computing the percentage ownership or voting power of any other person. However, voting power under our amended and restated certificate of incorporation is calculated based on shares of Class A and Class B common stock actually outstanding as of the applicable record date. See the section titled "Description of Capital Stock."

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o CrowdStrike Holdings, Inc. 150 Mathilda Place, Suite 300, Sunnyvale, California 94086.

Name of Beneficial Owner	Class B Shares Beneficially Owned Before this Offering		% Total Voting Power Before this Offering <sup>(1)</sup>	Beneficial Ownership After This Offering				% Total Voting Power After this Offering <sup>(1)</sup>
	Number of Shares	%		Class A		Class B		
				Shares	%	Shares	%	
<b>5% Stockholders:</b>								
Entities affiliated with Warburg Pincus <sup>(2)</sup>	54,938,776	30.7						
Entities affiliated with Accel <sup>(3)</sup>	36,718,466	20.5						
Entities affiliated with CapitalG <sup>(4)</sup>	20,275,670	11.3						
<b>Named Executive Officers and Directors:</b>								
George Kurtz <sup>(5)</sup>	19,049,344	10.6						
Colin Black <sup>(6)</sup>	574,374	*						
Burt Podbere <sup>(7)</sup>	1,346,013	*						
Roxanne S. Austin <sup>(8)</sup>	46,249	*						
Cary J. Davis <sup>(9)</sup>	—	—						
Sameer K. Gandhi <sup>(10)</sup>	36,718,466	20.5						
Joseph P. Landy <sup>(11)</sup>	54,938,776	30.7						
Denis J. O'Leary <sup>(12)</sup>	1,217,500	*						
Joseph E. Sexton <sup>(13)</sup>	370,000	*						
Godfrey R. Sullivan <sup>(14)</sup>	370,000	*						
Gerhard Watzinger <sup>(15)</sup>	1,200,000	*						
All executive officers and directors as a group (11 persons) <sup>(16)</sup>	115,830,722	63.5						

- \* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.
- (1) 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. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. See the section titled "Description of Capital Stock—Common Stock" for more information about the voting rights of our Class A and Class B common stock.
- (2) Consists of (i) 53,235,674 shares held of record by Warburg Pincus Private Equity X, L.P., a Delaware limited partnership, or WPPE X, and (ii) 1,703,102 shares held of record by Warburg Pincus X Partners, L.P., a Delaware limited partnership, or WPXP and, together with WPPE X, the WPP Funds. Warburg Pincus X, L.P., a Delaware limited partnership, or WP X LP, is the general partner of the WPP Funds. Warburg Pincus X GP L.P., a Delaware limited partnership, or WP X GP, is the general partner of WP X LP. WPP GP LLC, a Delaware limited liability company, or WPP GP, is the general partner of WP X GP. Warburg Pincus Partners, L.P., a Delaware limited partnership, or WP Partners, is the managing member of WPP GP. Warburg Pincus Partners GP LLC, a Delaware limited liability company, or WP Partners GP, is the general partner of WP Partners. Warburg Pincus & Co., a New York general partnership, or WP, is the managing member of WP Partners GP. Charles R. Kaye and Joseph P. Landy, a member of our board of directors, are each Managing General Partners of WP and may each be deemed to control the Warburg Pincus entities. Messrs. Kaye and Landy disclaim beneficial ownership of all shares held by the Warburg Pincus entities. The business address for each of these entities and individuals is c/o Warburg Pincus & Co., 450 Lexington Avenue, New York, New York 10019.
- (3) Consists of (i) 18,716,244 shares held of record by Accel Growth Fund II L.P., or AGF2, (ii) 1,355,803 shares held of record by Accel Growth Fund II Strategic Partners L.P., or AGF2 SP and, together with AGF2, the AGF2 Funds, (iii) 2,009,414 shares held of record by Accel Growth Fund Investors 2013 L.L.C., or AGF2013, (iv) 8,554,336 shares held of record by Accel Leaders Fund L.P., or ALF, (v) 408,716 shares held of record by Accel Leaders Fund Investors 2016 L.L.C., or ALF2016, (vi) 5,547,991 shares held of record Accel London III L.P., or AL3, and (vii) 125,962 shares held of record Accel London Investors 2012 L.P., or ALI and, together with AL3, the AL3 Funds. Accel Growth Fund II Associates L.L.C., or AGF2A, is the General Partner of the AGF2 Funds and has sole voting and investment power. Accel Leaders Fund Associates L.L.C., or ALFA, is the General Partner of ALF and has sole voting and investment power. Andrew G. Braccia, Sameer K. Gandhi, a member of our board of directors, Ping Li, Tracy L. Sedlock, Ryan J. Sweeney and Richard P. Wong are the Managing Members of AGF2A, AGF2013 and ALFA, and share such powers.

Accel London III Associates L.L.C., or AL3A LLC, is the General Partner of ALI and Accel London III Associates L.P., is the General Partner of AL3. AL3A LLC has sole voting and investment power. Jonathan Biggs, Kevin Comolli, Sonali De Rycker, Bruce Golden and Hendrick Nelis are the Managers of AL3A LLC and share such powers. The business address for each of these entities and individuals is c/o Accel, 500 University Avenue, Palo Alto, California 94301.

- (4) Consists of 12,142,044 shares of Class B common stock held of record by CapitalG 2015 LP and 8,133,626 shares of Class B common stock held of record by CapitalG LP. CapitalG 2015 GP LLC, the general partner of CapitalG 2015 LP, may be deemed to have sole voting and dispositive power with respect to the shares held by CapitalG 2015 LP. CapitalG GP LLC, the general partner of CapitalG LP, may be deemed to have sole voting and dispositive power with respect to the shares held by CapitalG LP. Alphabet Holdings LLC, the managing member of CapitalG 2015 GP LLC and CapitalG GP LLC, XXVI Holdings Inc., the managing member of Alphabet Holdings LLC, and Alphabet Inc., the controlling stockholder of XXVI Holdings Inc., may each be deemed to have sole voting and dispositive power with respect to the shares held by CapitalG 2015 LP and CapitalG LP. The address for these entities is 1600 Amphitheatre Parkway, Mountain View, California 94043.
- (5) Consists of (i) 13,705,326 shares held of record by the Kurtz 2009 Spendthrift Trust, dated 4/2/2009, for which Mr. Kurtz serves as trustee, (ii) 1,968,031 shares held of record by the Allegra Kurtz Irrevocable Gift Trust dated December 14, 2011, for which Mr. Kurtz serves as trustee, (iii) 1,968,031 shares held of record by the Alexander Kurtz Irrevocable Gift Trust dated December 14, 2011, for which Mr. Kurtz serves as trustee, and (iv) 1,407,956 shares subject to options exercisable within 60 days of March 31, 2019, of which 153,994 are fully vested as of such date.
- (6) Consists of 574,374 shares subject to options exercisable within 60 days of March 31, 2019, of which 475,415 are fully vested as of such date.
- (7) Consists of (i) 51,876 shares held of record by Mr. Podbere and (ii) 1,294,137 shares subject to options exercisable within 60 days of March 31, 2019, of which 1,183,330 are fully vested as of such date.
- (8) Consists of 46,249 shares subject to options exercisable within 60 days of March 31, 2019, all of which are fully vested as of such date.
- (9) Does not include shares held by the WPP Funds. Mr. Davis is a Partner of WP and a Member and Managing Director of Warburg Pincus LLC, the manager of the WPP Funds but does not have voting or dispositive power over the shares held by the WPP Funds. The address for Mr. Davis is 450 Lexington Avenue, New York, New York 10019.
- (10) Consists of the shares disclosed in footnote (2) above which are held by entities affiliated with Accel.
- (11) All shares indicated as owned by Mr. Landy are included because of his affiliation with Warburg Pincus. Mr. Landy disclaims beneficial ownership of all shares held by Warburg Pincus. The address for Mr. Landy is c/o Warburg Pincus & Co., 450 Lexington Avenue, New York, New York 10019.
- (12) Consists of 1,217,500 shares held of record by Mr. O'Leary, of which 93,750 may be repurchased by us at the original exercise price as of March 31, 2019.
- (13) Consists of 370,000 shares held of record by Mr. Sexton, of which 46,875 may be repurchased by us at the original exercise price as of March 31, 2019.
- (14) Consists of 370,000 shares held of record by Mr. Sullivan, of which 254,375 may be repurchased by us at the original exercise price as of March 31, 2019.
- (15) Consists of (i) 600,000 shares held of record by Mr. Watzinger, of which 71,875 may be repurchased by us at the original exercise price as of March 31, 2019, and (ii) 600,000 shares held of record by Clavius Capital LLC, for which Mr. Watzinger has sole voting and dispositive power.
- (16) Consists of (i) 112,508,006 shares beneficially owned by our executive officers and directors, 466,875 of which may be repurchased by us at the original exercise price as of March 31, 2019, and (ii) 3,322,716 shares subject to options exercisable within 60 days of March 31, 2019, of which 1,858,988 shares are fully vested as of such date.

## DESCRIPTION OF CAPITAL STOCK

### General

The following is a summary of certain important rights of our capital stock, and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws as they are expected to be in effect after the completion of this offering. Because it is only a summary, it may contain all the information that may be important to you. For a complete description of the matters set forth in this Section titled "Description of Capital Stock," you should refer to the provisions of our amended and restated certificate of incorporation, amended and restated bylaws and RRA, copies of which are filed as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Immediately following the completion of this offering, our authorized capital stock will consist of \_\_\_\_\_ shares of capital stock, par value \$0.0005 per share, of which:

- \_\_\_\_\_ shares are designated as Class A common stock;
- \_\_\_\_\_ shares are designated as Class B common stock; and
- \_\_\_\_\_ shares are designated as preferred stock.

Our board of directors is authorized, without stockholder approval, except as required by the listing standards of the \_\_\_\_\_, to issue additional shares of our capital stock.

As of January 31, 2019, there were 178,688,971 shares of our Class B common stock outstanding, held by 458 stockholders of record, and no shares of our redeemable convertible preferred stock outstanding, assuming the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into shares of our Class B common stock effective immediately prior to the completion of this offering.

### Common Stock

We will have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion.

#### ***Dividend Rights***

Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. See the section titled "Dividend Policy" for additional information.

#### ***Voting Rights***

Shares of our Class A common stock will be entitled to one vote per share. Shares of our Class B common stock will be entitled to 10 votes per share. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders unless otherwise required by Delaware law or our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation will provide that prior to the Final Conversion Date (as defined below), we shall not, without the prior affirmative vote of the holders of two-thirds of the outstanding shares of Class B common stock, voting as a separate class, in

addition to any other vote required by applicable law or our amended and restated certificate of incorporation:

- directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend, repeal or adopt any provision of our amended and restated certificate of incorporation inconsistent with, or otherwise alter or change, any provision of the amended and restated certificate of incorporation that modifies the voting, conversion or other rights, powers, preferences, privileges or restrictions of the shares of Class B common stock;
- reclassify any outstanding shares of Class A common stock into shares having (i) rights as to dividends or liquidation that are senior to the Class B common stock or (ii) the right to have more than one vote per share, except as required by law; or
- issue any shares of Class B common stock (other than shares of Class B common stock originally issued by us after our initial public offering pursuant to the exercise or conversion of options or warrants or settlements of RSUs that, in each case, are outstanding as of the date of our initial public offering).

Additionally, Delaware law could require either holders of our Class A common stock or 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 our capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of our capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

#### ***Liquidation Rights***

Upon our liquidation, dissolution, or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights.

#### ***No Preemptive or Similar Rights***

Our common stock is not entitled to preemptive rights, and there are no redemption or sinking fund provisions applicable to the common stock.

#### ***Conversion Rights***

Each share of Class B common stock will automatically convert into one share of Class A common stock on the Final Conversion Date, which is the earliest of (X) the date specified by the holders of two-thirds of the then outstanding shares of our Class B common stock voting as a separate class, (Y) the date on which the number of outstanding shares of our Class B common stock represents less than 5% of the number of outstanding shares of our Class A common stock and our Class B common stock, taken together as a single class, provided that shares of Class A common stock issued after an initial public offering in connection with any acquisition by the Company or any of our subsidiaries of the securities, business, technology, property or other assets of another person or entity or in connection with the entry by us or any of our subsidiaries into any joint venture, commercial relationship or other strategic transaction (any such shares of Class A

common stock being referred to as "Acquisition Securities") shall not be considered to be "outstanding" for the purposes of the proviso, and provided further that a determination by the board of directors as to whether shares of Class A common stock constitute Acquisition Securities shall be conclusive and binding; and (z) the date that is nine months after the death or permanent and total disability of our founder, George Kurtz, provided that such date may be extended by a majority of the independent members of our board of directors to a date that is not longer than 18 months from the date of such death or disability.

In addition, a holder's shares of Class B common stock will automatically convert into shares of Class A common stock upon (i) the affirmative written election of such Class B stockholder, (ii) the occurrence of a transfer, except for certain transfers described in our amended and restated certificate of incorporation, including certain transfers where sole dispositive power and exclusive voting control with respect to the shares of the Class B common stock are retained by the transferring holder and transfers of Class B common stock made by an Identified Fund Stockholder (as defined in our amended and restated certificate of incorporation) to a fund managed or advised by such Identified Fund Stockholder, or (iii) if such holder is a natural person, the death of such holder.

### **Preferred Stock**

After the completion of this offering, no shares of redeemable convertible preferred stock will be outstanding. Pursuant to our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue from time to time up to \_\_\_\_\_ shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock or delaying, deterring, or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock. We currently have no plans to issue any shares of preferred stock.

### **Option Awards**

As of January 31, 2019, we had outstanding options to purchase an aggregate of 26,535,487 shares of our Class B common stock, with a weighted-average exercise price of \$3.87 per share, under our 2011 Plan.

### **Warrants**

As of January 31, 2019, we had outstanding warrants to purchase (i) an aggregate of 170,818 shares of our Series B redeemable convertible preferred stock at an exercise price of \$1.41 per share and (ii) an aggregate of 165,568 shares of our Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. Upon the closing of this offering, each of the warrants will become exercisable for an equivalent number of shares of our Class B common stock.

### **Registration Rights**

After the completion of this offering, certain holders of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in our RRA, to which we and certain holders of our capital stock are parties. The registration rights under the RRA will terminate (i) with respect to any particular stockholder that

beneficially own less than 3% of our outstanding common stock, at such time that such stockholder can sell all of its shares during any 90-day period pursuant to Rule 144 of the Securities Act, (ii) with respect to any particular stockholder, at such time that all shares held by such stockholder have been sold in a registration pursuant to the Securities Act or pursuant to an exemption therefrom, or (iii) with respect to any stockholder that is an officer, director, employee or consultant of us, on the date on which such person ceases to be an employee of us.

Pursuant to the terms of the RRA, we will pay the registration expenses (other than underwriting discounts, selling commissions and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below. We expect that our stockholders will waive their rights under the RRA (i) to notice of this offering and (ii) to include their registrable shares in this offering. In addition, in connection with this offering, each stockholder that is party to the RRA has agreed not to sell or otherwise dispose of any securities without the prior written consent of the underwriters for a period of 180 days after the date of this prospectus, subject to certain terms and conditions and early release of certain holders in specified circumstances. See the section titled "Underwriting" for additional information.

In addition, we are a party to a Plain English Warrant Agreement that provides, among other things, that TriplePoint Venture Growth BDC Corp. will have the same rights for the shares of our common stock issued upon exercise of the warrant as our other holders have under the RRA.

#### ***Demand Registration Rights***

After the completion of this offering, the holders of up to 163,916,832 shares of our common stock will be entitled to certain demand registration rights. At any time beginning 6 months after the effective date of this offering, such holders can request that we register the offer and sale of their shares in an underwritten offering. We are obligated to effect up to three such registrations at the request of certain our institutional stockholders (in addition to any short form registrations described below) and up to one such registration at the request of certain other of our stockholders, provided that we are not obligated to effect more than two short form registrations or underwritten offerings in any 12-month period or any such registration that is not reasonably anticipated to result in aggregate proceeds (before deducting underwriting commissions and offering expenses) of at least \$20.0 million. If we determine that it would require making an adverse disclosure to effect such a demand registration, we have the right to defer such registration, not more than twice in any 12-month period or for an aggregate of up to 90 days in any 12-month period.

#### ***Piggyback Registration Rights***

After the completion of this offering, if we propose to register the offer and sale of our common stock under the Securities Act, in connection with the public offering of such common stock the holders of up to 163,916,832 shares of our common stock will be entitled to certain "piggyback" registration rights. If we register any of our securities under the Securities Act for our own account or for the account of another security holder, subject to certain exceptions, the holders of these shares will be entitled to notice of the registration and to include their registrable securities in the registration. The underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to limitations as set forth in the RRA.

#### ***Form S-3 Registration Rights***

After the completion of this offering, if we are eligible to file a registration statement on Form S-3, the holders of up to 163,916,832 shares of our common stock have the right, upon written request from holders of these shares, to have such shares registered by us if the registration

is reasonably anticipated to result in aggregate proceeds (before deducting underwriting commissions and offering expenses) of at least \$20.0 million. If we determine that it would require making an adverse disclosure to effect such a demand registration, we have the right to defer such registration, not more than twice in any 12-month period and for an aggregate of up to 90 days. After the one year anniversary of this offering, to the extent we are not eligible to file or maintain a registration statement on Form S-3, certain of our stockholders may make a written request that we file a registration statement on Form S-1, subject to limitations as set forth in the RRA.

### **Anti-Takeover Provisions**

Our amended and restated certificate of incorporation and amended and restated bylaws to be effective upon the completion of this offering will contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions 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 acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

*Issuance of Undesignated Preferred Stock.* As discussed above in the section titled "Preferred Stock," our board of directors will have the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

*Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting.* Our amended and restated certificate of incorporation will provide that our stockholders may not act by written consent after the first date on which the number of outstanding shares of our Class B common stock represents less than 10% of the aggregate number of outstanding shares of our Class A common stock and our Class B common stock, taken together as a single class. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with the amended and restated bylaws.

In addition, our amended and restated certificate of incorporation will provide that special meetings of the stockholders may be called only by the chairman of the board, the chief executive officer, or our board of directors acting pursuant to a resolution adopted by a majority of the board of directors. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

*Advance Requirements for Advance Notification of Stockholder Nominations and Proposals.* Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of the board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

*Board Classification.* Our amended and restated certificate of incorporation provides that our board of directors will be divided into three classes, one class of which is elected each year by our stockholders. The directors in each class will serve for a three-year term. For more information on

the classified board of directors, see "Management—Board of Directors." Our classified board of directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.

*Election and Removal of Directors.* Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that establish specific procedures for appointing and removing members of our board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, vacancies and newly created directorships on our board of directors may be filled only by a majority of the directors then serving on the board of directors. Under our amended and restated certificate of incorporation and amended and restated bylaws, directors may be removed only for cause by the affirmative vote of the holders of a majority of the total voting power of all outstanding securities of the Company generally entitled to vote in the election of directors, voting together as a single class.

*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 our restated certificate of incorporation provides otherwise. Our restated certificate of incorporation and amended and restated bylaws do not expressly provide for cumulative voting. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board of directors' decision regarding a takeover.

*Amendment of Charter Provision.* Certain amendments to our amended and restated certificate of incorporation will require the approval of two-thirds of the then-outstanding voting power of our capital stock.

*Delaware Anti-Takeover Statute.* We will be 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, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that 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 our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds 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 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 discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is also possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

#### **Exclusive Forum**

Our amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action asserting a claim against the company or any director or officer of the company arising pursuant to any provision of the Delaware General Corporation Law, (4) any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws, or (5) any other action asserting a claim that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having jurisdiction over indispensable parties named as defendants. However, this exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, our amended and restated bylaws will provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Any person or entity purchasing or otherwise acquiring any interest in our shares of capital stock shall be deemed to have notice of and consented to these provisions. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law or federal law for the specified types of actions and proceedings, these provisions may have the effect of discouraging lawsuits against us or our directors and officers.

#### **Transfer Agent and Registrar**

Upon the completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15<sup>th</sup> Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

#### **Limitation of Liability and Indemnification**

See the section titled "Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification Matters."

#### **Exchange Listing**

We have applied our Class A common stock on the Nasdaq Global Select Market under the symbol "CRWD".

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock, and we cannot assure you that a liquid trading market for our Class A common stock will develop or be sustained after this offering. Future sales of substantial amounts of shares of common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could adversely affect the prevailing market price for our Class A common stock or impair our ability to raise equity capital in the future. The effect of sales of our Class A common stock in the public market may be exacerbated by the relatively small public float of our Class A common stock following this offering. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Upon the completion of this offering, based on the number of shares of our capital stock outstanding as of \_\_\_\_\_, we will have a total of \_\_\_\_\_ shares of our Class A common stock outstanding and \_\_\_\_\_ shares of our Class B common stock outstanding. Of these outstanding shares, all the \_\_\_\_\_ shares of Class A common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless those shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining outstanding shares of our 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, holders of substantially all of our equity securities are subject to market standoff agreements or have entered into lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for up to 180 days following the date of this prospectus, as described below. As a result of these agreements and the market standoff agreements," subject to the provisions of Rule 144 or Rule 701, following the expiration of the lock-up period, all shares subject to such provisions and agreements will be available for sale in the public market only if registered or pursuant to an exemption from registration under Rule 144 or Rule 701 under the Securities Act.

### 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 such shares (subject to the requirements of the lock-up agreements, as described below) 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 such person is entitled to sell such shares (subject to the requirements of the lock-up agreements, as described below) 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 agreements described above, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of Class A common stock then outstanding, which will equal approximately \_\_\_\_\_ shares immediately after this offering; or
- the average weekly trading volume of the Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such 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. Notwithstanding the availability of Rule 144, the holders of substantially all of our capital stock have entered into lock-up agreements as described below, and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

### **Rule 701**

Rule 701, as currently in effect, generally allows a stockholder who purchased shares of our capital 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 (subject to the requirements of the lock-up agreements, as described below) 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. However, all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus (or until such later date that is required by the lock-up agreements, as described below) before selling such shares pursuant to Rule 701.

### **Lock-Up Agreements**

We, all of our directors and officers, and holders of substantially all of our securities outstanding immediately prior to this offering, have agreed that, without the prior written consent of Goldman Sachs & Co. LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any such transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise, subject to certain exceptions. However, if (i) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (ii) the 180-day lock-up period is scheduled to end during a broadly applicable period during which trading in our securities would not be permitted under our insider trading policy, or a blackout period, or within the five trading days prior to a blackout period, then the lock-up period will instead end ten trading days prior to the commencement of the blackout period; provided that in no event will the lock-up period end prior to 120 days after the date of this prospectus. In the event that ten trading days prior to the commencement of the blackout period is

earlier than 120 days after the date of this prospectus, then the lock-up period shall end 120 days after the date of this prospectus; but only if such 120th day is at least five trading days before the start of such blackout period (and if not, then no such early release will occur and the lock-up period will remain 180 days after the date of this prospectus). We will publicly announce the date of any early release described in this paragraph at least five trading days prior to such early release. Notwithstanding anything else in this paragraph, we may elect, by written notice to Goldman Sachs & Co. LLC at least fifteen trading days before any early release, that no such early release will occur. The lock-up agreements applicable to our directors, officers, and securityholders, each referred to as a lock-up party, include certain exceptions to the restrictions on transfer, including with respect to certain of our significant stockholders, the pledge of shares of our capital stock in a bona fide transaction to third parties as collateral to secure obligations pursuant to lending or other similar arrangements relating to a financing arrangement for the benefit of the lock-up party and/or its affiliates, provided that the lender agrees to be bound by the lock-up restrictions; and, only after the 120th day after the date of this prospectus, the sale of any such pledged shares to or by such third parties in accordance with the terms of the agreement governing any such lending arrangement. In addition, Goldman Sachs & Co. LLC may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. See the section titled "Underwriting."

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including the amended and restated registration rights agreement and our standard form of option agreement and restricted stock unit agreement, that 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 up to 180 days following the date of this prospectus.

### **Registration Rights**

The holders of 163,916,832 shares of our Class B common stock (assuming automatic conversion of all outstanding shares of our redeemable convertible preferred stock into shares of Class B common stock immediately prior to the completion of this offering), or their permitted transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See the section titled "Description of Capital Stock—Registration Rights" for additional information.

### **Registration Statement on Form S-8**

Upon the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of capital stock issued or reserved for issuance under our equity compensation plans. Shares covered by this registration statement will be eligible for sale in the public market, upon the expiration or release from the terms of the lock-up agreements and subject to vesting of such shares. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for a description of our equity compensation plans.

**MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX  
CONSEQUENCES FOR  
NON-U.S. HOLDERS OF COMMON STOCK**

The following are the material U.S. federal income and estate tax consequences of the ownership and disposition of our Class A common stock acquired in this offering by a "Non-U.S. Holder" that does not own, and has not owned, actually or constructively, more than 5% of our Class A common stock. You are a Non-U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of our Class A common stock that is:

- a nonresident alien individual;
- a foreign corporation;
- an estate, the income of which is not subject to U.S. federal income tax regardless of its source; or
- a foreign trust.

You are not a Non-U.S. Holder if you are a nonresident alien individual present in the United States for 183 days or more in the taxable year of disposition, or if you are a former citizen or former resident of the United States for U.S. federal income tax purposes. If you are such a person, you should consult your tax adviser regarding the U.S. federal income tax consequences of the ownership and disposition of our Class A common stock.

If you are a partnership or other pass-through entity (including an entity or arrangement treated as a partnership) for U.S. federal income tax purposes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner, your activities and certain determinations made at the partner or beneficial owner level.

This discussion is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein, possibly with retroactive effect. This discussion is limited to Non-U.S. Holders that hold our Class A common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the effect of the Medicare contribution tax on net investment income or the alternative minimum tax. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including persons holding our Class A common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment; banks, insurance companies, and other financial institutions; brokers, dealers or traders in securities; "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax; tax-exempt organizations or governmental organizations; persons deemed to sell our Class A common stock under the constructive sale provisions of the Code; persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation; tax-qualified retirement plans; "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an applicable financial statement.

This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction. Prospective holders are urged to consult their tax advisers with respect

to the particular tax consequences to them of owning and disposing of our Class A common stock, including the consequences under the laws of any state, local or foreign jurisdiction.

### **Dividends**

As discussed under "Dividend Policy" above, we do not currently expect to make distributions on our Class A common stock. In the event that we do make distributions of cash or other property, those 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. To the extent those distributions exceed our current and accumulated earnings and profits, they will constitute a return of capital, which will first reduce your basis in our Class A common stock, but not below zero, and then will be treated as gain from the sale of our Class A common stock, as described below under "—Gain on Disposition of Our Class A Common Stock."

Dividends paid to you generally will be subject to U.S. federal withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. In order to obtain a reduced rate of withholding, you will be required to provide a properly executed Internal Revenue Service ("IRS") Form W-8BEN or W-8BEN-E (or other applicable form) certifying your entitlement to benefits under a treaty. This certification must be provided to us or our withholding agent before the payment of dividends and must be updated periodically.

If dividends paid to you are effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by you in the United States), you will generally be taxed on the dividends in the same manner as a U.S. person. In this case, you will be exempt from the withholding tax discussed in the preceding paragraph, although you will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding. Instead, the effectively connected dividends will generally be subject to regular U.S. income tax as if the Non-U.S. Holder were a U.S. person as defined under the Code. A Non-U.S. Holder that is treated as a corporation for U.S. federal income tax purposes receiving effectively connected dividends may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on its effectively connected earnings and profits (subject to certain adjustments).

You should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of our Class A common stock, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) if you are a corporation.

### **Gain on Disposition of Our Class A Common Stock**

Subject to the discussions below under "—Information Reporting and Backup Withholding" and "—FATCA," you generally will not be subject to U.S. federal income or withholding tax on gain realized on a sale or other taxable disposition of our Class A common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by you in the United States); or
- we are or have been a "United States real property holding corporation," as defined in the Code, at any time within the five-year period preceding the disposition or your holding period, whichever period is shorter, and our Class A common stock has ceased to be regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs.

We will be a United States real property holding corporation at any time that the fair market value of our "United States real property interests," as defined in the Code and applicable Treasury

Regulations, equals or exceeds 50% of the aggregate fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). We believe that we are not, and do not anticipate becoming, a United States real property holding corporation.

If you recognize gain on a sale or other disposition of our Class A common stock that is effectively connected with your conduct of a trade or business in the United States (and if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by you in the United States), you will generally be taxed on such gain in the same manner as a U.S. person. You should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of our Class A common stock, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) if you are a corporation.

### **Information Reporting and Backup Withholding**

Information returns are required to be filed with the IRS in connection with payments of dividends on our Class A common stock. Unless you comply with certification procedures to establish that you are not a U.S. person, information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of our Class A common stock. You may be subject to backup withholding on payments on our Class A common stock or on the proceeds from a sale or other disposition of our Class A common stock unless you comply with certification procedures to establish that you are not a U.S. person or otherwise establish an exemption. Your provision of a properly executed applicable IRS Form W-8 certifying your non-U.S. status will permit you to avoid backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

### **FATCA**

Provisions of the Code commonly referred to as "FATCA" require withholding of 30% on payments of dividends on our Class A common stock, as well as, subject to the discussion of proposed U.S. Treasury regulations below, of gross proceeds of dispositions of our Class A common stock, to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. In addition, regulations proposed by the U.S. Treasury Department (the preamble to which indicates that taxpayers may rely on the regulations pending their finalization) would eliminate the requirement under FATCA of withholding on gross proceeds. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). You should consult your tax adviser regarding the effects of FATCA on your investment in our Class A common stock.

### **Federal Estate Tax**

Individual Non-U.S. Holders (as specifically defined for U.S. federal estate tax purposes) and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty exemption, our Class A common stock will be treated as U.S.-situs property subject to U.S. federal estate tax.

## UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares of Class A common stock being offered. Subject to certain conditions, we will agree to sell to the underwriters, and each underwriter will severally agree to purchase, the number of shares indicated in the following table. Goldman Sachs & Co. LLC is the representative of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
Jefferies LLC	
RBC Capital Markets, LLC	
Stifel, Nicolaus & Company, Incorporated	
HSBC Securities (USA) Inc.	
Macquarie Capital (USA) Inc.	
Piper Jaffray & Co.	
SunTrust Robinson Humphrey, Inc.	
BTIG, LLC	
JMP Securities LLC	
Mizuho Securities USA LLC	
Needham & Company, LLC	
Oppenheimer & Co. 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 to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that 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.

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ \_\_\_\_\_ per share from the initial public offering price. After the initial offering of the shares, the representative may change the offering price and the other

selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our securities have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their capital stock or securities convertible into or exchangeable for shares of capital stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC; provided, that if (i) we have publicly released our earnings results for the quarterly period during which this offering occurred, and (ii) the 180-day lock-up period is scheduled to end during a broadly applicable period during which trading in our securities would not be permitted under our insider trading policy, or a blackout period, or within the five trading days prior to a blackout period, then the lock-up period will instead end ten trading days prior to the commencement of the blackout period; provided that in no event will the lock-up period end prior to 120 days after the date of this prospectus. In the event that ten trading days prior to the commencement of the blackout period is earlier than 120 days after the date of this prospectus, then the lock-up period shall end 120 days after the date of this prospectus; but only if such 120th day is at least five trading days before the start of such blackout period (and if not, then no such early release will occur and the lock-up period will remain 180 days after the date of this prospectus). We will publicly announce the date of any early release described in this paragraph at least five trading days prior to such early release. Notwithstanding anything else in this paragraph, we may elect, by written notice to Goldman Sachs & Co. LLC at least fifteen trading days before any early release, that no such early release will occur.

The lock-up agreements applicable to our directors, officers, and securityholders, each referred to as a lock-up party, include certain exceptions to the restrictions on transfer, including with respect to certain of our significant stockholders, the pledge of shares of our capital stock in a bona fide transaction to third parties as collateral to secure obligations pursuant to lending or other similar arrangements relating to a financing arrangement for the benefit of the lock-up party and/or its affiliates, provided that the lender agrees to be bound by the lock-up restrictions; and, only after the 120th day after the date of this prospectus, the sale of any such pledged shares to or by such third parties in accordance with the terms of the agreement governing any such lending arrangement. In addition, Goldman Sachs & Co. LLC may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. See the section titled 'Shares Eligible for Future Sale' for a discussion of certain transfer restrictions.

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 representative. 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 have applied to list our Class A common stock on the Nasdaq Global Select Market under the symbol "CRWD".

In connection with the offering, the underwriters may purchase and sell shares of Class A 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 the Class A 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 Class A 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 representative has 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 stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A 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 Nasdaq Global Select Market, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed 5% of the total number of securities offered.

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

We will agree to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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 or their affiliates are lenders under our secured revolving credit facility. 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 with 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 traded 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 assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. 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.

In September 2018, an entity affiliated with HSBC Securities (USA) Inc. purchased 425,238 shares of our Series E redeemable convertible preferred stock on the same terms as the other investors, which shares will automatically convert into 425,238 shares of our Class B common stock immediately upon the closing of this offering. Additionally, in October 2018, an entity affiliated with HSBC Securities (USA) Inc. purchased 191,815 shares of our Class B common stock on the same terms as the other investors pursuant to the tender offer described in the section titled "Certain Relationships and Related Party Transactions—Right of First Refusal." The Series E redeemable convertible preferred stock, the Class B common stock into which it will convert and the Class B common stock purchased pursuant to the tender offer are subject to a 180-day lock-up under FINRA Rule 5110(g)(1) pursuant to which the entity affiliated with HSBC Securities (USA) Inc. (or permitted assignees under the Rule) will not sell, transfer, assign, pledge or hypothecate such securities, nor will it engage in any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of 180 days immediately following the date of effectiveness or the commencement of sales of this offering, except as provided in FINRA Rule 5110(g)(2).

#### **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") an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representative for any such offer; or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares of our Class A common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to our common 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 our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

## United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

## Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## Hong Kong

The shares may not be offered or sold in Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 securities 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" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

## 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 (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, 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, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the common shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan

(including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

### **Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in the shares described herein. The shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor the Company nor the shares have been or will be filed with or approved by any Swiss regulatory authority. The shares are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the shares will not benefit from protection or supervision by such authority.

## LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Davis Polk & Wardwell LLP, Menlo Park, California. Cooley LLP is acting as counsel to the underwriters.

## EXPERTS

The financial statements as of January 31, 2018 and January 31, 2019 and for each of the three years in the period ended January 31, 2019 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

## 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 our Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document is not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection at the website of the SEC referred to above. We also maintain a website at [www.crowdstrike.com](http://www.crowdstrike.com). Upon the completion of this offering, you may access these materials 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.

**CROWDSTRIKE HOLDINGS, INC.**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of CrowdStrike Holdings, Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of CrowdStrike Holdings, Inc. and its subsidiaries ("the Company") as of January 31, 2019 and January 31, 2018, and the related consolidated statements of operations, of comprehensive loss, of redeemable convertible preferred stock and stockholders' deficit, and of cash flows for each of the three years in the period ended January 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2019 and January 31, 2018, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

San Jose, California  
April 17, 2019

We have served as the Company's auditor since 2016.

**CrowdStrike Holdings, Inc.**  
**Consolidated Balance Sheets**  
*(in thousands, except per share data)*

	<u>January 31,</u>		<u>Pro Forma</u>
	<u>2018</u>	<u>2019</u>	<u>January 31,</u> <u>2019</u> <u>(unaudited)</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 63,179	\$ 88,408	\$ 88,408
Marketable securities	2,593	103,247	103,247
Accounts receivable, net of allowance for doubtful accounts of \$445 and \$1,000 as of January 31, 2018 and January 31, 2019, respectively	59,614	92,476	92,476
Deferred commissions, current	15,616	28,847	28,847
Prepaid expenses and other current assets	12,411	18,410	18,410
Notes receivable from related parties	198	—	—
Total current assets	<u>153,611</u>	<u>331,388</u>	<u>331,388</u>
Property and equipment, net	40,754	73,735	73,735
Deferred commissions, noncurrent	6,718	9,918	9,918
Goodwill	8,421	7,947	7,947
Intangible assets, net	1,736	1,048	1,048
Other assets	6,463	9,183	9,183
Total assets	<u>\$ 217,703</u>	<u>\$ 433,219</u>	<u>\$ 433,219</u>
<b>Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit)</b>			
Current liabilities:			
Accounts payable	\$ 12,261	\$ 6,855	\$ 6,855
Accrued expenses	21,514	32,541	32,541
Accrued payroll and benefits	18,313	19,284	19,284
Deferred revenue	109,003	218,700	218,700
Other current liabilities	4,799	4,040	4,040
Total current liabilities	<u>165,890</u>	<u>281,420</u>	<u>281,420</u>
Deferred revenue, noncurrent	49,947	71,367	71,367
Loans payable, noncurrent	15,971	—	—
Other liabilities, noncurrent	4,353	10,313	5,776
Total liabilities	<u>236,161</u>	<u>363,100</u>	<u>358,563</u>
Commitments and contingencies (Note 12)			
<b>Redeemable Convertible Preferred Stock</b>			
Redeemable convertible preferred stock, \$0.0005 par value; 119,115 and 137,419 shares authorized as of January 31, 2018 and January 31, 2019, respectively; 118,693 and 131,268 shares issued and outstanding as of January 31, 2018 and January 31, 2019, respectively; liquidation preference \$338,000 and \$545,000 as of January 31, 2018 and January 31, 2019, respectively; no shares issued and outstanding as of January 31, 2019, pro forma (unaudited)	351,016	557,912	—
<b>Stockholders' Equity (Deficit)</b>			
Common stock, \$0.0005 par value; 190,000 and 220,000 shares authorized as of January 31, 2018, and January 31, 2019, respectively; 44,231, and 47,421 shares issued and outstanding as of January 31, 2018 and January 31, 2019, respectively; 178,689 shares issued and outstanding as of January 31, 2019, pro forma (unaudited)	22	24	90
Additional paid-in capital	8,482	31,211	603,956
Accumulated deficit	(378,948)	(519,126)	(529,488)
Accumulated other comprehensive income	970	98	98
Total stockholders' equity (deficit)	<u>(369,474)</u>	<u>(487,793)</u>	<u>74,656</u>
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	<u>\$ 217,703</u>	<u>\$ 433,219</u>	<u>\$ 433,219</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Consolidated Statements of Operations**  
*(in thousands, except per share data)*

	Year Ended January 31,		
	2017	2018	2019
Revenue			
Subscription	\$ 37,895	\$ 92,568	\$ 219,401
Professional services	14,850	26,184	30,423
Total revenue	<u>52,745</u>	<u>118,752</u>	<u>249,824</u>
Cost of revenue			
Subscription	24,378	39,857	69,208
Professional services	9,628	14,629	18,030
Total cost of revenue	<u>34,006</u>	<u>54,486</u>	<u>87,238</u>
Gross profit	18,739	64,266	162,586
Operating expenses			
Sales and marketing	53,748	104,277	172,682
Research and development	39,145	58,887	84,551
General and administrative	16,402	32,542	42,217
Total operating expenses	<u>109,295</u>	<u>195,706</u>	<u>299,450</u>
Loss from operations	(90,556)	(131,440)	(136,864)
Interest expense	(615)	(1,648)	(428)
Other expense, net	(82)	(1,473)	(1,418)
Loss before provision for income taxes	(91,253)	(134,561)	(138,710)
Provision for income taxes	(87)	(929)	(1,367)
Net loss	<u>(91,340)</u>	<u>(135,490)</u>	<u>(140,077)</u>
Accretion of redeemable convertible preferred stock	(17,012)	(5,853)	—
Net loss attributable to common stockholders, basic and diluted	<u>\$ (108,352)</u>	<u>\$ (141,343)</u>	<u>\$ (140,077)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (2.73)</u>	<u>\$ (3.38)</u>	<u>\$ (3.12)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>39,706</u>	<u>41,876</u>	<u>44,863</u>
Pro forma net loss per share, basic and diluted (unaudited)			<u>\$ (0.80)</u>
Weighted-average shares used in computing pro forma net loss per share, basic and diluted (unaudited)			<u>171,202</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Consolidated Statements of Comprehensive Loss**  
*(in thousands)*

	<u>Year Ended January 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net loss	\$ (91,340)	\$ (135,490)	\$ (140,077)
Other comprehensive income (loss):			
Foreign currency translation adjustments	—	977	(878)
Unrealized gain (loss) on available-for-sale securities, net of tax	(28)	8	6
Other comprehensive income (loss)	(28)	985	(872)
Total comprehensive loss	<u>\$ (91,368)</u>	<u>\$ (134,505)</u>	<u>\$ (140,949)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit**  
*(in thousands)*

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
<b>Balances at February 1, 2016</b>	<b>95,729</b>	<b>\$ 197,716</b>	<b>38,643</b>	<b>\$ 19</b>	<b>\$ —</b>	<b>\$ (137,866)</b>	<b>13</b>	<b>\$ (137,834)</b>
Issuance of common stock upon exercise of options	—	—	1,855	1	766	—	—	767
Stock-based compensation expense	—	—	—	—	1,994	—	—	1,994
Accretion of redeemable convertible preferred stock	—	17,012	—	—	(2,760)	(14,252)	—	(17,012)
Net loss	—	—	—	—	—	(91,340)	—	(91,340)
Other comprehensive loss	—	—	—	—	—	—	(28)	(28)
<b>Balances at January 31, 2017</b>	<b>95,729</b>	<b>\$ 214,728</b>	<b>40,498</b>	<b>\$ 20</b>	<b>\$ —</b>	<b>\$ (243,458)</b>	<b>(15)</b>	<b>\$ (243,453)</b>
Issuance of Series D redeemable convertible preferred stock, net of issuance costs of \$187	17,570	99,813	—	—	—	—	—	—
Issuance of Series D-1 redeemable convertible preferred stock, net of issuance costs of \$78	5,394	30,622	—	—	—	—	—	—
Issuance of common stock upon exercise of options	—	—	2,363	2	1,418	—	—	1,420
Issuance of common stock related to early exercised options	—	—	1,370	—	—	—	—	—
Vesting of early exercised options	—	—	—	—	574	—	—	574
Stock-based compensation expense	—	—	—	—	12,343	—	—	12,343
Accretion of redeemable convertible preferred stock	—	5,853	—	—	(5,853)	—	—	(5,853)
Net loss	—	—	—	—	—	(135,490)	—	(135,490)
Other comprehensive income	—	—	—	—	—	—	985	985
<b>Balances at January 31, 2018</b>	<b>118,693</b>	<b>\$ 351,016</b>	<b>44,231</b>	<b>\$ 22</b>	<b>\$ 8,482</b>	<b>\$ (378,948)</b>	<b>970</b>	<b>\$ (369,474)</b>
Cumulative effect of accounting change	—	—	—	—	101	(101)	—	—
Issuance of Series E and Series E-1 redeemable convertible preferred stock, net of issuance costs of \$104	12,575	206,896	—	—	—	—	—	—
Issuance of common stock upon exercise of options	—	—	3,046	2	3,910	—	—	3,912
Issuance of common stock related to early exercised options	—	—	38	—	—	—	—	—
Issuance of common stock	—	—	106	—	—	—	—	—
Vesting of early exercised options	—	—	—	—	543	—	—	543
Stock-based compensation	—	—	—	—	20,505	—	—	20,505

expense									
Repurchase of stock options	—	—	—	—	(2,330)	—	—	—	(2,330)
Net loss	—	—	—	—	—	(140,077)	—	—	(140,077)
Other comprehensive loss	—	—	—	—	—	—	—	(872)	(872)
<b>Balances at January 31, 2019</b>	<b><u>131,268</u></b>	<b><u>\$ 557,912</u></b>	<b><u>47,421</u></b>	<b><u>\$ 24</u></b>	<b><u>\$ 31,211</u></b>	<b><u>\$ (519,126)</u></b>	<b><u>\$ 98</u></b>	<b><u>\$ (487,793)</u></b>	

The accompanying notes are an integral part of these consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Consolidated Statements of Cash Flows**  
*(in thousands)*

	<b>Year Ended January 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating activities</b>			
Net loss	\$ (91,340)	\$ (135,490)	\$ (140,077)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,924	7,111	14,815
Loss on disposal of fixed assets	—	—	191
Amortization of intangible assets	97	628	583
Amortization of deferred commissions	5,089	12,481	28,642
Change in fair value of redeemable convertible preferred stock warrant liability	149	264	3,576
Allowance for doubtful accounts	—	400	551
Stock-based compensation expense	1,994	12,343	20,505
Non-cash interest expense	9	1,036	98
Accretion of marketable securities purchased at a discount	—	—	(1,152)
Changes in operating assets and liabilities, net of impact of business combinations			
Accounts receivable	(8,464)	(35,268)	(33,413)
Deferred commissions	(9,352)	(25,338)	(45,073)
Prepaid expenses and other current assets	(1,386)	(6,851)	(3,099)
Other assets	(455)	(5,867)	(2,720)
Accounts payable	1,886	7,136	(2,403)
Accrued expenses and other current liabilities	3,365	16,603	3,564
Accrued payroll and benefits	5,695	9,005	971
Deferred revenue	37,291	82,169	131,117
Other liabilities, noncurrent	500	872	356
Net cash used in operating activities	<u>(51,998)</u>	<u>(58,766)</u>	<u>(22,968)</u>
<b>Investing activities</b>			
Purchases of property and equipment	(6,591)	(22,906)	(35,851)
Capitalized internal-use software	(5,556)	(6,542)	(6,794)
Business combinations, net of cash acquired	—	(6,471)	—
Acquisition of intangible assets	(500)	(307)	—
Purchases of marketable securities	(12,072)	(9,559)	(199,335)
Proceeds from sales of marketable securities	1,211	—	—
Maturities of marketable securities	11,654	17,455	99,950
Net cash used in investing activities	<u>(11,854)</u>	<u>(28,330)</u>	<u>(142,030)</u>
<b>Financing activities</b>			
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	130,435	206,896
Proceeds from loan payable, net of issuance costs	19,340	—	—
Repayment of loan payable	(2,400)	(19,324)	(6,158)
Proceeds from revolving line of credit	—	10,000	10,000
Repayment of revolving line of credit	—	—	(20,000)
Issuance of notes receivable to related parties	(247)	(370)	—
Repayment of notes receivable from related parties	—	2,389	198
Payments of contingent consideration	—	—	(242)
Payments of indemnity holdback	—	—	(1,887)
Repurchase of stock options	—	—	(2,330)
Proceeds from issuance of common stock upon exercise of stock options	767	3,701	3,912
Net cash provided by financing activities	<u>17,460</u>	<u>126,831</u>	<u>190,389</u>
Effect of foreign exchange rates on cash and cash equivalents	—	618	(162)
Net increase (decrease) in cash and cash equivalents	(46,392)	40,353	25,229
Cash and cash equivalents, beginning of period	69,218	22,826	63,179
Cash and cash equivalents, end of period	<u>\$ 22,826</u>	<u>\$ 63,179</u>	<u>\$ 88,408</u>
<b>Supplemental disclosure of cash flow information:</b>			
Interest paid	\$ 529	\$ 1,648	\$ 449
Income taxes paid	48	107	1,394
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Indemnity holdback consideration associated with business combinations	—	1,799	—
Contingent consideration associated with business combinations	—	635	474
Net change in deferred offering costs, accrued but not paid	—	—	2,858
Net change in property and equipment included in accounts payable and accrued expenses	574	3,482	3,004
Accretion of redeemable convertible preferred stock	17,012	5,853	—
Vesting of early exercised stock options	—	574	543

The accompanying notes are an integral part of these consolidated financial statements.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

**1. Description of Business and Basis of Presentation**

CrowdStrike Holdings, Inc. (the "Company") was formed on November 7, 2011. The Company provides a leading cloud-delivered solution for next-generation endpoint protection that offers 10 cloud modules on its Falcon platform via a SaaS subscription-based model that spans multiple large security markets, including endpoint security, security and IT operations (including vulnerability management), and threat intelligence. The Company is headquartered in Sunnyvale, California. The Company conducts its business in the United States, as well as locations internationally, including in Australia, Germany, India, Romania, and the United Kingdom.

The Company has funded its operations through several rounds of redeemable convertible preferred stock financings with net proceeds totaling \$493.0 million through January 31, 2019. However, the Company has incurred losses and negative cash flows from operations since inception. As of January 31, 2019, the Company had an accumulated deficit of \$519.1 million. Management of the Company expects that operating losses and negative cash flows from operations will continue for the foreseeable future. While management believes that the Company's cash and cash equivalents and marketable securities as of January 31, 2019 are adequate to meet its needs for at least the next twelve months, the Company may need to borrow funds or raise additional equity to achieve its longer term business objectives.

**2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Unaudited Pro Forma Balance Sheet Information and Pro Forma Net Loss Per Share***

The unaudited pro forma balance sheet information as of January 31, 2019 has been prepared assuming the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 131,267,586 shares of common stock immediately prior to the closing of a qualified IPO (see Note 8, *Redeemable Convertible Preferred Stock*). The unaudited pro forma balance sheet also assumes the conversion of outstanding warrants to purchase shares of redeemable convertible preferred stock into warrants to purchase common stock and the resulting reclassification of the warrant liability to additional paid-in capital immediately prior to the closing of a qualified IPO.

During the year ended January 31, 2019, the Company issued restricted stock units ("RSUs") to certain employees. These RSUs include a service-based vesting condition and a performance-based vesting condition. The service-based vesting condition is generally satisfied based on one of four vesting schedules: (i) vesting of one-fourth of the RSUs on the first "Company vest date" (defined as March 20, June 20, September 20, or December 20) on or following the one-year anniversary of the vesting commencement date and the remainder of the RSUs vest quarterly thereafter over the next 36 months, subject to continued service, (ii) sixteen equal quarterly installments beginning on the first Company vest date, subject to continued service, (iii) twelve equal quarterly installments beginning on the first Company vest date, subject to continued service, or (iv) eight equal quarterly installments beginning on December 20, 2022, subject to continued service. The performance-based vesting condition is satisfied on the earlier of (i) a change in control, in which the consideration paid to holders of shares is either cash, publicly traded securities, or a combination thereof, or (ii) the first Company vest date to occur following the

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expiration of the lock-up period upon an IPO, subject to continued service through such change in control or lock-up expiration, as applicable. None of the RSUs vest unless the performance-based vesting condition is satisfied. The performance-based vesting condition is not deemed probable of occurring as of January 31, 2019, thus no stock-based compensation has been recognized.

The satisfaction of the performance-based vesting condition is expected to become probable upon the completion of the Company's IPO, at which point the Company will record cumulative stock-based compensation expense using the accelerated attribution method. The remaining unrecognized stock-based compensation expense related to the RSUs will be recognized over the remaining requisite service period. Accordingly, the unaudited pro forma balance sheet information as of January 31, 2019 gives effect to stock-based compensation expense of \$10.4 million associated with these RSUs. This pro forma adjustment is reflected as an increase to additional paid-in capital and accumulated deficit. No RSUs have been included in the unaudited pro forma balance sheet disclosure of shares outstanding as the settlement of these shares will take place subsequent to the IPO. Payroll tax expenses and other withholding obligations have not been included in the pro forma adjustments. RSU holders will generally incur taxable income based upon the fair value of the shares on the date they are settled. The Company is required to withhold taxes on such value at applicable minimum statutory rates. The Company is unable to quantify these obligations as of January 31, 2019 and will remain unable to quantify them until the settlement of the RSUs, as the withholding obligations will be based on the fair value of the shares on the settlement date.

The unaudited pro forma net loss per share for the year ended January 31, 2019 has been computed to give effect to the automatic conversion of the redeemable convertible preferred stock into common stock immediately prior to the closing of a qualified IPO as though the conversion had occurred as of the beginning of the period. The numerator in the unaudited pro forma net loss per share calculation has been adjusted to remove gains or losses resulting from the remeasurement of the redeemable convertible preferred stock warrant liability as the warrants will be converted into warrants to purchase common stock and the related redeemable convertible preferred stock warrant liability will be reclassified to additional paid-in capital.

Stock-based compensation expense associated with the RSUs discussed above is excluded from the pro forma presentation as these are not expected to have a recurring impact on the Company's financial statements. The pro forma share amounts exclude shares issuable for the RSUs granted as the vesting is contingent upon continued employment through the expiration of the lock-up period.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company's consolidated financial statements and accompanying notes. These estimates are based on information available as of the date of the consolidated financial statements. On a regular basis, management evaluates these estimates and assumptions. Actual results may differ from these estimates and such difference could be material to the Company's consolidated financial statements.

Significant estimates and assumptions used by management affect revenue recognition, the allowance for doubtful accounts, the carrying value of long-lived assets, the useful lives of long-lived assets, the fair value of financial instruments, the recognition and disclosure of contingent liabilities,

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the provision for income taxes and related deferred taxes, stock-based compensation, and the fair value of the Company's common stock and redeemable convertible preferred stock warrants.

**Concentration of Credit Risk and Geographic Information**

The Company generates revenue from the sale of subscriptions to access its cloud platform and professional services. The Company's sales team, along with its channel partner network of system integrators and value-added resellers (collectively, "channel partners"), sells the Company's services worldwide to organizations of all sizes. Due to the nature of the Company's services and the terms and conditions of the Company's contracts with its channel partners, the Company's business could be affected unfavorably if it is not able to continue its relationships with them.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company's cash is placed with high-credit-quality financial institutions and issuers, and at times exceed federally insured limits. The Company limits its concentration of risk in cash equivalents and marketable securities by diversifying its investments among a variety of industries and issuers. The Company has not experienced any credit loss relating to its cash equivalents and marketable securities. The Company performs periodic credit evaluations of its customers and generally does not require collateral.

Channel partners or direct customers who represented 10% or more of the Company's net accounts receivable were as follows:

	January 31,	
	2018	2019
Channel partner A	21%	9%
Customer A	14%	10%
Customer B	—	19%

Channel partners who represented 10% or more of the Company's total revenue were as follows:

	Year Ended January 31,		
	2017	2018	2019
Channel partner A	22%	15%	15%

There were no direct customers who represented 10% or more of the Company's total revenue during the years ended January 31, 2017, January 31, 2018, and January 31, 2019.

**Cash Equivalents and Marketable Securities**

The Company considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents. Cash equivalents as of January 31, 2018 and January 31, 2019 consisted of corporate debt securities and money market funds stated at fair value. The Company classifies investments in marketable securities as available-for-sale securities at the time of purchase, since it is the Company's intent that these investments are available to support current operations. Marketable securities are classified as current or long-term based on the nature of the investments and their availability for use in current operations. Available-for-sale securities are carried at fair value with unrealized gains and losses, if any, included in accumulated

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other comprehensive income (loss). Unrealized losses are recorded in other expense, net, for declines in fair value below the cost of an individual investment that is deemed to be other-than-temporary. The Company did not identify any marketable securities as other-than-temporarily impaired as of January 31, 2018 and January 31, 2019. The Company determines realized gains or losses on the sale of marketable securities on a specific identification method and records such gains or losses in other expense, net. Marketable securities as of January 31, 2018 and January 31, 2019 consisted of corporate debt securities and U.S. treasury securities.

***Fair Value of Financial Instruments***

The Company's financial instruments consist of cash equivalents, marketable securities, accounts receivable, accounts payable, accrued expenses, redeemable convertible preferred stock warrant liability, and loans payable. The carrying values of cash equivalents, accounts receivable, and accounts payable, and accrued expenses approximate fair value due to their short-term nature. The carrying value of the loans payable approximates fair value because they bear interest at rates similar to debt instruments with similar features that reset periodically. The loans payable are categorized as Level 2 in the fair value hierarchy.

The Company reports the redeemable convertible preferred stock warrant liability at fair value (see Note 3, *Fair Value Measurements*). The warrants issued by the Company for redeemable convertible preferred stock in January 2015, December 2016, and March 2017 (see Note 8, *Redeemable Convertible Preferred Stock*) have been recorded as a liability based on "Level 3" inputs, which consist of unobservable inputs and reflect management's estimates of assumptions that market participants would use in pricing the liability. The fair value of the warrants was determined using the Black-Scholes option-pricing model, which is affected by changes in inputs to that model including the Company's stock price, expected stock price volatility, risk-free rate, and contractual term.

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. Accounts receivable are stated at their net realizable value, net of an allowance for doubtful accounts. The Company has a well-established collections history from its customers. Credit is extended to customers based on an evaluation of their financial condition and other factors. The Company generally does not require collateral from its customers; however, the Company may require payment prior to commencing service in certain instances to limit credit risk. The Company records an allowance for doubtful accounts based on management's assessment of the collectability of accounts. Management regularly reviews the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice, each customer's expected ability to pay, and the collection history with each customer, when applicable, to determine whether the allowance is appropriate. Amounts deemed uncollectible are written off against the allowance for doubtful accounts. As of January 31, 2018 and January 31, 2019, the allowance for doubtful accounts was \$0.4 million and \$1.0 million, respectively.

***Deferred Offering Costs***

Deferred offering costs of \$2.9 million have been recorded as other assets on the consolidated balance sheet as of January 31, 2019 and consist of expenses incurred in connection with the anticipated sale of the Company's common stock in an initial public offering ("IPO"), including

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legal, accounting, printing, and other IPO-related costs. Upon completion of the IPO, these deferred offering costs will be reclassified to stockholders' equity and recorded against the proceeds from the offering. If the Company terminates its planned IPO or if there is a significant delay, all of the deferred offering costs will be immediately written off to operating expenses in the consolidated statement of operations. As of January 31, 2018, the Company had not incurred such costs.

***Property and Equipment, Net***

Property and equipment, net, is stated at historical cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets as follows:

Data center and other computer equipment	3 - 5 years
Furniture and equipment	5 years
Purchased software	3 - 5 years
Capitalized internal-use software	3 years
Leasehold improvements	Estimated useful life or term of the lease, whichever is shorter

Expenditures for routine maintenance and repairs are charged to operating expense as incurred. Major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is recorded in operating expenses in the consolidated statements of operations.

***Capitalized Internal-Use Software***

The Company capitalizes certain development costs incurred in connection with its internal-use software. These capitalized costs are primarily related to the Company's cloud-delivered solution for next-generation endpoint protection. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as property and equipment, net. Maintenance and training costs are expensed as incurred. Internal-use software is amortized to cost of revenue on a straight-line basis over its estimated useful life of three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. There were no impairments of internal-use software during the years ended January 31, 2017, January 31, 2018, and January 31, 2019. The Company capitalized \$5.6 million, \$6.5 million, and \$6.8 million in internal-use software during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. Amortization expense associated with internal-use software totaled \$1.6 million, \$3.2 million, and \$5.2 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. The net book value of capitalized internal-use software was \$9.9 million and \$11.5 million as of January 31, 2018 and January 31, 2019, respectively.

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***Intangible Assets, Net***

Intangible assets, net, consisting of developed technology, customer relationships, and non-compete agreements, are stated at cost less accumulated amortization. All intangible assets have been determined to have definite lives and are amortized on a straight-line basis over their estimated economic lives of three to five years. Amortization expense related to developed technology is included in cost of revenue, amortization expense related to customer relationships is included in sales and marketing expenses, and amortization expense related to non-compete agreements is included in research and development expenses.

***Deferred Commissions***

The Company capitalizes commission costs that are incremental and directly related to the acquisition of customer contracts. Commission costs are accrued and capitalized upon execution of the sales contract by the customer. Deferred commissions are amortized over the related noncancelable term of the customer contract and are recoverable through the related future revenue streams. The Company capitalized commission costs of \$25.3 million and \$45.1 million during the years ended January 31, 2018 and January 31, 2019, respectively. Commission amortization expense was \$5.1 million, \$12.5 million, and \$28.6 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

***Impairment of Long-Lived Assets***

The Company reviews for impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset (or asset group) may not be recoverable. Events and changes in circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable, include, but are not limited to: significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, and changes in the Company's business strategy. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (an "asset group"). An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition is less than its carrying amount. No impairment indicators were identified by the Company and no impairment losses were recorded by the Company during the years ended January 31, 2017, January 31, 2018, and January 31, 2019.

***Deferred Revenue***

The deferred revenue balance consists of subscription and professional services which have been invoiced upfront and are recognized as revenue only when the revenue recognition criteria are met. The Company typically invoices its customers at the beginning of the term, or in some instances, such as in multi-year arrangements, in installments. Professional services are either invoiced upfront, invoiced in installments, or invoiced as the services are performed. Accordingly, the Company's deferred revenue balance does not include revenues for future years of multi-year non-cancellable contracts that have not yet been billed.

The Company recognizes subscription revenue ratably over the contract term beginning on the commencement date of each contract, the date that services are made available to customers. Once services are available to customers, the Company records amounts due in accounts

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receivable and in deferred revenue. To the extent the Company bills customers in advance of the contract commencement date, the accounts receivable and corresponding deferred revenue amounts are netted to zero on the consolidated balance sheets, unless such amounts have been paid as of the balance sheet date.

***Redeemable Convertible Preferred Stock Warrants***

Warrants related to the Company's redeemable convertible preferred stock are classified as liabilities on the Company's consolidated balance sheet. The warrants are subject to reassessment at each balance sheet date, and any change in fair value is recognized as a component of other expense, net, in the consolidated statements of operations. The Company will continue to adjust the liability for changes in fair value until the earlier of the expiration or exercise of the warrants, or upon their automatic conversion into warrants to purchase common stock in connection with a qualified initial public offering (as defined in Note 8, *Redeemable Convertible Preferred Stock*) such that they qualify for equity classification and no further remeasurement is required.

***Revenue Recognition***

The Company offers several cyber security solutions focused on technology, intelligence, and professional services.

The Company recognizes subscription and professional services when: (1) persuasive evidence of the contract exists in the form of a written contract, amendments to that contract, or purchase orders from a third party; (2) delivery has occurred, or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured based on customer creditworthiness and history of collection.

The timing and the amount the Company recognizes as revenue is determined based on the facts and circumstances of each customer's arrangements. Evidence of an arrangement consists of a signed customer agreement. The Company considers that the delivery of its solution has commenced once it provides the customer with log-in information and the term of the contract has started. Fees are fixed based on stated rates specified in the customer agreement. The Company assesses collectability based on several factors, including the credit worthiness of the customer and transaction history. If collectability is not reasonably assured, revenue is deferred until the fees are collected.

***Subscription***

The Falcon Platform technology solutions are subscription, software as a service ("SaaS"), offerings designed to continuously monitor, share, and mitigate risks from determined attackers. Customers do not have the right to take possession of the cloud-based software platform. Fees are based on several factors, including the solutions subscribed for by the customer and the number of endpoints purchased by the customer. The subscription fees are typically payable within 30 to 60 days after the execution of the arrangement, and thereafter upon renewal or subsequent installment. The Company initially records the subscription fees as deferred revenue and recognizes revenue on a straight-line basis over the term of the agreement.

***Professional Services***

The Company offers several types of professional services including incident response and forensic services, surge forensic and malware analysis, and attribution analysis, which are focused

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on responding to imminent and direct threats, assessing vulnerabilities, and recommending solutions. The professional services are available through hourly rate and fixed fee contracts, one-time and ongoing engagements, and retainer-based agreements. Revenue for time and materials arrangements is recognized as services are performed and revenue for fixed fees is recognized on a proportional performance basis as the services are performed.

*Multiple-Element Arrangements*

For arrangements that involve the contemporaneous sale of subscription and professional services, the Company applies the multiple-element arrangement guidance to allocate the arrangement consideration to all deliverables based on their relative selling price. The Company has determined that the cloud-based platform subscription has standalone value, because once access is given to the customer, the solutions are fully functional and do not require any additional development, modification, or customization. Professional services have standalone value because they are regularly sold by the Company in separate transactions. Additionally, the performance of these professional services generally does not require highly specialized or technologically skilled individuals and the professional services are not essential to the functionality of the solutions.

The Company uses a hierarchy to determine the selling price to be used for allocating revenue to deliverables: (i) vendor-specific objective evidence of fair value ("VSOE"); (ii) third-party evidence of selling price ("TPE"); and (iii) best estimate of selling price ("BESP").

BESP reflects the Company's best estimates of what the selling prices of elements would be if they were sold regularly on a stand-alone basis. The Company's process for determining BESP involves management's judgment and considers numerous factors including the nature of the deliverables themselves and historical discounting practices. The Company updates its estimates of BESP on an ongoing basis as events and circumstances may require.

The Company uses channel partners to complement direct sales and marketing efforts. The partners place an order with the Company after negotiating the order directly with an end customer. The partners negotiate pricing with the end customer and in some rare instances are responsible for certain support levels directly with the end customer. The Company's contract is with the partner and payment to the Company is not contingent on the receipt of payment from the end customer. The Company recognizes the contractual amount charged to the partners as revenue ratably over the term of the arrangement once access to the Company's solution has been provided to the end customer, provided that the other revenue recognition criteria noted above have been met.

The Company also uses referral partners who refer customers in exchange for a referral fee. The Company negotiates pricing and contracts directly with the end customer. The Company recognizes revenue from the sales to the end customers, ratably over the term of the contract, once access to the Company's solution has been provided to the end customer, provided that the other revenue recognition criteria noted above have been met. The Company records referral fees paid to channel partners as sales commission expense as incurred.

***Research and Development Expense***

Research and development costs are charged to expense when incurred, except for certain internal-use software development costs, which may be capitalized as noted above. Research and development expense consists primarily of personnel and related headcount costs, costs of professional services associated with the ongoing development of the Company's technology, and allocated overhead.

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**Advertising**

All advertising costs are expensed as incurred and are included in sales and marketing expense in the consolidated statements of operations. The Company incurred \$2.1 million, \$1.6 million, and \$3.1 million of advertising costs during the years ended January 31, 2017, January 31, 2018 and January 31, 2019, respectively.

**Stock-Based Compensation**

The Company accounts for stock-based awards granted to employees and directors based on the awards' estimated grant date fair value. The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model. The resulting fair value, net of forfeitures, is recognized on a straight-line basis over the period during which the employee or director is required to provide service in exchange for the award, usually the vesting period, which is generally four years.

Stock-based awards issued to non-employees are accounted for at fair value determined by using the Black-Scholes option-pricing model. The Company believes that the fair value of the stock options is more reliably measured than the fair value of the services received. The fair value of each non-employee stock-based award is remeasured each period until a commitment date is reached, which is generally the vesting date.

During fiscal 2017 and 2018, the Company recognized stock-based compensation expense, net of estimated forfeitures. Historical data was used to estimate pre-vesting forfeitures and stock-based compensation expense was recorded only for those grants that were expected to vest.

*Adoption of ASU 2016-09*

On February 1, 2018, the Company adopted Accounting Standard Update No. 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), which simplifies several aspects of the accounting for employee share-based payment transactions. In accordance with ASU 2016-09, the Company has elected to account for forfeitures as they occur instead of estimating the number of awards expected to be forfeited and adjusting the estimate when it is no longer probable that the employee will fulfill the service condition. Adoption of this ASU on February 1, 2018 resulted in an adjustment to opening accumulated deficit of \$0.1 million, net of tax, as of the date of adoption.

Additionally, upon adoption of ASU 2016-09, on a modified retrospective basis, the Company recognized an immaterial amount of total U.S. federal and state deferred tax assets for such previously unrecognized excess tax benefits, which is offset by the U.S. federal and state valuation allowance. Under ASU 2016-09, the excess tax benefits and deficiencies are recognized in the period in which they occur. During the year ended January 31, 2019, the Company recognized an immaterial amount of net excess tax benefits.

**Business Combinations**

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant

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estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statement of operations.

***Goodwill and Intangible Assets***

The Company evaluates and tests the recoverability of goodwill for impairment at least annually, on January 31, or more frequently if circumstances indicate that goodwill may not be recoverable. The Company performs the impairment testing by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of its reporting unit is less than its carrying amount. The Company has one reporting unit. If, after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company performs the first step of a two-step analysis by comparing the book value of net assets to the fair value of the reporting unit. To calculate any potential impairment, the Company compares the fair value of a reporting unit with its carrying amount, including goodwill. Any excess of the carrying amount of the reporting unit's goodwill over its fair value is recognized as an impairment loss, and the carrying value of goodwill is written down. In assessing the qualitative factors, the Company considers the impact of certain key factors including macroeconomic conditions, industry and market considerations, management turnover, changes in regulation, litigation matters, changes in enterprise value, and overall financial performance. No impairment was recorded during the years ended January 31, 2017, January 31, 2018, or January 31, 2019. The change in goodwill balance during the year ended January 31, 2018 was due to acquisitions and changes in foreign currency exchange rates. The change in the goodwill balance during the year ended January 31, 2019 was due to changes in foreign currency exchange rates.

Acquired intangible assets consisting of identifiable intangible assets, were comprised of developed technology, customer relationships, and non-compete agreements resulting from acquisitions. Acquired intangible assets are recorded at fair value on the date of acquisition and amortized over their estimated economic lives following the pattern in which the economic benefits of the assets will be consumed which is on a straight-line basis. Acquired intangible assets are presented net of accumulated amortization on the consolidated balance sheets. The Company reviews the carrying amounts of intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company measures the recoverability of intangible assets by comparing the carrying amount of each asset to the future undiscounted cash flows it expects the asset to generate. If the Company considers any of these assets to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair value. In addition, the Company periodically evaluates the estimated remaining useful lives of long-lived assets to determine whether events or changes in circumstances warrant a revision to the remaining period of depreciation or amortization.

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**Leases**

The Company leases its office space under various noncancelable operating lease agreements and recognizes related rent expense on a straight-line basis over the term of the lease. Certain lease agreements contain rent holidays, scheduled rent increases, lease incentives, and renewal options. Rent holidays and scheduled rent increases are included in the determination of rent expense to be recorded over the lease term. Lease incentives are recognized as a reduction of rent expense on a straight-line basis over the term of the lease. Renewals are not assumed in the determination of the lease term unless they are deemed to be reasonably assured at the inception of the lease. The Company begins to recognize rent expense on the date that the Company obtains the legal right to use and control the leased space.

**Foreign Currency Translation**

The functional currencies of the Company's foreign subsidiaries are each country's local currency. Assets and liabilities of the subsidiaries are translated into U.S. Dollars at exchange rates in effect at the reporting date. Amounts classified in stockholders' equity (deficit) are translated at historical exchange rates. Revenue and expenses are translated at the average exchange rates during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss). Foreign currency transaction gains or losses, whether realized or unrealized, are reflected in the consolidated statements of operations within other expense, net, and have not been material for all periods presented.

**Income Taxes**

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial statement and tax basis of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company accounts for unrecognized tax benefits using a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company establishes a liability for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. The Company records an income tax liability, if any, for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on the Company's tax returns. To the extent that the assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. The liability is adjusted considering changing facts and circumstances, such as the outcome of a tax audit. The provision for income taxes includes the impact of liability provisions and changes to the liability that are considered appropriate. As the Company maintained a full valuation allowance against its deferred tax assets, the changes resulted in no additional tax expense during the years ended January 31, 2017, January 31, 2018, and January 31, 2019. As of January 31, 2019, the Company does not expect that changes in the liability for unrecognized tax benefits for the next twelve months will have a material impact on its consolidated financial statements.

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**Sales Taxes**

When sales and other taxes are billed, such amounts are recorded as accounts receivable with a corresponding increase to sales tax payable, respectively. The balances are then removed from the consolidated balance sheet as cash is collected from the customer and as remitted to the respective tax authority.

**Segment and Geographic Information**

The Company's chief operating decision maker ("CODM") is its chief executive officer. The CODM reviews financial information presented on a consolidated basis for the purposes of allocating resources and evaluating financial performance. Accordingly, management has determined that the Company operates as one reportable segment. The Company presents financial information about its geographic areas in Note 13 to the consolidated financial statements.

**Net Loss per Share**

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company considers all series of its redeemable convertible preferred stock to be participating securities. Net income is attributed to common stockholders and participating securities based on their participation rights. Net loss attributable to common stockholders is not allocated to the redeemable convertible preferred stock as the holders of the redeemable convertible preferred stock do not have a contractual obligation to share in any losses.

Under the two-class method, basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Net loss attributable to common stockholders is calculated by adjusting net loss for current period accretion of redeemable convertible preferred stock.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of stock options and redeemable convertible preferred stock. As the Company has reported losses for all periods presented, all potentially dilutive securities including redeemable convertible preferred stock, stock options, and warrants, are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

**Recently Issued Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for revenue recognition. Under the new guidance, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. In addition, the guidance requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Subsequently, the FASB has issued the following guidance to amend ASU 2014-09: ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*; ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*; ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*; ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*; and

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ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606*, which clarifies narrow aspects of Topic 606 or corrects unintended application of the guidance. The Company must adopt ASU No. 2015-14, ASU No. 2016-08, ASU No. 2016-10, ASU No. 2016-12, and ASU No. 2016-20 with ASU No. 2014-09, which are referred to collectively as the "new revenue guidance." The new revenue guidance will be effective for the Company in the first quarter of fiscal year 2020.

The guidance permits two methods of adoption of the new revenue guidance: retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with the cumulative effective of initially applying the guidance recognized at the date of adoption (modified retrospective method). The Company currently anticipates adopting the new revenue guidance using the modified retrospective transition method. As the Company continues to assess the new guidance along with industry trends and internal progress, it may adjust its implementation plan and methodology accordingly.

The new revenue guidance will also require that the Company capitalize certain incremental costs of obtaining a contract, such as sales commissions paid to internal sales personnel and to channel partners, which are currently amortized over the term of the contract. Under the new revenue guidance, such capitalized costs will be amortized over an estimated customer life for the initial acquisition of a contract and over the contractual term for renewal contracts.

The Company is continuing to evaluate the impact of the adoption of the new revenue guidance on its consolidated financial statements, including the tax effects of the adjustments discussed above and the increased disclosure requirements. The Company does not expect the new revenue guidance to have a material impact on the timing of revenue recognition related to its cloud-based subscription offerings. The Company expects to record an increase to opening accumulated deficit of \$21.0 million to \$26.0 million, net of tax, as of February 1, 2019 related to a reduction in commissions expense due to the adoption of this ASU.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new guidance supersedes current guidance related to accounting for leases and generally requires an entity to recognize on its balance sheet operating and financing lease liabilities and corresponding right-of-use assets. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842*. This ASU makes 16 technical corrections to the new lease standard and other accounting topics, alleviating unintended consequences from applying the new standard. It does not make any substantive changes to the core provisions or principles of the new standard. In July 2018, the FASB also issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. This ASU provides (1) an optional transition method that entities can use when adopting the standard and (2) a practical expedient that permits lessors to not separate non-lease components from the associated lease component if certain conditions are met. For public business entities, these ASUs are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, these ASUs are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. ASU No. 2016-02 can be adopted using either full or modified retrospective approach as of the earliest period presented or as of the adoption date with the cumulative effect adjustment to the opening balance recognized in retained earnings in the period of adoption. The Company is currently evaluating the potential impact of these ASUs on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU amends guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities

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to require that credit losses on available-for-sale debt securities be presented as an allowance rather than as a write-down. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the consolidated statements of operations. For public business entities that are SEC filers, this ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task Force). This ASU provides guidance to decrease the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This ASU was effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which requires recognition of current and deferred income taxes resulting from an intra-entity transfer of any asset other than inventory when the transfer occurs. For public business entities, this ASU was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities is not a business. For public business entities, this ASU was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU simplifies the measurement of goodwill by eliminating step two of the two-step impairment test. Step two measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This ASU requires an entity to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. For public business entities that are SEC filers, this ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. For all other entities, this ASU is effective for annual or any

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interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which provides financial statement preparers with an option to reclassify stranded tax effects within accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. This ASU was effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The amendments in this ASU should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This ASU simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. This ASU is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than the adoption date of Topic 606. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. This ASU is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (a consensus of the FASB Emerging Issues Task Force). This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal use software. This ASU is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted. Entities can choose to adopt this ASU prospectively or retrospectively. The Company is currently evaluating the potential impact of this ASU on its consolidated financial statements.

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**Recently Adopted Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. For public business entities, this ASU was effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, this ASU was effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. On February 1, 2018, the Company adopted ASU No. 2016-09, which resulted in a cumulative effect adjustment to its opening accumulated deficit of \$0.1 million, net of tax, as of the date of adoption.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides clarity in applying the guidance in Topic 718 around modifications of share-based payment awards. This ASU was effective for all entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. On February 1, 2018, the Company adopted ASU No. 2017-09, which did not have a material effect on the Company's consolidated financial statements.

**3. Fair Value Measurements and Marketable Securities**

The Company follows ASC 820, *Fair Value Measurements*, with respect to marketable securities that are measured at fair value on a recurring basis. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances.

The hierarchy is broken down into three levels as follows:

- Level 1 Assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in active markets
- Level 2 Assets and liabilities whose values are based on quoted prices in markets that are not active or inputs that are observable for substantially the full term of the asset or liability
- Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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The Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis are as follows:

	January 31, 2018			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>				
Money market funds	\$ 13,934	\$ —	\$ —	\$ 13,934
Corporate debt securities	—	9,763	—	9,763
Total cash equivalents	<u>13,934</u>	<u>9,763</u>	<u>—</u>	<u>23,697</u>
Marketable securities				
Corporate debt securities	—	2,593	—	2,593
Total marketable securities	<u>—</u>	<u>2,593</u>	<u>—</u>	<u>2,593</u>
Total assets	<u>\$ 13,934</u>	<u>\$ 12,356</u>	<u>\$ —</u>	<u>\$ 26,290</u>
<b>Liabilities</b>				
Contingent consideration related to business combination <sup>(2)</sup>	\$ —	\$ —	\$ 635	\$ 635
Redeemable convertible preferred stock warrant liability	—	—	961	961
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,596</u>	<u>\$ 1,596</u>
	January 31, 2019			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>				
Money market funds	\$ 42,132	\$ —	\$ —	\$ 42,132
Corporate debt securities	—	27,941	—	27,941
Total cash equivalents	<u>42,132</u>	<u>27,941</u>	<u>—</u>	<u>70,073</u>
Marketable securities				
Corporate debt securities	—	91,796	—	91,796
U.S. treasury securities	11,451	—	—	11,451
Total marketable securities	<u>11,451</u>	<u>91,796</u>	<u>—</u>	<u>103,247</u>
Total assets	<u>\$ 53,583</u>	<u>\$ 119,737</u>	<u>\$ —</u>	<u>\$ 173,320</u>
<b>Liability</b>				
Contingent consideration related to business combinations <sup>(2)</sup>	\$ —	\$ —	\$ 474	\$ 474
Redeemable convertible preferred stock warrant liability	—	—	4,537	4,537
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,011</u>	<u>\$ 5,011</u>

(1) Included in "Cash and cash equivalents" on the consolidated balance sheets.

(2) The contingent consideration consists of development milestone payments. The fair value of the contingent consideration was estimated by developing the risk-adjusted discounted value as well as discounted probability-weighted expected payments. That measure is based on Level 3 inputs which are significant inputs that are not

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observable in the market. Key assumptions at the acquisition date included (a) a discount rate range of 3%-3.02% and (b) three probability-adjusted milestone payments, each \$0.2 million. As of January 31, 2018, the amount recognized for the contingent consideration arrangement, the range of outcomes, and the assumptions used to develop the estimates had not changed from the original estimate as of the date of acquisition. As of January 31, 2019, the first milestone payment of \$0.2 million had been made.

There were no transfers between and levels of the fair value hierarchy during the years ended January 31, 2018 or January 31, 2019.

The remaining contractual maturities of marketable securities as of January 31, 2018 and January 31, 2019 were less than one year.

The following summarizes the changes in the redeemable convertible preferred stock warrant liability, which is classified as a Level 3 instrument:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
<b>Balance at beginning of period</b>	\$ 150	\$ 568	\$ 961
Additions	269	129	—
Adjustment resulting from change in fair value recognized in the consolidated statements of operations	149	264	3,576
<b>Balance at end of period</b>	<u>\$ 568</u>	<u>\$ 961</u>	<u>\$ 4,537</u>

The fair value of the redeemable convertible preferred stock warrant liability was estimated using the Black-Scholes option-pricing model and was based on significant inputs not observable in the market, and therefore was classified as a Level 3 instrument. The inputs include the Company's preferred stock price, expected stock price volatility, risk-free interest rate, and contractual term. A loss of \$0.1 million, \$0.3 million, and \$3.6 million was recorded as a component of other expense, net, because of the remeasurement of the redeemable convertible preferred stock warrant liability during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

**4. Balance Sheet Components**

**Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Prepaid expenses	\$ 7,360	\$ 14,390
Prepaid hosting services	2,915	2,915
Other current assets	2,136	1,105
Prepaid expenses and other current assets	<u>\$ 12,411</u>	<u>\$ 18,410</u>

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**Property and Equipment, Net**

Property and equipment, net consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Data center and other computer equipment	\$ 28,823	\$ 44,735
Capitalized internal-use software	15,416	22,209
Leasehold improvements	3,651	10,011
Purchased software	822	1,460
Furniture and equipment	840	2,553
Construction in process	3,562	19,455
	53,114	100,423
Less: Accumulated depreciation and amortization	(12,360)	(26,688)
Property and equipment, net	\$ 40,754	\$ 73,735

Construction in process includes data center equipment purchased that has not yet been placed in service. During the year ended January 31, 2019, \$18.6 million of data center equipment was purchased that had not yet been placed into service.

Depreciation and amortization expense of property and equipment was \$2.9 million, \$7.1 million, and \$14.8 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019.

**Intangible Assets, Net**

Total intangible assets, net consisted of the following:

	January 31,	
	2018	2019
	(in thousands)	
Developed technology	\$ 1,639	\$ 1,269
Customer relationships	685	632
Non-compete agreement	137	126
	2,461	2,027
Less: Accumulated amortization	(725)	(979)
Intangible assets, net	\$ 1,736	\$ 1,048

Amortization expense of intangible assets was \$0.1 million, \$0.6 million, and \$0.6 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

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The estimated aggregate future amortization expense of intangible assets as of January 31, 2019 is as follows:

	<u>Developed Technology</u>	<u>Customer Relationships</u>	<u>Non-Compete Agreement</u>	<u>Total</u>
	(in thousands)			
2020	\$ 328	\$ 127	\$ 42	\$ 497
2021	178	127	30	335
2022	—	127		127
2023	—	89	—	89
Total amortization expense				<u>\$ 1,048</u>

The developed technology, customer relationships, and non-compete agreement assets are being amortized over 3 years, 5 years, and 3 years, respectively.

**Accrued Expenses**

Accrued expenses consisted of the following:

	<u>January 31,</u>	
	<u>2018</u>	<u>2019</u>
	(in thousands)	
Web hosting services	\$ 14,465	\$ 12,224
Accrued purchases of property and equipment	1,035	7,042
Other vendor expenses	5,286	12,326
Amounts due for employee expenses	728	949
Accrued expenses	<u>\$ 21,514</u>	<u>\$ 32,541</u>

**Accrued Payroll and Benefits**

Accrued payroll and benefits consisted of the following:

	<u>January 31,</u>	
	<u>2018</u>	<u>2019</u>
	(in thousands)	
Accrued payroll and related expenses	\$ 7,423	\$ 4,326
Accrued bonuses	4,686	5,459
Accrued commissions	6,204	9,499
Accrued payroll and benefits	<u>\$ 18,313</u>	<u>\$ 19,284</u>

**5. Business Combinations**

**Acquisition of Payload Security**

In October 2017, the Company acquired 100% of the outstanding share capital of Payload Security UG, a privately held cybersecurity company with an automated malware analysis product, which was based in Germany. The total purchase consideration was \$8.0 million, consisting of initial cash consideration of \$5.4 million, deferred tax liabilities of \$0.6 million, indemnity holdback consideration of \$1.3 million, and three development milestone payments totaling \$0.7 million. At

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the time of the acquisition, the Company considered it probable that these milestone payments, recorded as contingent consideration, would be earned and paid. The first milestone payment of \$0.2 million was paid in October 2018 and the second and third payments are expected to be made in October 2019 and October 2020, respectively. The indemnity holdback was paid in January 2019. The Company incurred \$0.2 million in legal and accounting fees associated with this acquisition, which have been recorded as general and administrative expenses in the consolidated statements of operations.

The holdback and the milestone payments were recorded in other current liabilities and in other liabilities, noncurrent on the consolidated balance sheet. The total purchase consideration of \$8.0 million was recorded as follows (in thousands):

Net tangible assets	\$	591
Developed technology		790
Customer relationships		650
Non-compete agreement		130
Goodwill		5,834
Total net asset value	\$	<u>7,995</u>

Goodwill represents the synergies expected from the Company improving upon the acquired company's product through further development. The goodwill is not deductible for tax purposes. As of January 31, 2019, the first milestone payment was made for \$0.2 million.

Pro forma results of operations data for the Payload Security UG acquisition has not been presented because the results are not material to the consolidated financial statements.

#### ***Other Acquisitions***

In September 2017, the Company acquired a privately held cybersecurity company focused on mobile monitoring. Consideration included an up-front cash payment of \$2.0 million, an additional \$0.5 million to be paid six months after the effective date of the agreement less any set off for claims arising after the acquisition, and \$0.1 million to reimburse taxes owed by the owners of the acquired business for operations prior to acquisition. The Company accounted for the acquisition as a business combination and recorded \$2.3 million as goodwill and \$0.3 million as developed technology. The additional payments of \$0.5 million and \$0.1 million were made in April 2018.

## **6. Loans Payable**

#### ***Loan and Security Agreement***

In January 2015, the Company entered into a Loan and Security Agreement with Silicon Valley Bank, which was subsequently amended and restated in March 2017, providing the Company the ability to borrow up to \$10.0 million from a term loan and \$20.0 million from a revolving line of credit. The amendment was accounted for as a debt modification under ASC 470-50, *Modification and Extinguishment of Debt*. As of January 31, 2018 and January 31, 2019, the Company owed \$6.2 million and \$0, respectively, on the term loan. Outstanding principal amounts on the term loan incur interest at the Prime Rate, as published by the Wall Street Journal, plus 0.50% per month. Interest expense on the term loan was \$0.4 million, \$0.3 million, and \$0.1 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

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No amounts were drawn on the line of credit as of January 31, 2017. As of January 31, 2018, the Company had drawn \$10.0 million against the revolving line of credit. The carrying amount of the line of credit, net of debt issuance costs of \$0.2 million, was \$9.8 million as of January 31, 2018. Outstanding principal amounts on the revolving line of credit incur interest at the Prime Rate, as published by the Wall Street Journal. Interest expense on the revolving line of credit was \$0.4 million and \$0.3 million during the years ended January 31, 2018 and January 31, 2019, respectively.

As part of the Loan and Security Agreement, the Company issued Silicon Valley Bank a warrant to purchase 170,818 shares of its Series B redeemable convertible preferred stock at an exercise price of \$1.405 per share. The fair value of the warrant has been bifurcated from the loan payable and is accounted for as a liability (see Note 8, *Redeemable Convertible Preferred Stock*, for further discussion). The loan payable discount is amortized over the life of the loan using the effective interest method. The warrant had not been exercised as of January 31, 2018 or January 31, 2019.

In March 2017, as part of the Amended and Restated Loan and Security Agreement, the Company issued Silicon Valley Bank a warrant to purchase up to 66,225 shares of Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. The fair value of the warrant has been bifurcated from the loan payable and is accounted for as a liability (see Note 8, *Redeemable Convertible Preferred Stock*, for further discussion). The loan payable discount is amortized over the life of the loan using the effective interest method. The warrant had not been exercised as of January 31, 2018 or January 31, 2019.

The Loan and Security Agreement is collateralized by the Company's property, rights, and assets, including, but not limited to, cash, goods, equipment, contractual rights, financial assets, and intangible assets. The Loan and Security Agreement contains customary affirmative covenants and customary negative covenants limiting the Company's ability and the ability of the Company's subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions. Further, the Loan and Security Agreement contains financial covenants that require the maintenance of minimum annual contract values. The Company was in compliance with all covenants at January 31, 2018 and January 31, 2019. The Loan and Security Agreement contains customary events of default that include, among others, non-payment of principal, interest or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, and material judgments.

*Repayment*

In July 2018, the Company repaid the entire balance due as of January 31, 2018 on its revolving line of credit of \$10.0 million and the entire balance due as of January 31, 2018 on its term loan of \$6.2 million. No further amounts are available for borrowing under the term loan. A total of \$20.0 million is still available for borrowing under the revolving line of credit.

***Growth Capital Loan and Security Agreement***

In December 2016, the Company entered into a Growth Capital Loan and Security Agreement with TriplePoint Venture Growth BDC Corp. providing the Company the ability to borrow up to \$40.0 million from a growth capital term loan. \$20.0 million was drawn upon execution as an initial

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advance. Borrowings under this facility were collateralized by the Company's personal property, including but not limited to cash, goods, equipment, contractual rights, financial assets, and intangible assets. Draws on the growth capital term loan were payable as interest-only at the Prime Rate, as published by the Wall Street Journal (not to be less than 3.5%), plus 7.75% per month through December 31, 2018, followed by 24 months of principal and accrued interest.

Interest expense was \$0.2 million, \$1.0 million, and \$0 for the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. In June 2017, the Company voluntarily prepaid the outstanding principal balance of \$19.1 million and terminated the Growth Capital Loan and Security Agreement and the remaining unamortized debt issuance costs of \$0.5 million were expensed to other expense, net in the consolidated statements of operations during the year ended January 31, 2018.

The Growth Capital Loan and Security Agreement contained customary affirmative covenants and customary negative covenants limiting the Company's ability and the ability of the Company's subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions. The Growth Capital Loan and Security Agreement contained customary events of default that included, among others, non-payment of principal, interest, or fees, breach of covenants, inaccuracy of representations and warranties, cross defaults to certain other indebtedness, bankruptcy and insolvency events, material judgments, and events constituting a change in control.

As part of the Growth Loan and Security Agreement, the Company issued TriplePoint Venture Growth BDC Corp. a warrant to purchase 99,343 shares of Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. The fair value of the warrant was bifurcated from the loan payable and is accounted for as a liability (see Note 8, *Redeemable Convertible Preferred Stock*, for further discussion). The loan payable discount is amortized over the life of the loan using the effective interest method. The warrant had not been exercised as of January 31, 2018 or January 31, 2019.

Per the terms of the Growth Loan and Security Agreement, upon advances after the initial advance, the Company would be required to issue an additional 33,116 warrants to purchase shares of Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share. No such warrants were issued as of January 31, 2018 or January 31, 2019, as no subsequent advances were made.

## 7. Income Taxes

The Company's geographical breakdown of loss before provision for income taxes for the years ended January 31, 2017, January 31, 2018, and January 31, 2019 is as follows:

	<u>Year Ended January 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(in thousands)		
Domestic	\$ (91,331)	\$ (137,523)	\$ (143,308)
International	78	2,962	4,598
Loss before provision for income taxes	<u>\$ (91,253)</u>	<u>\$ (134,561)</u>	<u>\$ (138,710)</u>

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The components of the provision for income taxes as of January 31, 2017, January 31, 2018, and January 31, 2019 are as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
<b>Current</b>			
Federal	\$ —	\$ —	\$ —
State	13	240	304
Foreign	90	800	1,481
Total current	<u>103</u>	<u>1,040</u>	<u>1,785</u>
<b>Deferred</b>			
Federal	—	—	—
State	—	—	—
Foreign	(16)	(111)	(418)
Total deferred	<u>(16)</u>	<u>(111)</u>	<u>(418)</u>
Provision for income taxes	<u>\$ 87</u>	<u>\$ 929</u>	<u>\$ 1,367</u>

The following table provides a reconciliation between income taxes computed at the federal statutory rate and the provision for income taxes as of January 31, 2017, January 31, 2018, and January 31, 2019:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Provision for income taxes at statutory rate	\$ (31,027)	\$ (44,265)	\$ (29,129)
State income taxes, net of federal benefit	8	162	245
Foreign earnings at different rates	(118)	(285)	97
Research and other credits	(1,846)	(2,621)	(3,769)
Stock-based compensation	597	3,738	2,414
Non-deductible expenses	684	1,142	1,833
Impact of U.S. tax reform	—	36,146	—
Transition tax	—	521	—
Valuation allowance	31,789	6,391	29,676
Provision for income taxes	<u>\$ 87</u>	<u>\$ 929</u>	<u>\$ 1,367</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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Significant components of the Company's deferred tax assets and liabilities as of January 31, 2018 and January 31, 2019 are as follows:

	<b>Year Ended January 31,</b>	
	<b>2018</b>	<b>2019</b>
	(in thousands)	
<b>Deferred tax assets</b>		
Net operating loss carryforwards	\$ 70,878	\$ 95,619
Research credit carryforwards	7,332	11,102
Intangible assets	333	307
Stock-based compensation	144	498
Deferred revenue	5,316	12,245
Accrued expenses	1,257	1,712
Other	334	1,009
<b>Gross deferred assets</b>	<b>85,594</b>	<b>122,492</b>
Less: Valuation allowance	(84,369)	(120,391)
<b>Total deferred tax assets</b>	<b>1,225</b>	<b>2,101</b>
<b>Deferred tax liabilities</b>		
Property and equipment, net	(1,216)	(1,890)
Intangible assets	(433)	(310)
Deferred revenue	(93)	
<b>Total deferred tax liabilities</b>	<b>(1,742)</b>	<b>(2,200)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (517)</b>	<b>\$ (99)</b>

At each reporting date, the Company has established a valuation allowance against its U.S. net deferred tax assets due to the uncertainty surrounding the realization of those assets. The Company periodically evaluates the recoverability of the deferred tax assets and, when it is determined to be more-likely-than-not that the deferred tax assets are realizable, the valuation allowance is reduced. During the years ended January 31, 2017, January 31, 2018, and January 31, 2019 the valuation allowance increased by \$33.8 million, \$12.1 million, and \$36.1 million, respectively. The increase in the valuation allowance during the year ended January 31, 2017 was primarily driven by losses generated in the United States. The increase in the valuation allowance during the year ended January 31, 2018 was also primarily driven by losses generated in the U.S., partially offset by the reduction in our federal corporate tax rate from 34% to 21% as part of the enactment of the Tax Cuts and Jobs Act (the "Tax Act") as detailed below. The increase in the valuation allowance during the year ended January 31, 2019 was primarily driven by losses generated in the United States.

As of January 31, 2019, the Company had aggregate federal and California net operating loss carryforwards of \$376.0 million and \$50.9 million, respectively, which may be available to offset future taxable income for income tax purposes. The federal and California net operating loss carryforwards begin to expire in fiscal 2031 through fiscal 2039. As of January 31, 2019, net operating loss carryforwards for other states total \$236.9 million which begin to expire in fiscal 2021 through fiscal 2039.

As of January 31, 2019, the Company had federal and California research and development ("R&D") credit carryforwards of \$7.4 million and \$3.7 million, respectively. The federal R&D credit

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carryforwards will begin to expire in fiscal 2031 through fiscal 2039. The California R&D credits are carried forward indefinitely.

Realization of these net operating loss and research and development credit carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities.

The Internal Revenue Code imposes limitations on a corporation's ability to utilize net operating loss ("NOLs") and credit carryovers if it experiences an ownership change as defined in Section 382. In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three-year period. If an ownership change has occurred, or were to occur, utilization of the Company's NOLs and credit carryovers could be restricted.

The Company has adopted the authoritative guidance relating to the accounting for uncertainty in income taxes. The guidance clarified the recognition of tax positions taken, or expected to be taken, on a tax return. The impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain tax position will not be recognized if it has a less than 50% likelihood of being sustained.

Total gross unrecognized tax benefit liabilities as of January 31, 2018 and January 31, 2019 were \$8.1 million and \$8.1 million, respectively. As of January 31, 2019, the Company had no unrecognized tax benefits, which, if recognized, would affect the Company's effective tax rate due to full valuation allowance. The Company's policy is to classify interest and penalties related to unrecognized tax benefits as part of the income tax provision in the consolidated statements of operations. The Company had no accrued interest and penalties related to unrecognized tax benefits as of January 31, 2018 or January 31, 2019.

The following is a rollforward of the total gross unrecognized tax benefits for the years ended January 31, 2017, January 31, 2018, and January 31, 2019 (in thousands):

Balance as of February 1, 2016	\$ 2,899
Increases in current period tax positions	2,161
Balance as of January 31, 2017	<u>\$ 5,060</u>
Increases in current period tax positions	3,068
Balance as of January 31, 2018	<u>\$ 8,128</u>
Increases in current period tax positions	—
Balance as of January 31, 2019	<u><u>\$ 8,128</u></u>

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. As the Company expands its global operations in the normal course of business, the Company could be subject to examination by taxing authorities throughout the world. These audits could include questioning the timing and amount of deductions; the nexus of income among various tax jurisdictions; and compliance with federal, state, local, and foreign tax laws. The Company is not currently under audit by the Internal Revenue Service or other similar state, local, and foreign authorities. All tax years remain subject to examination by U.S. taxing authorities due to the Company's net operating losses and R&D credit carryforwards.

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On December 22, 2017, the U.S. government enacted the Tax Act which makes significant changes to the U.S. tax code. The Tax Act includes several key tax provisions that affect the Company including, but not limited to, lowering the U.S. federal corporate tax rate to 21% for tax years beginning after December 31, 2017, establishing a new provision to currently tax certain global intangible low-taxed income of controlled foreign corporations, and imposing a one-time tax ("Transition Tax") on the mandatory deemed repatriation of cumulative foreign earnings. The Transition Tax is based upon the post-1986 earnings and profits that were previously deferred from U.S. income taxes.

On December 22, 2017, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which provides guidance on accounting for the Tax Act's impact and allows registrants to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. The Company has determined that the Tax Act did not have a material impact to the financial statements, thereby impacting exclusively the disclosures in the Company's year-end financial statements. The Company currently maintains a full valuation allowance against its U.S. deferred tax assets since the Company continues to incur losses in the United States for all fiscal years since inception.

During the year ended January 31, 2019, the Company completed the accounting for the Tax Act within the measurement period. The previously recorded provisional amount recorded for the Transition Tax was adjusted by an immaterial amount but was fully offset by a corresponding adjustment to the valuation allowance resulting in no impact to the provision for income taxes. The Company has also completed the analysis of the impact of the Tax Act on its existing assertion to indefinitely reinvest the earnings of its subsidiaries outside the United States and concluded that no change was necessary.

As a result of the Tax Act, the Company can make an accounting policy election to either treat taxes due on the global intangible low-taxed income inclusion as a current period expense or factor such amounts into the Company's measurement of deferred taxes. The Company has completed its analysis of the global intangible low-tax income provisions and elected to use the period cost method and therefore no accrual for the deferred tax aspects of this provision was made.

**8. Redeemable Convertible Preferred Stock**

The Company is authorized to issue 137,418,875 shares of redeemable convertible preferred stock, par value \$0.0005 per share ("Preferred Stock"), 52,300,000 of which are designated "Series A-1 Redeemable Convertible Preferred Stock" (the "Series A-1 Preferred Stock"), 21,523,118 of which are designated "Series B Redeemable Convertible Preferred Stock" (the "Series B Preferred Stock"), 22,275,128 of which are designated "Series C Redeemable Convertible Preferred Stock" (the "Series C Preferred Stock"), 17,569,969 of which are designated "Series D Redeemable Convertible Preferred Stock" (the "Series D Preferred Stock"), 5,393,976 of which are designated "Series D-1 Redeemable Convertible Preferred Stock" (the "Series D-1 Preferred Stock"), 14,579,598 of which are designated "Series E Redeemable Convertible Preferred Stock" (the "Series E Preferred Stock"), and 3,777,086 of which are designated "Series E-1 Redeemable Convertible Preferred Stock" (the "Series E-1 Preferred Stock").

In May 2017, the Company completed the issuance of 17,569,969 shares of its Series D Preferred Stock at a price of \$5.69 per share.

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In October 2017, the Company completed the issuance of 5,393,976 shares of its Series D-1 Preferred Stock at a price of \$5.69 per share.

In June 2018, the Company completed the issuance of 8,372,573 shares of its Series E redeemable convertible preferred stock ("Series E Preferred Stock") at a price of \$16.46 per share and the issuance of 3,777,086 shares of its Series E-1 redeemable convertible preferred stock ("Series E-1 Preferred Stock") at a price of \$16.46 per share for net proceeds of \$199.9 million. In September 2018, the Company issued an additional 425,238 shares of its Series E Preferred Stock at a price of \$16.46 per share for net proceeds of \$7.0 million.

All Series E-1 Preferred Stock were converted into Series E Preferred Stock during the year ended January 31, 2019.

The following table summarizes the authorized, issued, and outstanding redeemable convertible preferred stock of the Company as of January 31, 2018:

<u>Class</u>	<u>Issue Price per Share</u>	<u>Shares Authorized</u>	<u>Shares Issued and Outstanding</u>	<u>Net Carrying Value</u>	<u>Liquidation Preference</u>	<u>Redemption Value</u>
			(in thousands, except per share values)			
Series A-1	\$ 0.50000	52,300	52,300	\$ 76,325	\$ 52,300	\$ 147,094
Series B	1.40500	21,523	21,352	44,320	30,000	61,655
Series C	4.52972	22,275	22,077	99,900	100,000	100,000
Series D	5.69153	17,570	17,570	99,845	125,000	100,000
Series D-1	5.69153	5,447	5,394	30,626	30,700	30,700
Total		<u>119,115</u>	<u>118,693</u>	<u>\$ 351,016</u>	<u>\$ 338,000</u>	<u>\$ 439,449</u>

The following table summarizes the authorized, issued, and outstanding redeemable convertible preferred stock of the Company as of January 31, 2019:

<u>Class</u>	<u>Issue Price per Share</u>	<u>Shares Authorized</u>	<u>Shares Issued and Outstanding</u>	<u>Net Carrying Value</u>	<u>Liquidation Preference</u>	<u>Redemption Value</u>
			(in thousands, except per share values)			
Series A-1	\$ 0.50000	52,300	52,300	\$ 76,325	\$ 52,300	\$ 623,678
Series B	1.40500	21,523	21,352	44,320	30,000	254,623
Series C	4.52972	22,275	22,077	99,900	100,000	263,765
Series D	5.69153	17,570	17,570	99,845	125,000	211,631
Series D-1	5.69153	5,394	5,394	30,626	30,700	64,607
Series E	16.46136	18,357	12,575	206,896	207,000	207,000
Total		<u>137,419</u>	<u>131,268</u>	<u>\$ 557,912</u>	<u>\$ 545,000</u>	<u>\$ 1,625,304</u>

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The rights, preferences, and privileges of the Preferred Stock are as follows:

***Voting Rights***

Each holder of outstanding shares of Preferred Stock is entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Preferred Stock held by such holder are convertible.

***Noncumulative Dividends***

When and if declared by the Board of Directors, holders of the Preferred Stock are entitled to receive before, or receive simultaneously, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) in the case of a dividend on common stock or series that is convertible into common stock, an amount equal to a dividend payable to the holders of common stock on an as-if converted basis; (ii) in the case of a dividend on any class or series that is not convertible into common stock, at a rate per share determined by (a) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issue price of such class or series of capital and (b) multiplying such fraction by an amount equal to original issue price for each respective series of Preferred Stock.

***Redemption***

The holders of at least 55% of the outstanding shares of Preferred Stock voting together as a single class and on an as-converted basis (a "supermajority"), at any time on or after the twelfth (12<sup>th</sup>) anniversary of the Series A-1 original issue date, upon written notice, have the right to require that all of the outstanding shares of Preferred Stock be redeemed by the Company for cash at a per share price equal to the greater of (i) for each series of Preferred Stock, the original issue price for such series of Preferred Stock, plus any dividends declared but unpaid thereon or (ii) 75% of the fair market value of such series of the Preferred Stock. As the Preferred Stock becomes redeemable solely due to the passage of time, and the Company believes there are no events requiring conversion of the Preferred Stock into common stock that currently have a sufficiently high likelihood of occurring prior to the 12<sup>th</sup> anniversary, the Company concluded that the Preferred Stock is considered probable of becoming redeemable as of January 31, 2018. Therefore, the Company has recorded accretion of the Preferred Stock balance to its redemption value using the effective interest method to the extent that 75% of the fair market value of these series of Preferred Stock exceeds the original issue price of such series. The Company will cease accretion of the Preferred Stock balance to its redemption value if the Preferred Stock is no longer probable of becoming redeemable due to there being a sufficiently high likelihood of an initial public offering requiring a conversion of the Preferred Stock into common stock. During the years ended January 31, 2017 and January 31, 2018, the Company recorded accretion of \$17.0 million and \$5.9 million, respectively, related to its Preferred Stock. The Company did not record any accretion of the Preferred Stock for the year ended January 31, 2019 because of the increased likelihood of the Company completing an initial public offering requiring conversion of the Preferred Stock into common stock.

***Liquidation***

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of the Series A-1, B, C, D, D-1, and E Preferred Stock, prior to any distribution to the holders of common stock, are entitled to be paid, on a pari passu basis, a per

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share liquidation preference in cash in an amount equal to the greater of (a) two (2) times the Series A-1 original issue price, one (1) times the Series B original issue price, one (1) times the Series C original issue price, one and one-quarter (1.25) times the Series D original issue price, one (1) times the Series D-1, and one (1) times the Series E original issue price for the Series A-1, B, C, D, D-1, and E Preferred Stock, respectively, plus in each case any dividends declared but unpaid thereon, and (b) such amount per share as would have been payable had all shares of Series A-1, B, C, D, D-1, or E Preferred Stock, as applicable, been converted into common stock immediately prior to such liquidation, dissolution, or winding up.

**Conversion**

Preferred shares are automatically convertible upon an initial public offering of common stock of the Company which places a pre-money valuation immediately prior to the initial public offering of the Company of at least \$400 million and resulting in net proceeds to the Company of at least \$75 million ("qualified IPO") or upon a vote of a supermajority of the outstanding shares of Preferred Stock; provided, that in the case of a qualified IPO, the Series C Preferred Stock shall not be subject to automatic conversion unless the price per share of the securities sold to the public is equal to or greater than one (1) times the Series C original issue price without the consent of the holders of a majority of the outstanding Series C Preferred Stock, the Series D Preferred Stock shall not be subject to automatic conversion unless the price per share of the securities sold to the public is equal to or greater than one and one-quarter (1.25) times the Series D original issue price without the consent of the holders of 55% of the outstanding Series D Preferred Stock (including each Accel Partners entity that holds Series D Preferred Stock), the Series D-1 Preferred Stock shall not be subject to automatic conversion unless the price per share of the securities sold to the public is equal to or greater than one (1) times the Series D-1 original issue price without the consent of the holders of 55% of the outstanding Series D-1 Preferred Stock, voting together as a separate class, and the Series E Preferred Stock shall not be subject to automatic conversion unless the price per share of the securities sold to the public is equal to or greater than one (1) times the Series E original issue price without the consent of the holders of 55% of the outstanding Series E Preferred Stock, voting together as a separate class.

Each share of Preferred Stock is convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of common stock as is determined by dividing the Series A-1 original issue price, Series B original issue price, Series C original issue price, Series D original issue price, Series D-1 original issue price, or Series E original issue price, as applicable, by the Series A-1 conversion price, Series B conversion price, Series C conversion price, Series D conversion price, Series D-1 conversion price, or Series E conversion price, as applicable, in effect at the time of conversion. The Series A-1 conversion price shall initially be equal to \$0.50. The Series B conversion price shall initially be equal to \$1.41. The Series C conversion price shall initially be equal to \$4.53. The Series D conversion price shall initially be equal to \$5.69. The Series D-1 conversion price shall initially be equal to \$5.69. The Series E conversion price shall initially be equal to \$16.46. The conversion price for Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series D-1 Preferred Stock, and Series E Preferred Stock adjusts upon the issuance of additional shares of common stock in the event the Company, at any time after the Series E original issue date, issues additional shares of common stock without consideration or for a consideration per share less than (i) the Series A-1 conversion price in effect immediately prior to such issuance, (ii) the Series B conversion price in effect immediately prior to such issuance, (iii) the Series C conversion price in

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effect immediately prior to such issuance, (iv) the Series D conversion price in effect immediately prior to such issuance, (v) the Series D-1 conversion price in effect immediately prior to such issuance, or (vi) the Series E conversion price in effect immediately prior to such issuance. All shares will convert into common stock on a one-for-one basis. The conversion price of each series of preferred stock is subject to adjustment should the Company later issue any preferred shares of any preferred series at a price less than the conversion price in effect immediately prior to such issuance.

### **Warrants**

In January 2015, as part of the Loan and Security Agreement discussed in Note 6, *Loans Payable*, the Company issued the lender a fully vested warrant to purchase up to 170,818 shares of Series B Preferred Stock at an exercise price of \$1.405 per share. The fair value of the warrant upon issuance, determined by using the Black-Scholes option-pricing model, was \$0.2 million at the issuance date. The warrant's fair value was \$2.5 million as of January 31, 2019 using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 38.1%, expected risk-free rate of 2.5%, a term of 6.0 years, and zero expected dividends. The warrant's fair value was \$0.5 million as of January 31, 2018 using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 40.3%, expected risk-free rate of 2.7%, a term of 7.0 years, and zero expected dividends.

In December 2016, as part of the Growth Loan and Security Agreement discussed in Note 6, *Loans Payable*, the Company issued the lender a fully vested warrant to purchase up to 99,343 shares of Series C Preferred Stock at an exercise price of \$4.53 per share. The fair value of the warrant, determined by using the Black-Scholes option-pricing model, was \$0.3 million at the issuance date. The warrant's fair value was \$1.2 million as of January 31, 2019 using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 38.1%, expected risk-free rate of 2.4%, a term of 4.9 years, and zero expected dividends. The warrant's fair value was \$0.2 million as of January 31, 2018 using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 40.3%, expected risk-free rate of 2.6%, a term of 5.9 years, and zero expected dividends.

In March 2017, as part of the Loan and Security Agreement discussed in Note 6, *Loans Payable*, the Company issued the lender a fully vested warrant to purchase up to 66,225 shares of Series C Preferred Stock at an exercise price of \$4.53 per share. The fair value of the warrant, determined by using the Black-Scholes option-pricing model, was \$0.1 million at the issuance date. The warrant's fair value was \$0.8 million as of January 31, 2019 using a Black-Scholes option-pricing model with the following assumptions: expected volatility of 38.1%, expected risk-free rate of 2.6%, a term of 8.1 years, and zero expected dividends. The warrant's fair value was \$0.2 million as of January 31, 2018 using the Black-Scholes option-pricing model that assumed expected volatility of 40.3%, expected risk-free rate of 2.7%, a term of 9.1 years, and zero expected dividends.

### **9. Common Stock**

The Company's authorized capital consists of 190,000,000 and 220,000,000 shares of common stock, par value \$0.0005 per share, as of January 31, 2018 and January 31, 2019, respectively. The Company has also issued incentive stock options (see Note 10, *Stock-Based Compensation*) that are exercisable into the Company's common stock.

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The Company has reserved shares of common stock for future issuance as follows:

	January 31,	
	2018	2019
	(in thousands)	
Conversion of Series A-1 redeemable convertible preferred stock	52,300	52,300
Conversion of Series B redeemable convertible preferred stock	21,352	21,352
Conversion of Series C redeemable convertible preferred stock	22,077	22,077
Conversion of Series D redeemable convertible preferred stock	17,570	17,570
Conversion of Series D-1 redeemable convertible preferred stock	5,394	5,394
Conversion of Series E redeemable convertible preferred stock	—	12,575
Exercise and conversion of Series B redeemable convertible preferred stock warrants	171	171
Exercise and conversion of Series C redeemable convertible preferred stock warrants	165	165
Stock options issued and outstanding	23,194	26,535
RSUs issued and outstanding	—	4,059
Remaining shares available for future issuance under the 2011 Stock Incentive Plan	807	1,540
Total shares of common stock reserved	<u>143,030</u>	<u>163,738</u>

On May 11, 2017, the Company changed the par value of its common stock and preferred stock from \$0.001 to \$0.0005, which has been retroactively adjusted. The decrease in par value was recorded as a decrease in common stock with a corresponding increase in additional paid-in capital.

## 10. Stock-Based Compensation

### Stock Incentive Plan

Effective November 18, 2011, the Company established the CrowdStrike Holdings, Inc. 2011 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan provides for the grant of incentive and nonqualified stock options and restricted stock awards ("RSAs") to qualified employees, officers, nonemployee directors, and consultants of the Company. The maximum number of shares of common stock, which may be issued pursuant to the Plan, was 68,174,148 and 79,498,016 as of January 31, 2018 and January 31, 2019, respectively.

The Stock Incentive Plan is administered by the Board of Directors, which determines the terms of the options granted, including the exercise price, stock price, the number of shares subject to options, and the option vesting period. Options generally have a maximum term of ten years and generally have a vesting period of four years with 25% of the award vesting one year from the vesting commencement date and the remainder vesting ratably over the following 36 months. Additionally, the Stock Incentive Plan allows the Company, at its discretion, to repurchase exercised options of any employee no longer with the Company, employed with the Company for less than 30 months and terminated with cause, at the original exercise price (or in the case of a participant who was not an employee, the date on which such participant is no longer acting as a director or officer of, or consultant or advisor to, the Company or any of its subsidiaries). The Company's repurchase right was changed from 30 months to 60 months as part of the Amended and Restated Stock Incentive Plan, effective August 16, 2016. No shares were repurchased during the years ended January 31, 2017, January 31, 2018, or January 31, 2019.

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**Stock Options**

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the table below. The expected term represents the period that the Company's share-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. The expected stock price volatility is based upon comparable public company data. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated option life.

The fair value of each option was estimated on the date of grant using the following assumptions during the period:

	Year Ended January 31,		
	2017	2018	2019
Expected term (in years)	6.05	6.05	6.05 - 7.52
Risk-free interest rate	1.1% - 1.5%	1.9% - 2.2%	2.6% - 3.1%
Expected stock price volatility	41.7% - 42.8%	40.3% - 41.4%	37.8% - 38.9%
Dividend yield	—%	—%	—%

The following table is a summary of common stock option activity for the years ended January 31, 2017, January 31, 2018, and January 31, 2019:

	Number of Shares	Weighted- Average Exercise Price Per Share
<b>Options outstanding at February 1, 2016</b>	15,105	\$ 0.68
Granted	8,104	\$ 1.69
Exercised	(1,855)	\$ 0.41
Canceled	(2,007)	\$ 0.98
<b>Options outstanding at January 31, 2017</b>	<u>19,347</u>	\$ 1.10
Granted	9,691	\$ 2.14
Exercised	(3,733)	\$ 1.00
Canceled	(2,111)	\$ 1.57
<b>Options outstanding at January 31, 2018</b>	<u>23,194</u>	\$ 1.51
Granted	8,233	\$ 9.24
Exercised	(3,084)	\$ 1.26
Canceled	(1,808)	\$ 2.51
<b>Options outstanding at January 31, 2019</b>	<u>26,535</u>	\$ 3.87
<b>Options vested and expected to vest at January 31, 2019</b>	<u>26,535</u>	\$ 3.87
<b>Options exercisable at January 31, 2019</b>	<u>14,782</u>	\$ 2.40

Options exercisable include 2,433,368 options that were unvested as of January 31, 2019.

The aggregate intrinsic value of options vested and exercisable was \$9.8 million, \$17.9 million, and \$181.1 million as of January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

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**Notes to Consolidated Financial Statements**

The weighted-average remaining contractual term of options vested and exercisable was 7.0 years, 6.6 years, and 7.1 years as of January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

The weighted-average grant date fair values of all options granted was \$0.71, \$0.90, and \$5.70 per share during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. The total intrinsic value of all options exercised was \$2.4 million, \$4.0 million, and \$26.9 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. The total fair value of all options vested was \$1.7 million, \$3.2 million, and \$7.1 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

The aggregate intrinsic value of stock options outstanding as of January 31, 2017, January 31, 2018, and January 31, 2019 was \$12.8 million, \$26.1 million, and \$286.1 million, respectively, which represents the excess of the fair value of the Company's common stock over the exercise price of the options multiplied by the number of options outstanding. The weighted-average remaining contractual term of stock options outstanding is 8.2 years, 8.0 years, and 7.9 years as of January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

Total unrecognized stock-based compensation expense related to unvested options was \$9.9 million as of January 31, 2018. This expense is expected to be amortized on a straight-line basis over a weighted-average vesting period of 3.0 years. Total unrecognized stock-based compensation expense related to unvested options was \$45.8 million as of January 31, 2019. This expense is expected to be amortized on a straight-line basis over a weighted-average vesting period of 3.4 years.

***Early Exercise of Employee Options***

The 2011 Stock Plan allows for the early exercise of stock options for certain individuals as determined by the Board of Directors. The consideration received for an early exercise of an option is a deposit of the exercise price and the related dollar amount is recorded as a liability for early exercise of unvested stock options in the consolidated balance sheets. This liability is reclassified to additional paid-in capital as the awards vest. If a stock option is early exercised, the unvested shares may be repurchased by the Company in case of employment termination or for any reason, including death and disability, at the price paid by the purchaser for such shares. During the year ended January 31, 2018, the Company issued 1,370,000 shares of common stock for total proceeds of \$2.3 million related to early exercised stock options. As of January 31, 2018, the number of shares of common stock related to early exercised stock options subject to repurchase was 872,086 shares for \$1.7 million. During the year ended January 31, 2019, the Company issued 37,605 shares of common stock for total proceeds of \$74,000 related to early exercised stock options. As of January 31, 2019, the number of shares of common stock related to early exercised stock options subject to repurchase was 545,941 shares for \$1.2 million. Common stock purchased pursuant to an early exercise of stock options is not deemed to be outstanding for accounting purposes until those shares vest. The Company includes unvested shares subject to repurchase in the number of shares outstanding on the statement of redeemable convertible preferred stock and stockholders' deficit.

***Notes Receivable from Stockholders***

In February 2016, the Company extended a secured promissory note (the "Note") to an officer for the exercise of stock options. The Note includes a market interest rate and was documented

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

with an agreement that includes repayment provisions. The outstanding principal balance, together with all accrued and unpaid interest, are due in one lump sum payment on the due date, which is defined as the earliest to occur of the following: (i) twenty-four (24) months from the date of issuance; (ii) borrower's termination as an employee; (iii) a bankruptcy or insolvency proceeding instituted by or against a borrower; (iv) consummation of a change in control; or (v) initial filing of a registration statement with the Securities and Exchange Commission. The loan was made pursuant to a recourse promissory note. This note receivable was \$0.2 million as of January 31, 2018. The note was paid in full in February 2018.

In March 2017, the Company extended a secured promissory note (the "Note") to an officer for the exercise of stock options. The Note includes a market interest rate and was documented with an agreement that includes repayment provisions. The outstanding principal balance, together with all accrued and unpaid interest, were due in one lump sum payment on the due date, which is defined as the earliest to occur of the following: (i) twenty-four (24) months from the date of issuance; (ii) borrower's termination as an employee; (iii) a bankruptcy or insolvency proceeding instituted by or against a borrower; (iv) consummation of a change in control; or (v) initial filing of a registration statement with the Securities and Exchange Commission. The loan was made pursuant to a recourse promissory note. This note receivable was \$0.4 million. The note was paid in full in April 2017.

***Secondary Stock Sale***

In October 2017, the Company facilitated a secondary stock sale of its common stock. Under the terms of the sale, certain Series D-1 Preferred Stock investors and certain other new investors purchased 3.3 million shares of common stock from certain eligible employees for prices ranging from \$5.12 to \$5.69 per share for an aggregate purchase price of \$17.5 million. The Company recognized stock-based compensation expense of \$8.8 million in connection with the sale, which represented the difference between the purchase price and the fair value of the common stock on the date of the sale.

***Tender Offer Transaction***

In October 2018, the Company facilitated a tender offer of its common stock. Under the terms of the offer, certain existing Series E Preferred Stock investors purchased an aggregate of 2.4 million shares of common stock from certain eligible employees and directors for \$15.64 per share for an aggregate purchase price of \$37.6 million. The Company recognized stock-based compensation expense of \$10.8 million in connection with the tender offer, which represented the difference between the purchase price and the fair value of the common stock on the date of the sale.

***Restricted Stock Awards***

Restricted stock awards ("RSAs") vest ratably over 36 months.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

The following table is a summary of RSA activity for the year ended January 31, 2019:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
<b>RSAs outstanding at February 1, 2018</b>	—	\$ —
Granted	36	\$ 11.13
Forfeited	(36)	\$ 11.13
<b>RSAs outstanding at January 31, 2019</b>	—	\$ —
<b>RSAs expected to vest at January 31, 2019</b>	—	\$ —

**Restricted Stock Units**

During the year ended January 31, 2019, the Company issued RSUs to certain employees. These RSUs include a service-based vesting condition and a performance-based vesting condition. The service-based vesting condition is generally satisfied based on one of three vesting schedules: (i) vesting of one-fourth of the RSUs on the first "Company vest date" (defined as March 20, June 20, September 20, or December 20) on or following the one-year anniversary of the vesting commencement date and the remainder of the RSUs vest quarterly thereafter over the next 36 months, subject to continued service, (ii) sixteen equal quarterly installments beginning on December 20, 2018, subject to continued service, or (iii) vesting of RSUs through eight equal quarterly installments beginning on December 20, 2022, subject to continued service. The performance-based vesting condition is satisfied on the earlier of (i) a change in control, in which the consideration paid to holders of shares is either cash, publicly traded securities, or a combination thereof, or (ii) the first Company vest date to occur following the expiration of the lock-up period upon an IPO, subject to continued service through such change in control or lock-up expiration, as applicable. None of the RSUs vest unless the performance-based vesting condition is satisfied. The performance-based vesting condition is not deemed probable of occurring as of January 31, 2019, thus no stock-based compensation has been recognized. In the quarter in which the performance-based vesting condition becomes probable, the Company will begin recording stock-based compensation expense using the accelerated attribution method based on the grant date fair value of the RSUs.

Had the performance-based vesting condition been probable as of January 31, 2019, the Company would have recognized \$10.4 million of stock-based compensation expense during the year ended January 31, 2019 for all RSUs with a performance-based vesting condition that had satisfied the applicable service-based vesting condition on that date.

The following table is a summary of RSU activity for the year ended January 31, 2019:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
<b>RSUs outstanding at February 1, 2018</b>	—	\$ —
Granted	4,064	\$ 12.66
Forfeited	(5)	\$ 12.48
<b>RSUs outstanding at January 31, 2019</b>	4,059	\$ 12.66
<b>RSUs expected to vest at January 31, 2019</b>	4,059	\$ 12.66

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

**Stock-Based Compensation Expense**

Stock-based compensation expense included in the consolidated statements of operations is as follows:

	Year Ended January 31,		
	2017	2018 (in thousands)	2019
Cost of revenue	\$ 91	\$ 341	\$ 894
Sales and marketing	638	1,386	5,175
Research and development	561	3,429	7,815
General and administrative	704	7,187	6,621
Total stock-based compensation expense	<u>\$ 1,994</u>	<u>\$ 12,343</u>	<u>\$ 20,505</u>

**11. Employee Benefit Plan**

The Company's United States employees participate in a contributory 401(k) plan sponsored by the Company entitled the CrowdStrike Holdings, Inc. 401(k) Plan (the "Plan"). The Plan is available to all employees over 18 years of age. Employees are eligible to participate in the Plan at date of hire and may elect to contribute from 0% to 70% of their base salary limited to the amount allowed by tax laws. There were no matching contributions by the Company during the years ended January 31, 2017, January 31, 2018, or January 31, 2019.

**12. Commitments and Contingencies**

**Lease Commitments**

The Company leases its office space under various non-cancelable operating lease agreements. Leases expire at various dates through fiscal year 2027. The aggregate future minimum payments under noncancelable operating leases as of January 31, 2019 are as follows:

	Operating Leases (in thousands)
2020	\$ 5,661
2021	5,313
2022	5,067
2023	4,184
2024	3,061
Thereafter	1,667
Total minimum lease payments	<u>\$ 24,953</u>

Rent expense was \$1.9 million, \$4.6 million, and \$6.9 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively.

**Purchase Obligations**

The Company enters into long-term non-cancelable agreements with providers to purchase data center capacity, such as bandwidth and colocation space, for the Company's cloud platform. The Company is committed to spend \$180.8 million on such agreements through February 2023.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

Bandwidth and colocation costs are recorded to cost of revenue in the consolidated statements of operations. These obligations are included in purchase obligations below.

In the normal course of business, the Company enters into non-cancelable purchase commitments with various parties to purchase products and services such as technology, equipment, office renovations, corporate events, and consulting services. A summary of noncancelable purchase obligations as of January 31, 2019 with expected date of payment is as follows:

	<b>Total Commitments</b>
2020	\$ 67,159
2021	71,286
2022	46,357
2023	7,776
2024	6,775
Thereafter	617
<b>Total purchase commitments</b>	<b>\$ 199,970</b>

**Letters of Credit**

As of January 31, 2018, the Company had an unused standby letter of credit for \$0.5 million securing its headquarters facility in Sunnyvale, California. As of January 31, 2019, the Company had unused standby letters of credit totaling \$1.3 million securing its headquarters facility in Sunnyvale, California and its facility in Austin, Texas.

**Litigation**

The Company is currently involved in proceedings before the Trademark Trial and Appeal Board at the U.S. Patent and Trademark Office (the "USPTO") regarding its U.S. trademark registrations for "CrowdStrike Falcon" and its U.S. application to register its "Falcon OverWatch" trademark. On November 23, 2016, Fair Isaac Corporation ("FICO") filed a Petition for Cancellation of the Company's "CrowdStrike Falcon" trademark registrations and a Notice of Opposition against the Company's "Falcon OverWatch" trademark application before the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board ("TTAB"). On January 3, 2017, the Company filed answers to both the cancellation and opposition proceedings, and the proceedings thereafter were consolidated. On November 21, 2018, the Company filed a Petition for Partial Cancellation or Amendment of one of FICO's "Falcon" trademark registrations, and on December 10, 2018, the parties filed a joint request to consolidate the proceedings and adjust the schedule. FICO moved to dismiss the Company's petition on January 16, 2019, and the TTAB issued a standard order suspending the proceeding pending disposition of the motion to dismiss. On January 28, 2019, the parties jointly requested a suspension of the pre-trial and trial schedule in the consolidated proceedings filed by FICO pending resolution of FICO's motion to dismiss and the parties' request to consolidate the proceedings, and the TTAB granted that request on March 28, 2019. The Company is vigorously defending the case, but given the early stage, although a loss may reasonably be possible, the Company is unable to predict the likelihood of success of Fair Isaac's claims or estimate a loss or range of loss. As a result, no liability has been recorded as of January 31, 2018 or January 31, 2019.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

In addition, from time to time the Company is a party to various litigation matters and subject to claims that arise in the ordinary course of business. In addition, third parties may from time to time assert claims against the Company in the form of letters and other communications. For any claims for which the Company believes a liability is both probable and reasonably estimable, the Company records a liability in the period for which it makes this determination. There is no pending or threatened legal proceeding to which the Company is a party that, in the Company's opinion, is likely to have a material adverse effect on its consolidated financial statements; however, the results of litigation and claims are inherently unpredictable. Regardless of the outcome, litigation can have an adverse impact on the Company's business because of defense and settlement costs, diversion of management resources, and other factors. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change and could adversely affect the Company's results of operations.

***Warranties and Indemnification***

The Company's cloud computing services are typically warranted to perform in a manner consistent with general industry standards that are reasonably applicable and materially in accordance with the Company's online help documentation under normal use and circumstances.

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if its products or services infringe a third party's intellectual property rights. In addition, for its Falcon Complete module customers, the Company offers a limited warranty, subject to certain conditions, to cover certain costs incurred by the customer in case of a cybersecurity breach. The Company has entered into an insurance policy to cover its potential liability arising from this limited warranty arrangement. To date, the Company has not incurred any material costs because of such obligations and has not accrued any liabilities related to such obligations in the consolidated financial statements.

The Company has also agreed to indemnify its 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 the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that would generally enable the Company to recover a portion of any future amounts paid. The Company may also be subject to indemnification obligations by law with respect to the actions of its employees under certain circumstances and in certain jurisdictions. No liabilities have been accrued associated with this indemnification provision as of January 31, 2018 or January 31, 2019.

**13. Geographic Information**

The Company sells its products and services in the United States and internationally. The Company considers all billings to customers located outside the United States, including foreign subsidiaries of customers that have headquarters in the United States, to be international

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

customers. The breakdown of total revenue between United States and international customers is as follows:

	Year Ended January 31,					
	2017		2018		2019	
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
	(dollars in thousands)					
United States	\$ 45,981	87%	\$ 99,209	84%	\$ 192,057	77%
International	6,764	13%	19,543	16%	57,767	23%
Total revenue	<u>\$ 52,745</u>	<u>100%</u>	<u>\$ 118,752</u>	<u>100%</u>	<u>\$ 249,824</u>	<u>100%</u>

No single country other than the United States represented 10% or more of the Company's total revenue during the years ended January 31, 2017, January 31, 2018, and January 31, 2019.

The Company's long-lived assets are composed of property and equipment, net, and are summarized by geographic area as follows:

	January 31,	
	2018	2019
	(in thousands)	
United States	\$ 39,333	\$ 70,699
International	1,421	3,036
Total property and equipment, net	<u>\$ 40,754</u>	<u>\$ 73,735</u>

#### 14. Related Party Transactions

##### *Subscription and Professional Services Revenue from Investors*

During the years ended January 31, 2017, January 31, 2018, and January 31, 2019, certain investors and companies with whom the Company's Board of Directors are affiliated with, purchased subscriptions and professional services. The Company recorded revenue from subscriptions and professional services from related parties of \$1.1 million, \$2.5 million, and \$6.6 million during the years ended January 31, 2017, January 31, 2018, and January 31, 2019, respectively. Accounts receivable associated with these related parties was \$2.3 million and \$0.2 million as of January 31, 2018 and January 31, 2019, respectively.

##### *Accounts Payable to Related Parties*

During the years ended January 31, 2017, January 31, 2018, and January 31, 2019, the Company purchased goods and services totaling \$0.3 million, \$1.1 million, and \$2.2 million, respectively, from certain investors and companies with whom its Board of Directors are affiliated with. Accounts payable to such vendors was \$0.5 million and less than \$0.1 million as of January 31, 2018 and January 31, 2019, respectively.

In September 2018, the Company entered into an agreement under which a related party has agreed to provide a minimum of \$8.8 million of services over the following 66 months.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

**Notes Receivable from Related Parties**

In November 2015, the Company extended full recourse secured promissory notes (the "Notes") to its founders. These notes were not used for the purpose of exercising options. The Notes include market interest rates and were documented with agreements that include repayment provisions. The outstanding principal balance, together with all accrued and unpaid interest, are due in one lump sum payment on the due date, which is defined as the earliest to occur of the following: (i) thirty-six (36) months from the date of issuance; (ii) the borrower's termination as an employee; (iii) a bankruptcy or insolvency proceeding instituted by or against a borrower; (iv) consummation of a change in control; or (v) initial filing of a registration statement with the Securities and Exchange Commission. These notes receivable from related parties were paid in full as of January 31, 2018.

**15. Net Loss Per Share Attributable to Common Stockholders**

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands, except per share data)		
Net loss	\$ (91,340)	\$ (135,490)	\$ (140,077)
Accretion of redeemable convertible preferred stock	(17,012)	(5,853)	—
Net loss attributable to common stockholders	\$ (108,352)	\$ (141,343)	\$ (140,077)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	39,706	41,876	44,863
Net loss per share attributable to common stockholders, basic and diluted	\$ (2.73)	\$ (3.38)	\$ (3.12)

Since the Company was in a net loss position for all periods presented, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been antidilutive. The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows:

	Year Ended January 31,		
	2017	2018	2019
	(in thousands)		
Shares of common stock issuable upon conversion of redeemable convertible preferred stock	95,729	118,693	131,268
Shares of common stock issuable upon conversion of redeemable convertible preferred stock warrants	270	336	336
Shares of common stock subject to repurchase from outstanding stock options	1	872	546
Shares of common stock issuable from stock options	19,347	23,194	26,535
Potential common shares excluded from diluted net loss per share	115,347	143,095	158,685

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

The table above does not include 4,059,407 RSUs outstanding as of January 31, 2019, as these RSUs are subject to a performance-based vesting condition that was not considered probable as of that date. No RSUs were outstanding as of January 31, 2017 or January 31, 2018.

**Unaudited Pro Forma Net Loss Per Share**

The following table sets forth the computation of unaudited pro forma basic and diluted net loss per share:

	<u>Year Ended January 31, 2019</u> (in thousands, except per share data)
<b>Numerator:</b>	
Net loss attributable to common stockholders	\$ (140,077)
Change in fair value of redeemable convertible preferred stock warrants	3,576
Net loss	<u>\$ (136,501)</u>
<b>Denominator:</b>	
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	44,863
Pro forma weighted adjustment to reflect assumed conversion of redeemable convertible preferred stock	<u>126,339</u>
Weighted-average shares used in computing pro forma net loss per share, basic and diluted	<u>171,202</u>
Pro forma net loss per share, basic and diluted	<u>\$ (0.80)</u>

**16. Subsequent Events**

The Company has evaluated events subsequent through April 17, 2019, the date these consolidated financial statements were available to be issued.

**Stock Awards and Option Grants**

From February 1, 2019 through April 17, 2019, the Company granted stock options to purchase an aggregate of 891,898 shares of common stock with a weighted-average exercise price of \$14.65 per share and a weighted-average exercise requisite service period of four years.

From February 1, 2019 through April 17, 2019, the Company granted 858,004 restricted stock units. In addition to a service-based vesting condition, these RSUs also include a performance-based vesting condition whereby a portion of the award will vest upon (i) a change in control, in which the consideration paid to holders of shares is either cash, publicly traded securities, or a combination thereof, or (ii) the first vesting date (defined as March 20, June 20, September 20, or December 20) to occur following the expiration of the lock-up period upon an IPO, subject to continued service through such change in control or lock-up expiration, as applicable. None of the RSUs vest unless the performance-based vesting condition is satisfied. The Company will record stock-based compensation expense related to these RSUs beginning in the period when its IPO is completed for the portion of the awards for which the relevant service-based vesting condition has been satisfied with the remaining expense recognized over the remaining requisite service period.

**CrowdStrike Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

***Commitments***

In April 2019, the Company amended its agreement with a data center provider and committed to pay an additional \$40.0 million to this provider through November 2022.

***17. Events Subsequent to Original Issuance of Consolidated Financial Statements (unaudited)***

The Company has evaluated subsequent events after April 17, 2019 through May 8, 2019, the date the consolidated financial statements were available for reissuance.

***Secured Revolving Credit Facility***

In April 2019, the Company entered into a Credit Agreement with Silicon Valley Bank and other lenders, to provide a revolving line of credit of up to \$150.0 million, including a letter of credit sub-facility in the aggregate amount of \$10.0 million, and a swingline sub-facility in the aggregate amount of \$10.0 million. The Company also has the option to request an incremental facility of up to an additional \$75.0 million from one or more of the lenders under the Credit Agreement. The amount the Company may borrow under the Credit Agreement may not exceed the lesser of \$150.0 million or the Company's ordinary course recurring subscription revenue for the most recent month, as determined under the Credit Agreement, multiplied by a number that is (i) 6, for the first year after entry into the Credit Agreement; (ii) 5, for the second year after entry into the Credit Agreement; and (iii) 4, thereafter. The Credit Agreement will terminate on April 19, 2022.

The Credit Agreement is collateralized by substantially all of the Company's current and future property, rights, and assets, including, but not limited to, intellectual property, cash, goods, equipment, contractual rights, financial assets, and intangible assets of the Company and its subsidiaries. The Credit Agreement contains covenants limiting the ability to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions. The Credit Agreement also contains financial covenants requiring the Company to maintain the year-over-year growth rate of its ordinary course recurring subscription revenue above specified rates and to maintain minimum liquidity at specified levels.

No amounts have been drawn under the Credit Agreement as of May 8, 2019.



**CROWDSTRIKE**

SETTING THE **NEW STANDARD**  
FOR CLOUD-DELIVERED  
ENDPOINT PROTECTION

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Customer Stats\*

**44**  
OF THE FORTUNE 100

**37**  
OF THE TOP  
100 GLOBAL COMPANIES

**9**  
OF THE TOP 20  
MAJOR BANKS



**Gartner**

CROWDSTRIKE POSITIONED HIGHEST FOR ABILITY TO EXECUTE AND FURTHEST FOR COMPLETENESS OF VISION IN THE VISIONARIES QUADRANT: MAGIC QUADRANT FOR ENDPOINT PROTECTION PLATFORMS. [January 2018]

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**FORRESTER®**

CROWDSTRIKE IS THE ONLY VENDOR TO BE NAMED A LEADER IN BOTH ENDPOINT SECURITY SUITE AND ENDPOINT DETECTION AND RESPONSE WAVES. [June and July 2018]

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**IDC** ANALYZE THE FUTURE

CROWDSTRIKE POSITIONED AS A LEADER IN IDC MARKETSCAPE FOR U.S. INCIDENT READINESS, RESPONSE AND RESILIENCY SERVICES. [September 2018]

See the section titled "Market and Industry Data" for sources of independent industry publications referenced on this page.

**4.9/5 STARS**  
CROWDSTRIKE NAMED HIGHEST RATED VENDOR

GARTNER PEER INSIGHTS 'VOICE OF THE CUSTOMER':  
ENDPOINT PROTECTION PLATFORMS [FEBRUARY 2019]



**CROWDSTRIKE HAS 28 ALLOWED AND ISSUED PATENTS\***

\*As of January 31, 2019



**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.**

The following table sets forth all expenses to be paid by the Registrant, other than underwriting discounts and commissions, upon the completion of this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

	<b>Amount to be Paid</b>
SEC registration fee	\$ *
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
<b>Total</b>	<b>\$ *</b>

\* To be filed by amendment.

**ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors, and other corporate agents.

On the completion of this offering, as permitted by Section 102(b)(7) of the Delaware General Corporation Law, the Registrant's amended and restated certificate of incorporation will include provisions that eliminate the personal liability of its directors and officers for monetary damages for breach of their fiduciary duty as directors and officers.

In addition, as permitted by Section 145 of the Delaware General Corporation Law and the amended and restated certificate of incorporation of the Registrant will provide that:

- The Registrant shall indemnify its directors and officers for serving the Registrant in those capacities or for serving other business enterprises at the Registrant's request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- The Registrant may, in its discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- The Registrant is required to advance expenses, as incurred, to its directors and officers in connection with defending a proceeding, except that such director or officer shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- The Registrant will not be obligated pursuant to the amended and restated certificate of incorporation to indemnify a person with respect to proceedings initiated by that person,

except with respect to proceedings authorized by the Registrant's board of directors or brought to enforce a right to indemnification.

- The rights conferred in the amended and restated certificate of incorporation are not exclusive, and the Registrant is authorized to enter into indemnification agreements with its directors, officers, employees, and agents and to obtain insurance to indemnify such persons.
- The Registrant may not retroactively amend the bylaw provisions to reduce its indemnification obligations to directors, officers, employees, and agents.

The Registrant's policy is to enter into separate indemnification agreements with each of its directors and officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the Delaware General Corporation Law and also to provide for certain additional procedural protections. The Registrant also maintains directors and officers insurance to insure such persons against certain liabilities.

These indemnification provisions and the indemnification agreements entered into between the Registrant and its officers and directors may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended, or the Securities Act.

See the section titled "Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification Matters" for a more detailed description.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act and otherwise.

#### **ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.**

Since January 31, 2016, the Registrant issued the following unregistered securities:

##### ***Preferred Stock Issuances***

In May 2017, we sold an aggregate of 17,569,969 shares of our Series D convertible preferred stock at a purchase price of \$5.69 per share, for an aggregate purchase price of approximately \$100 million.

In October 2017, we sold an aggregate of 5,393,976 shares of our Series D-1 convertible preferred stock at a purchase price of \$5.69 per share, for an aggregate purchase price of approximately \$30.7 million.

From June 2018 to September 2018, we sold an aggregate of 8,797,811 shares of our Series E convertible preferred stock and 3,777,086 shares of our Series E-1 convertible preferred stock at a purchase price of \$16.46 per share, for an aggregate purchase price of approximately \$207.0 million.

##### ***Warrant Issuances***

In December 2016, we issued a warrant to purchase an aggregate of 99,343 shares of our Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share.

In March 2017, we issued a warrant to purchase an aggregate of 66,225 shares of our Series C redeemable convertible preferred stock at an exercise price of \$4.53 per share.

### **Option and Common Stock Issuances**

From January 31, 2016 to April 30, 2019, we granted to our directors, officers, employees, consultants, and other service providers under our 2011 Plan:

- options to purchase an aggregate of 26,908,417 shares of our Class B common stock at exercise prices ranging from \$1.66 to \$14.65 per share;
- an aggregate of 4,917,171 RSUs to be settled in shares of our Class B common stock; and
- 148,000 shares of our Class B common stock issued in connection with stock awards.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

### **ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

#### **(a) Exhibits.**

The Registrant filed the exhibits listed on the accompanying Exhibit Index of this Registration Statement, which is incorporated by reference herein.

#### **(b) Financial Statement Schedules.**

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

### **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 of 1933 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 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 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 of 1933, 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 of 1933, 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.

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
1.1*	Form of Underwriting Agreement.
3.1#	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the completion of this offering.
3.3#	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon the completion of this offering.
4.1#	Amended and Restated Stockholders Agreement among the Registrant and certain holders of its capital stock, dated as of June 21, 2018, as amended on September 25, 2018 and April 17, 2019.
4.2#	Amended and Restated Registration Rights Agreement among the Registrant and certain holders of its capital stock, dated as of June 21, 2018.
4.3*	Form of common stock certificate of the Registrant.
4.4#	Plain English Warrant Agreement between the Registrant and TriplePoint Venture Growth BDC Corp., dated as of December 29, 2016.
4.5#	Warrant to Purchase Stock between the Registrant and Silicon Valley Bank, dated as of January 21, 2015.
4.6#	Warrant to Purchase Stock between the Registrant and Silicon Valley Bank, dated as of March 1, 2017.
5.1*	Opinion of Davis Polk & Wardwell LLP
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2+*	2019 Equity Incentive Plan and related form agreements.
10.3+*	2019 Employee Stock Purchase Plan and related form agreements.
10.4+#	Amended and Restated 2011 Stock Incentive Plan and related form agreements.
10.5+*	Executive Incentive Compensation Plan.
10.6+	Employment Agreement between the Registrant and George Kurtz, dated as of November 18, 2011.
10.7+	Offer Letter between the Registrant and Colin Black, dated as of October 3, 2015.
10.8+	Offer Letter between the Registrant and Burt W. Podbere, dated as of August 10, 2015.
10.9+	Offer Letter between the Registrant and Roxanne S. Austin dated as of September 10, 2018.
10.10+	Offer Letter between the Registrant and Godfrey R. Sullivan, undated.
10.11+	George Kurtz Fiscal 2019 Bonus Plan.

<b>Exhibit Number</b>	<b>Description</b>
10.12#	Office Lease between CrowdStrike, Inc. and SPF Mathilda, LLC, dated as of April 4, 2017, as amended on September 18, 2017.
10.13#	Sublease by and between CrowdStrike, Inc. and Knowles Electronics, LLC, dated December 17, 2015.
10.14#	Sublease by and between CrowdStrike, Inc. and LANDesk Software Inc., dated November 1, 2016.
10.15	Credit Agreement, dated as of April 19, 2019, by and among the Registrant, CrowdStrike, Inc., CrowdStrike Services, Inc., the Lenders party thereto, and Silicon Valley Bank.
21.1*	List of subsidiaries of the Registrant.
23.1*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Davis Polk & Wardwell LLP (included in Exhibit 5.1).
24.1*	Power of Attorney (see the signature page to this Registration Statement on Form S-1).

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\* To be filed by amendment.

+ Indicates management contract or compensatory plan.

# Previously filed.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Sunnyvale, California, on the day of \_\_\_\_\_, \_\_\_\_\_.

**CROWDSTRIKE HOLDINGS, INC.**

By: \_\_\_\_\_  
George Kurtz  
*President and Chief Executive Officer*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints George Kurtz and Burt W. Podbere, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) under the Securities Act of 1933 increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ George Kurtz	President, Chief Executive Officer and Director (Principal Executive Officer)	
_____ Burt W. Podbere	Chief Financial Officer (Principal Financial and Accounting Officer)	
_____ Roxanne S. Austin	Director	
_____ Cary J. Davis	Director	

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Sameer K. Gandhi	Director	
_____ Joseph P. Landy	Director	
_____ Denis J. O'Leary	Director	
_____ Joseph E. Sexton	Director	
_____ Godfrey R. Sullivan	Director	
_____ Gerhard Watzinger	Chairman of the Board of Directors	



## FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is made as of the      day of      20      , by and between CrowdStrike Holdings, Inc., a Delaware corporation (the "Company"), and      (the "Indemnitee").

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board of Directors") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, although the Certificate of Incorporation of the Company (the "Certificate") and the Bylaws of the Company (the "Bylaws") require indemnification of the officers and directors of the Company under the circumstances specified therein, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("DGCL"), the Certificate, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification; and

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate and the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director or officer, or both, of the Company after the date hereof, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Change in Control" shall mean a change in control of the Company occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) on Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, a Change in Control shall include: (i) the acquisition (other than acquisition by or from the Company) after the date hereof by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2)

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of the Act (excluding, for this purpose, the Company or its subsidiaries, any employee benefit plan of the Company or its subsidiaries that acquires beneficial ownership of voting securities of the Company, and any qualified institutional investor that meets the requirements of Rule 13d-1(b)(1) promulgated under the Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act), of 50% or more of either the then-outstanding shares of common stock or the combined voting power of the Company's then-outstanding capital stock entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") ceasing for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (iii) approval by the stockholders of the Company of (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, consolidated or other surviving corporation's then-outstanding voting securities, (B) a liquidation or dissolution of the Company, or (C) the sale of all or substantially all of the assets of the Company.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in a similar capacity at the written request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the written request of the Company as a director, officer, employee, agent or fiduciary.

(e) "Expenses" shall include all reasonable attorneys' fees, retainers, disbursements of counsel, court costs, filing fees, transcript costs, fees and expenses of experts, witness fees and expenses, travel expenses, duplicating and imaging costs, printing and binding costs, telephone charges, facsimile transmission charges, computer legal research costs, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, as well as all other "expenses" within the meaning of that term as used in Section 145 of the General Corporation Law of the State of Delaware and all other disbursements or expenses of types customarily and reasonably incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, actions, suits, or proceedings similar to or of the same type as the Proceeding with respect to which such disbursements or expenses were incurred; but, notwithstanding anything in the foregoing to the contrary, "Expenses" shall not include amounts of judgments, penalties, or fines actually levied against the Indemnitee in connection with any Proceeding. Expenses also shall include the foregoing incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(g) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation (including any internal investigation), inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was an officer or director of the Company, by reason of any action taken by him or of any inaction on his part while acting as an officer or director of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 8 of this Agreement to enforce his rights under this Agreement.

(h) [“Side Letter” means that certain Fund Indemnitor Letter Agreement, dated as of \_\_\_\_\_, by and between [ \_\_\_\_\_ ] and the Company.]

(i) References herein to “fines” shall not include any excise tax assessed with respect to any employee benefit plan.

(j) References herein to a director of another Enterprise or a director of an other Enterprise shall include, in the case of any entity that is not managed by a board of directors, such other position, such as manager or trustee or member of the governing body of such entity, that entails responsibility for the management and direction of such entity’s affairs, including, without limitation, the general partner of any partnership (general or limited) and the manager or managing member of any limited liability company.

(k) (i) References herein to serving at the request of the Company as a director, officer, employee, agent, or fiduciary of another Enterprise shall include any service as a director, officer, employee, or agent of the Company that imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan of the Company or any of its affiliates, other than solely as a participant or beneficiary of such a plan; and (ii) if the Indemnitee has acted in good faith and in a manner such the Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, the Indemnitee shall be deemed to have acted in a manner not opposed to the best interests of the Company for purposes of this Agreement.

2. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by applicable law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Except as provided in Section 10 hereof, Indemnitee shall be entitled to the rights of indemnification provided in this Section 2(a) if, by reason of his Corporate Status, the Indemnitee is or was, or is or was threatened to be made, a party to or is otherwise involved in any Proceeding other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2(a), Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines, liabilities and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, but only if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Except as provided in Section 10 hereof, Indemnitee shall be entitled to the rights of indemnification provided in this Section 2(b) if, by reason of Indemnitee's Corporate Status, the Indemnitee is or was, or is or was threatened to be made, a party to or is or was otherwise involved in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, but only if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification for such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged liable to the Company unless (and only to the extent that) the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or such other court shall deem proper. Anything in this Agreement to the contrary notwithstanding, if the Indemnitee, by reason of the Indemnitee's Corporate Status, is or was, or is or was threatened to be made, a party to any Proceeding by or in the right of the Company to procure a judgment in its favor, then the Company shall not indemnify the Indemnitee for any judgment, fines, or amounts paid in settlement to the Company in connection with such Proceeding.

(c) Overriding Right to Indemnification if Successful on the Merits. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or was, by reason of his Corporate Status or otherwise, a party to and is or was successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by applicable law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

3. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 2 of this Agreement, the Company shall and hereby does, to the fullest extent permissible under applicable law, indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines, liabilities and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company),

including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Section 7 and Section 8 hereof) to be unlawful.

4. Contribution.

(a) To the fullest extent permissible under applicable law, whether or not the indemnification provided in Section 2 and Section 3 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) To the fullest extent permissible under applicable law, without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines, liabilities and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such Expenses, judgments, fines, liabilities or settlement amounts, as well as any other equitable considerations which the law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claim of contribution brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, liabilities, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such

proportion as the Board of Directors deems fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company (together with its directors, officers, employees and agents) and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

5. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or was, by reason of his Corporate Status or otherwise, a witness, or is or was made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified to the fullest extent permissible under applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

6. Advancement of Expenses. Notwithstanding any other provision of this Agreement, but subject to Section 9(e) hereof, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status or otherwise within thirty (30) calendar days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by or on behalf of Indemnitee and for which advancement is requested, and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall finally be determined (under the procedures, and subject to the presumptions, set forth in Section 7 and Section 8 hereof) that Indemnitee is not entitled to be indemnified against such Expenses. Such undertaking shall be sufficient for purposes of this Section 6 if it is substantially in the form attached hereto as Exhibit A. Any advances and undertakings to repay pursuant to this Section 6 shall be unsecured and interest-free. The Indemnitee shall be entitled to advancement of Expenses as provided in this Section 6 regardless of any determination by or on behalf of the Company that the Indemnitee has not met the standards of conduct set forth in Sections 2(a) and 2(b) hereof.

7. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) Indemnitee shall give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request for indemnification, including therein or therewith, except to the extent previously provided to the Company in connection with a request or requests for advancement pursuant to Section 6 hereof, a statement or statements reasonably evidencing all Expenses incurred or paid by or on behalf of the Indemnitee and for which indemnification is requested, together with such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary for the Company to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. Failure to provide any notice required hereby shall not impair Indemnitee's rights of indemnification and contribution under this Agreement except to the extent that such failure to provide notice actually and materially prejudices the rights of the Company to defend any action or proceeding which is the basis of the claimed indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the second sentence of Section 7(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made by the following person or persons, who shall be empowered to make such determination: (i) if a Change in Control shall have occurred, by Independent Counsel (unless Indemnitee shall request in writing that such determination be made by the Board of Directors (or a committee thereof) in the manner provided for in clause (ii) of this Section 7(b)) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (ii) if a Change of Control shall not have occurred, (A)(1) by Independent Counsel, if Indemnitee shall request in writing that such determination be made by Independent Counsel upon making his or her request for indemnification pursuant to the second sentence of Section 7(a), (2) by the Board of Directors of the Company, by a majority vote of Disinterested Directors even though less than a quorum, or (3) by a committee of Disinterested Directors designated by majority vote of Disinterested Directors, even though less than a quorum, or (B) if there are no such Disinterested Directors or, even if there are such Disinterested Directors, if the Board of Directors, by the majority vote of Disinterested Directors, so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 7(b) hereof, the Independent Counsel shall be selected by the Board of Directors and approved by Indemnitee. Upon failure of the Board of Directors to so select, or upon the failure of Indemnitee to so approve, such Independent Counsel within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 7(a) hereof, the Independent Counsel shall be selected by the Court of Chancery of the State of Delaware or such other person or body as the Indemnitee and the Company may agree in writing. Such determination of entitlement to indemnification shall be made not later than forty-five (45) days after receipt by the Company of a written request for indemnification. If the person making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such person shall reasonably pro-rate such part of indemnification among such claims, issues or matters. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 7(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 7(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In connection with any determination (including a determination by the Court of Chancery of the State of Delaware (or other court of competent jurisdiction)) with respect to entitlement to indemnification hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not entitled to indemnification and any decision that Indemnitee is not entitled to indemnification must be supported by clear and convincing evidence. The failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, or an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall not be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) In making a determination with respect to whether Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, the person or persons or entity making such determination shall presume that Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of

proof and any decision that Indemnitee is not entitled to indemnification must be supported by clear and convincing evidence. Any action, or failure to act, by Indemnitee based on Indemnitee's good faith reliance on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise shall not, in and of itself, constitute grounds for an adverse determination with respect to whether Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(f) If the person, persons or entity empowered or selected under this Section 7 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60)-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel or member of the Board of Directors shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby agrees to indemnify and hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnitee is or becomes a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification under this Agreement or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests

of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

8. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 7 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 7(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within fifty-five (55) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 7 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification and/or advancement of Expenses. The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 8 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 7(b).

(c) If a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 8, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that (a) the Indemnitee commences a proceeding seeking (1) to establish or enforce the Indemnitee's entitlement to indemnification or advancement pursuant to this Agreement, (2) to otherwise enforce Indemnitee's rights under or to interpret the terms of this Agreement, (3) to recover damages for breach of this Agreement, (4) to establish or enforce Indemnitee's entitlement to indemnification or advancement pursuant to the Certificate or the Bylaws, or (5) to enforce or interpret the terms of any liability insurance policy maintained by the Company (each such proceeding an "Indemnitee Enforcement Proceeding"), or (b) the Company commences a proceeding against the Indemnitee seeking (1) to recover, pursuant to an undertaking or otherwise, amounts previously advanced to Indemnitee, (2) to enforce the Company's rights under or to interpret the terms of this Agreement, or (3) to recover damages for breach of this Agreement (each such proceeding a "Company Enforcement Proceeding" and together with each form of Indemnitee Enforcement Proceeding, an "Enforcement Proceeding"), then the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by or on behalf of such Indemnitee in connection with such Enforcement Proceeding, provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding on which Indemnitee does not prevail, unless (and only to the extent that) the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication in respect of such claim, issue or matter but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or such other court shall deem proper. The Company also shall be required to advance all Expenses actually and reasonably

incurred by or on behalf of the Indemnitee in connection with any Enforcement Proceeding in advance of the final disposition of such proceeding within thirty (30) days after the receipt by the Company of a written request for such advance or advances from time to time, which request shall include or be accompanied by a statement or statements reasonably evidencing the Expenses incurred by or on behalf of the Indemnitee and for which advancement is requested; provided, however, that any such advancement shall be made only after the Company receives an undertaking by or on behalf of the Indemnitee to repay any Expenses so advanced if it shall be finally determined that Indemnitee is not entitled to be indemnified against such Expenses.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

9. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status or otherwise prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy. Notwithstanding anything in this Agreement to the contrary, the indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee or any of Indemnitee's agents.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other Enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

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(c) Except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, [including pursuant to the Side Letter, ]in the event of any payment to or on behalf of the Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) Except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, [including pursuant to the Side Letter, ]the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any Company insurance policy, Company contract, Company agreement or otherwise (except to the extent that Indemnitee is required (by court order or otherwise) to return such payment or to surrender it to the Company).

(e) Except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, [including pursuant to the Side Letter, ]the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (except to the extent that Indemnitee is required (by court order or otherwise) to return such payment or to surrender it to the Company).

10. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy, or other indemnity provision or otherwise, except with respect to any excess beyond the amount so paid, and except as may otherwise be agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Act, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or any of its direct or indirect subsidiaries or the directors, officers, employees or other indemnitees of the Company or its direct or indirect subsidiaries (other than any Proceeding initiated by Indemnitee pursuant to Section 8(d), which shall be governed by the terms of such section), unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

11. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue until six (6) years after the end of any period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other



Enterprise) but shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 8 hereof) by reason of his Corporate Status or otherwise, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement, notwithstanding such six (6) year period. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

12. Security. To the extent requested by Indemnitee and approved by the Board of Directors of the Company, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

13. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement[, in conjunction with the Side Letter,] constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company represents that this Agreement has been approved by the Company's Board of Directors and stockholders.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Disclosure of Payments. Except as expressly required by any law, neither party shall publicly disclose any payments under this Agreement unless prior approval of the other party is obtained.

18. **Notices.** Unless otherwise provided herein, any notice required or permitted under this Agreement shall be deemed effective upon the earlier of (a) actual receipt, or (b) (i) one (1) business day after the date of delivery by confirmed facsimile transmission, (ii) one (1) business day after the business day of deposit with a nationally recognized overnight courier service for next day delivery, freight prepaid, or (iii) three (3) business days after deposit with the United States Post Office for delivery by registered or certified mail, postage prepaid. Any such notice shall be in writing and shall be addressed to the party to be notified at the address indicated for such party indicated on the signature pages or exhibits hereto, as otherwise set forth in this Section 18, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee's signature hereto;

(b) To the Company at:  
150 Mathilda Place, Suite 300  
Sunnyvale, CA 94086

With a copy (which shall not constitute notice) to:  
Davis Polk & Wardwell LLP  
1600 El Camino Real  
Menlo Park, CA 94025  
Attention: Alan Denenberg

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

19. **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 Agreement. This Agreement may also be executed and delivered by facsimile or electronic signature.

20. **Headings.** The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. **Governing Law and Consent to Jurisdiction.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of any summons and complaint and any other process that may be served in any action, suit, or proceeding arising out of or relating to this Agreement by mailing by certified or registered mail, with postage prepaid, copies of such process to such party at its address for receiving notice pursuant to Section 18 hereof, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. Nothing herein shall preclude service of process by any other means permitted by applicable law.

22. **Assignment.** Neither party hereto may assign this Agreement without the prior written consent of the other party; provided, however, that the Company may assign this Agreement upon a

Change in Control[, and Indemnatee may assign its rights under this Agreement to [ ] and their affiliates without prior written consent].

23. Construction. The parties acknowledge that both parties have contributed to the drafting of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

*[signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**INDEMNITEE:**

Signature: \_\_\_\_\_

Name:

Address:

**COMPANY:**

CROWDSTRIKE HOLDINGS, INC.

Signature: \_\_\_\_\_

Name:

Title:

Address: 150 Mathilda Place, Suite 300, Sunnyvale, CA 94086

**[Signature Page to CrowdStrike Holdings, Inc. Indemnification Agreement]**

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**Exhibit A**

**UNDERTAKING**

Reference is hereby made to that certain Indemnification Agreement, by and between CrowdStrike Holdings, Inc., a Delaware corporation (the "Company"), and the undersigned, dated as of \_\_\_\_\_ (the "Indemnification Agreement"). All initially capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indemnification Agreement.

Pursuant to the Indemnification Agreement, I, \_\_\_\_\_, agree to reimburse the Company for all Expenses paid to me or on my behalf by the Company in connection with my involvement in [**name or description of proceeding or proceedings**], in the event, and to the extent, that it shall ultimately be determined (pursuant to the terms of the Indemnification Agreement) that I am not entitled to be indemnified by the Company for such Expenses.

Signature \_\_\_\_\_

Typed Name \_\_\_\_\_

) ss:

Before me \_\_\_\_\_, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and who, after being duly sworn, stated that the contents of said instrument is to the best of his/her knowledge and belief true and correct and who acknowledged that he/she executed the same for the purpose and consideration therein expressed.

GIVEN under my hand and official seal at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 201 .

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_  
\_\_\_\_\_

**EMPLOYMENT AGREEMENT**

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of this 18th day of November 2011, by and between CrowdStrike, Inc., a Delaware corporation (the "Company"), and George Kurtz (the "Employee").

**W I T N E S S E T H:**

WHEREAS, the Company desires to employ Employee and to enter into this Agreement embodying the terms of such employment, and Employee desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Employee hereby agree as follows:

**Section 1. Definitions.**

(a) "Accrued Obligations" shall mean (i) all accrued but unpaid Base Salary through the date of termination of Employee's employment, (ii) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination of Employee's employment, (iii) any unpaid or unreimbursed expenses incurred prior to the date of termination in accordance with Section 9 hereof, and (iv) any benefits provided under the Company's employee benefit plans upon a termination of employment, in accordance with the terms contained therein.

(b) "Agreement" shall have the meaning set forth in the preamble hereto.

(c) "Annual Bonus" shall have the meaning set forth in Section 4(b) hereof.

(d) "Base Salary" shall mean the salary provided for in Section 4(a) hereof or any increased salary granted to Employee pursuant to Section 4(a) hereof.

(e) "Board" shall mean the Board of Directors of the Parent.

(f) "Cause" shall mean (i) acts of willful misconduct on the part of Employee in the course of his employment, (ii) failure or refusal by Employee to perform in any material respect his duties or responsibilities under this Agreement, (iii) misappropriation by Employee of any assets or business opportunities of the Company or the Company Group, (iv) embezzlement or fraud committed by Employee or at his direction, or with his personal knowledge, (v) Employee's conviction by a court of competent jurisdiction of, or pleading "guilty" or "no contest" to, (x) a felony or (y) any other criminal charge (other than minor traffic violations) that has, or could be reasonably expected to have, an adverse impact on the performance of Employee's duties to the Company or other member of the Company Group or otherwise result in material injury to the reputation or business of the Company or the Company Group, or (vi)

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Employee's breach of any material provision in this Agreement, including the Non-Interference Agreement, or material breach of any of the Company Group's written code of conduct, code of ethics or any other material written policy or of a fiduciary duty or responsibility to the Company Group.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(h) "Company" shall have the meaning set forth in the preamble hereto.

(i) "Company Group" shall mean the Parent together with any direct or indirect subsidiaries of the Parent.

(j) "Compensation Committee" shall mean the committee of the Board designated to make compensation decisions relating to senior executive officers of the Company Group. Prior to any time that such a committee has been designated, the Board shall be deemed the Compensation Committee for purposes of this Agreement.

(k) "Delay Period" shall have the meaning set forth in Section 14 hereof.

(l) "Disability" shall mean any physical or mental disability or infirmity that the Company cannot reasonably accommodate and which prevents the performance of Employee's duties for a period of (i) one hundred eighty (180) consecutive days or (ii) two hundred forty (240) non-consecutive days during any twelve (12) month period. Any question as to the existence, extent, or potentiality of Employee's Disability upon which Employee and the Company cannot agree shall be determined by a qualified, independent physician selected by the Company and approved by Employee (which approval shall not be unreasonably withheld). The determination of any such physician shall be final and conclusive for all purposes of this Agreement.

(m) "Effective Date" shall mean November 18, 2011.

(n) "Employee" shall have the meaning set forth in the preamble hereto.

(o) "Good Reason" shall mean, without Employee's consent, (i) a material diminution in Employee's title, duties, or responsibilities as set forth in Section 3 hereof, (ii) a material reduction in Base Salary or target Annual Bonus opportunity (other than pursuant to an across-the-board reduction applicable to all senior executives of the Company), (iii) the failure of the Company to pay any compensation hereunder when due, or (iv) the relocation of Employee's principal place of employment more than thirty-five (35) miles from its then current location. Notwithstanding the foregoing, during the Term, in the event that the Board reasonably believes that Employee may have engaged in conduct that could constitute Cause hereunder, the Board may, in its sole and absolute discretion, suspend Employee from performing his duties hereunder for a period of up to sixty (60) days, and in no event shall any such suspension constitute an event pursuant to which Employee may terminate employment with Good Reason; provided, that no such suspension shall alter the Company's obligations under this Agreement (including, without limitation, its obligations to provide Employee compensation and benefits) during such period of suspension.

(p) “Non-Interference Agreement” shall mean the Confidentiality, Non- interference, and Invention Assignment Agreement attached hereto as Exhibit A.

(q) “Parent” shall mean CrowdStrike Holdings, Inc., a Delaware corporation.

(r) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non- charitable), unincorporated organization, or other form of business entity.

(s) “Release of Claims” shall mean the Release of Claims in substantially the same form attached hereto as Exhibit B (as the same may be revised from time to time by the Company upon the advice of counsel).

(t) “Severance Benefits” shall have the meaning set forth in Section 9(g) hereof.

(u) “Severance Term” shall mean, if Employee is eligible to receive the payments and benefits provided in Section 9(d) hereof, the six (6) month period following any termination of Employee’s employment (other than by reason of death or Disability), or, after the Third Closing (as defined in that certain Securities Purchase Agreement between the Parent and certain investors dated as of the date hereof), the twelve (12) month period following any termination of Employee’s employment (other than by reason of death or Disability).

(v) “Term” shall mean the period specified in Section 2 hereof.

Section 2. **Acceptance and Term.**

The Company agrees to employ Employee, and Employee agrees to serve the Company, on the terms and conditions set forth herein. The Term shall commence on the Effective Date and shall continue until terminated as provided in Section 9 hereof.

Section 3. **Position, Duties, and Responsibilities; Place of Performance.**

(a) Position, Duties, and Responsibilities. During the Term, Employee shall be employed and serve as the Chief Executive Officer of the Company (together with such other position or positions consistent with Employee’s title as the Board shall specify from time to time) and shall have such duties and responsibilities typically associated with such title, together with such other duties and responsibilities commensurate with Employee’s title as assigned by the Board, any superior officer or their respective designees. Employee also agrees to serve as an officer and/or director of any other member of the Company Group, in each case without additional compensation.

(b) Performance. Employee shall devote his full business time, attention, skill, and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term, including, without limitation, any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) interferes with the proper and efficient performance of Employee’s duties for the Company, or (z) interferes with Employee’s exercise of judgment in the Company’s best interests.

Notwithstanding the foregoing, nothing herein shall preclude Employee from (i) serving, with the prior written consent of the Board, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs, managing his personal investments and affairs; and (iv) writing books and articles and giving lectures and teaching; *provided, however*, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Employee so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

Section 4.       **Compensation.**

During the Term, Employee shall be entitled to the following compensation:

(a)     Base Salary. Employee shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of not less than \$300,000, with increases, if any, as may be approved in writing by the Compensation Committee.

(b)     Annual Bonus. Employee shall be eligible to participate in the Company's annual bonus program, as and when developed by the Compensation Committee, in consultation with Employee (the "Annual Bonus"). The Annual Bonus shall be paid to Employee at the same time as annual bonuses are generally payable to other senior executives of the Company subject to Employee's continuous employment through the payment date except as otherwise provided in this Agreement.

Section 5.       **Employee Benefits.**

During the Term, Employee shall be entitled to participate in health, insurance, retirement, and other benefits provided to similarly situated senior executives of the Company. Employee shall also be entitled to the same number of holidays, vacation days, and sick days, as well as any other benefits, in each case as are generally allowed to similarly situated employees of the Company in accordance with the Company policy as in effect from time to time. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan or policy at any time without providing Employee notice, and the right to do so is expressly reserved.

Section 6.       **Key-Man Insurance.**

At any time during the Term, the Company shall have the right to insure the life of Employee for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Employee shall have no interest in any such policy, but agrees to cooperate with the Company in procuring such insurance by submitting to physical examinations, supplying all information required by the insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Employee by any such documents.

Section 7. **Indemnification; Liability Insurance.**

(a) The Company shall, to the maximum extent permitted by applicable law, indemnify Employee and hold him harmless from and against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by Employee resulting from Employee's good faith performance of Employee's duties for the Company, and for all good faith acts and decisions made by Employee in connection with the establishment of the Company prior to any actual performance of services. The Company shall, unless specifically prohibited from doing so by applicable law, pay and advance the expenses (including attorneys' fees) incurred by Employee in connection with any potentially indemnifiable matter provided, however, that such payment of expenses in advance of the final disposition of a proceeding or threatened proceeding shall be made only upon receipt of an undertaking by Employee (or Employee's heir(s), executor(s) or administrator(s) if applicable) to repay all amounts advanced if it should ultimately be determined that Employee is not entitled to be indemnified under this Section 7 or otherwise. This subparagraph specifically supersedes Article X(2)(b) and Article X(4) of the Parent Company's Certificate of Incorporation.

(b) The Company shall cover Employee under directors and officers liability insurance in the same amount and to the same extent as the Company covers its other directors and officers and shall maintain commercially reasonable levels of directors and officers liability insurance.

(c) The rights to indemnification and advancement of expenses conferred pursuant to this Section 7 shall survive the termination of Employee's employment with the Company to the extent necessary to give effect to the provisions of this Section 7. Any amendment, repeal or modification of, or adoption of any provision inconsistent with, this Section 7 (or any provision hereof) shall not adversely affect any right to indemnification or advancement of expenses granted to Employee pursuant hereto with respect to any act or omission of Employee occurring prior to the time of such amendment, repeal, modification or adoption (regardless of whether any claim, legal proceeding or threatened legal proceeding relating to such acts or omissions, or any proceeding relating to Employee's rights to indemnification or to advancement of expenses, is commenced before or after the time of such amendment, repeal, modification or adoption), and any such amendment, repeal, modification or adoption that would adversely affect Employee's rights to indemnification or advancement of expenses hereunder shall be ineffective as to Employee, except with respect to any threatened, pending or completed legal proceeding that relates to or arises from (and only to the extent such proceeding relates to or arises from) any act or omission of Employee occurring after the effective time of such amendment, repeal, modification or adoption. The rights provided hereunder shall inure to the benefit of Employee and his heirs, executors and administrators.

(d) If a claim for indemnification or advancement of expenses under this Section 7 is not paid in full within 30 days after a written claim therefor by Employee (or his heir, executor or administrator), as applicable, has been received by the Company, Employee (or his heir, executor or administrator), as applicable, may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Company shall have the burden of proving that Employee is not entitled to the requested indemnification or advancement of expenses under

applicable law. Further, notwithstanding anything to the contrary in Section 145 of the Delaware General Corporation Law (“the DGCL”), the jurisdiction provision set forth in Section 18 of this Agreement shall apply to any dispute regarding this Section 7.

Section 8. **Reimbursement of Business Expenses.**

During the Term, the Company shall pay (or promptly reimburse Employee) for documented, out-of-pocket expenses reasonably incurred by Employee in the course of performing his duties and responsibilities hereunder, which are consistent with the Company’s policies in effect from time to time with respect to business expenses, subject to the Company’s requirements with respect to reporting of such expenses.

Section 9. **Termination of Employment.**

(a) **General.** The Term shall terminate earlier than as provided in Section 2 hereof upon the earliest to occur of (i) Employee’s death, (ii) a termination by reason of a Disability, (iii) a termination by the Company with or without Cause, and (iv) a termination by Employee with or without Good Reason. Upon any termination of Employee’s employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Employee, Employee shall resign from any and all directorships, committee memberships, and any other positions Employee holds with the Company or any other member of the Company Group. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as Employee has also undergone a “separation from service” as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Employee’s termination of employment hereunder) shall be paid (or commence to be paid) to Employee on the schedule set forth in this Section 9 as if Employee had undergone such termination of employment (under the same circumstances) on the date of his ultimate “separation from service.”

(b) **Termination Due to Death or Disability.** Employee’s employment shall terminate automatically upon his death. The Company may terminate Employee’s employment immediately upon the occurrence of a Disability, such termination to be effective upon Employee’s receipt of written notice of such termination. Upon Employee’s death or in the event that Employee’s employment is terminated due to his Disability, Employee or his estate or his beneficiaries, as the case may be, shall be entitled to the Accrued Obligations. Following Employee’s death or a termination of Employee’s employment by reason of a Disability, except as set forth in this Section 9(b), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(c) **Termination by the Company with Cause.**

(i) The Company may terminate Employee’s employment at any time with Cause, effective upon Employee’s receipt of written notice of such termination; *provided, however*, that with respect to any Cause termination, to the extent that such act or acts or failure or failures to act are curable, Employee shall be given not less than

thirty (30) days' written notice by the Board of the Company's intention to terminate him with Cause, such notice to state in detail the particular act or acts or failure or failures to act that constitute the grounds on which the proposed termination with Cause is based, and such termination shall be effective at the expiration of such thirty (30) day notice period unless Employee has fully cured such act or acts or failure or failures to act that give rise to Cause during such period.

(ii) Except as provided in the following sentence, in the event that the Company terminates Employee's employment with Cause, he shall be entitled only to the Accrued Obligations (other than those described in Section 1(a)(ii)). In the event of a termination of employment by Company with Cause under this Section 9(c), the Company and Employee may mutually agree to enter into a severance agreement providing that Employee shall be entitled to the same payments and benefits as provided in Section 9(d) hereof for a termination by the Company without Cause, subject to the same conditions on payments and benefits as described in Section 9(d) hereof, and that Employee shall be bound by the limitations on Competitive Activities and Customer Interfering Activities (each as defined in the Non-Interference Agreement) set forth in the Non-Interference Agreement. Following such termination of Employee's employment with Cause, except as set forth in this Section 9(c)(ii), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Employee's employment at any time without Cause, effective upon Employee's receipt of written notice of such termination. In the event that Employee's employment is terminated by the Company without Cause (other than due to death or Disability), Employee is entitled to the Accrued Obligations. Further, if Employee agrees to be bound by the limitations on Competitive Activities and Customer Interfering Activities set forth in the Non-Interference Agreement, Employee shall be entitled to:

(i) Continued payment of Base Salary during the Severance Term, payable in accordance with the Company's regular payroll practices; and

(ii) Subject to Employee's election of COBRA continuation coverage under the Company's group health plan, on the first regularly scheduled payroll date of each month of the Severance Term, the Company will pay Employee an additional monthly amount equal to (on an after-tax basis) the "applicable percentage" of the monthly COBRA premium cost for the level of coverage that Employee had as of the date of termination; *provided*, that the payments pursuant to this clause (iv) shall cease earlier than the expiration of the Severance Term in the event that Employee obtains other employment during the Severance Term that offers group health benefits. Employee will notify the Company of Employee's eligibility for health benefits during the Severance Term within thirty (30) days of such eligibility. For purposes hereof, the "applicable percentage" shall be the percentage of Employee's health care premium costs covered by the Company as of the date of termination.

In the event that the Company terminates Employee's employment without Cause and Employee does not agree to be bound by the limitations on Competitive Activities and Customer Interfering

Activities set forth in the Non- Interference Agreement, he shall be entitled only to the Accrued Obligations. Notwithstanding the foregoing, the payments and benefits described in clauses (i) and (ii) above shall immediately terminate, and the Company shall have no further obligations to Employee with respect thereto, in the event that Employee breaches any provision of the Non- Interference Agreement. Following such termination of Employee's employment by the Company without Cause, except as set forth in this Section 9(d), Employee shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Employee's sole and exclusive remedy upon a termination of employment by the Company without Cause shall be receipt of the Severance Benefits.

(e) Termination by Employee with Good Reason. Employee may terminate his employment with Good Reason by providing the Company thirty (30) days' advanced written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Employee's termination will be effective upon the expiration of such cure period, and Employee shall be entitled to the same payments and benefits as provided in Section 9(d) hereof for a termination by the Company without Cause, subject to the same conditions on payments and benefits as described in Section 9(d) hereof. If the Company timely cures the Good Reason event, Employee must either withdraw the notice of termination or convert it into a notice of termination without Good Reason, which would be effective at the end of the thirty (30) day notice period. Following such termination of Employee's employment by Employee with Good Reason, except as set forth in this Section 9(e), Employee shall have no further rights to any compensation or any other benefits under this Agreement. For the avoidance of doubt, Employee's sole and exclusive remedy upon a termination of employment with Good Reason shall be receipt of the Severance Benefits.

(f) Termination by Employee without Good Reason. Employee may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by Employee under this Section 9(f), Employee shall be entitled only to the Accrued Obligations (other than those described in Section 1(a)(ii) unless payment of such amounts is approved by a majority of the Board). In the event of a termination of employment by Employee under this Section 9(f), the Company and Employee may mutually agree to enter into a severance agreement providing that Employee shall be entitled to the same payments and benefits as provided in Section 9(d) hereof for a termination by the Company without Cause, subject to the same conditions on payments and benefits as described in Section 9(d) hereof, and that Employee shall be bound by the limitations on Competitive Activities and Customer Interfering Activities set forth in the Non-Interference Agreement. Following such termination of Employee's employment by Employee without Good Reason, except as set forth in this Section 9(f), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Release. Notwithstanding any provision herein to the contrary, the payment of any amount or provision of any benefit pursuant to subsections (b) through (f) of this Section 9 (other than the Accrued Obligations) (collectively, the "Severance Benefits") shall be conditioned upon Employee's execution, delivery to the Company, and non-revocation of the

Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of Employee's termination of employment hereunder. If Employee fails to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes his acceptance of such release following its execution, Employee shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60<sup>th</sup>) day following the date of Employee's termination of employment hereunder, but for the condition on executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60<sup>th</sup>) day, after which any remaining Severance Benefits shall thereafter be provided to Employee according to the applicable schedule set forth herein. For the avoidance of doubt, in the event of a termination due to Employee's death or Disability, Employee's obligations herein to execute and not revoke the Release of Claims may be satisfied on his behalf by his estate or a person having legal power of attorney over his affairs.

**Section 10. Non-Interference Agreement.**

As a condition of, and prior to commencement of, Employee's employment with the Company, Employee shall have executed and delivered to the Company the Non- Interference Agreement. The parties hereto acknowledge and agree that this Agreement and the Non-Interference Agreement shall be considered separate contracts, and the Non-Interference Agreement will survive the termination of this Agreement for any reason.

**Section 11. Representations and Warranties of Employee.**

Employee represents and warrants to the Company that—

(a) Employee is entering into this Agreement voluntarily and that his employment hereunder and compliance with the terms and conditions hereof will not, to the best of Employee's knowledge, conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound;

(b) To the best of Employee's knowledge, Employee has not violated, and in connection with his employment with the Company will not willfully violate, any non- solicitation, non-competition, or other similar covenant or agreement of a prior employer by which he is or may be bound; and

(c) in connection with his employment with the Company, Employee will not use any confidential or proprietary information he may have obtained in connection with employment with any prior employer.

**Section 12. Taxes.**

The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law. Employee acknowledges and represents that the Company has not

provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Code to such payments.

**Section 13. Set Off; Mitigation.**

The Company's obligation to pay Employee the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim, or recoupment of amounts owed by Employee to the Company or its affiliates in the manner provided for under California law; *provided, however*, that to the extent any amount so subject to set-off, counterclaim, or recoupment is payable in installments hereunder, such set-off, counterclaim, or recoupment shall not modify the applicable payment date of any installment, and to the extent an obligation cannot be satisfied by reduction of a single installment payment, any portion not satisfied shall remain an outstanding obligation of Employee and shall be applied to the next installment only at such time the installment is otherwise payable pursuant to the specified payment schedule. Employee shall not be required to mitigate the amount of any payment provided pursuant to this Agreement by seeking other employment or otherwise, and except as provided in Section 9(d)(iii) hereof, the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Employee's other employment or otherwise.

**Section 14. Additional Section 409A Provisions.**

Notwithstanding any provision in this Agreement to the contrary—

(a) Any payment otherwise required to be made hereunder to Employee at any date as a result of the termination of Employee's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Employee shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(b) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(c) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Employee, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed

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under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(d) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall the Parent or any of its affiliates (including, without limitation, the Company) be liable for any additional tax, interest, or penalties that may be imposed on Employee as a result of Section 409A of the Code or any damages for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code).

**Section 15. Successors and Assigns; No Third-Party Beneficiaries.**

(a) The Company. This Agreement shall inure to the benefit of the Company and its respective successors and assigns. Neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to a Person (other than another member of the Company Group, or its or their respective successors) without Employee's prior written consent (which shall not be unreasonably withheld, delayed, or conditioned); *provided, however*, that in the event of a sale of all or substantially all of the assets of the Company or any direct or indirect division or subsidiary thereof to which Employee's employment primarily relates, the Company may provide that this Agreement will be assigned to, and assumed by, the acquiror of such assets, it being agreed that in such circumstances, Employee's consent will not be required in connection therewith.

(b) Employee. Employee's rights and obligations under this Agreement shall not be transferable by Employee by assignment or otherwise, without the prior written consent of the Company; *provided, however*, that if Employee shall die, all amounts then payable to Employee hereunder shall be paid in accordance with the terms of this Agreement to Employee's devisee, legatee, or other designee, or if there be no such designee, to Employee's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 9(b) or Section 15(b) hereof, nothing expressed or referred to in this Agreement will be construed to give any Person other than the Company, the other members of the Company Group, and Employee any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

**Section 16. Waiver and Amendments.**

Any waiver, alteration, amendment, or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; *provided, however*, that any such waiver, alteration, amendment, or modification must be consented to on the Company's behalf by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

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Section 17. **Severability.**

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction, (a) the remaining terms and provisions hereof shall be unimpaired, and (b) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 18. **Governing Law and Jurisdiction.**

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS AGREEMENT IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN ORANGE COUNTY, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS AGREEMENT, THE PARTIES HERETO, AND THEIR RESPECTIVE AFFILIATES, CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT ALSO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

Section 19. **Notices.**

(a) Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; *provided*, that unless and until some other address be so designated, all notices and communications by Employee to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to Employee may be given to Employee personally or may be mailed to Employee at Employee's last known address, as reflected in the Company's records.

(b) Date of Delivery. Any notice so addressed shall be deemed to be given or received (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

Section 20. **Section Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof or affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 21. **Entire Agreement.**

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the employment of Employee. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings, and agreements between the parties relating to the subject matter of this Agreement.

Section 22. **Survival of Operative Sections.**

Upon any termination of Employee's employment, the provisions of Sections 9 through 23 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 23. **Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

\* \* \*

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CROWDSTRIKE, INC.

/s/ George Kurtz

By: George Kurtz

Title: President & Chief Executive Officer

EMPLOYEE

/s/ George Kurtz

George Kurtz



15440 Laguna Canyon Rd, Suite 750, Irvine, CA 92618 • Phone: 1-888-512-8906 • CrowdStrike.com

October 3, 2015

Dear Colin:

I am pleased to offer you a position with CrowdStrike, Inc. (the “**Company**”), as its Chief Information Officer (CIO) reporting to the Chief Executive Officer (CEO). If you decide to join us, you will receive an annual salary of \$325,000 which will be paid in accordance with the Company’s normal payroll procedures.

Additionally, during your employment you are eligible to receive total annual bonus consideration of up to \$75,000 (the “**Target Bonus**”) based on the achievement of performance objectives. The Target Bonus will be paid out quarterly following the end of each fiscal quarter of the Company in amounts up to \$18,750 based on achievement of quarterly performance measures. Any Target Bonus payment will be made in a lump sum no later than 60 days following the end of the applicable performance period.

If you join the Company, at the first Board of Directors meeting for Parent Corporation, CrowdStrike Holdings, Inc. (“**Parent**”) following your start date, it will be recommended that you be granted an option to purchase 200,000 shares of the Parent’s common stock at a price per share equal to the fair market value per share of the common stock on the date of grant, as determined by the Parent’s Board of Directors. Twenty-five percent of the shares subject to the option shall vest 12 months after the date your vesting begins, subject to your continued employment with the Company, and no shares shall vest before such date. The remaining shares shall vest monthly over the next 36 months in equal monthly amounts subject to your continued employment with the Company.

The above option grant shall be subject to the terms and conditions of the Parent’s 2011 Stock Incentive Plan and Stock Option Agreement, including vesting requirements. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

In addition, the Company will pay you \$25,000 (“**Sign-on Bonus**”) payable within thirty (30) days following the start of employment with the company. Notwithstanding the foregoing, if, on or prior to the twelve (12) month anniversary of your first day of employment, you

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voluntarily terminate your employment with the Company for any reason, within thirty (30) days of your termination of employment you must repay the company 100% of the Sign-on Bonus.

In the event that we terminate your employment without Cause or you terminate your employment with Good Reason within 12 months after a change of control, (i) 100% of your unvested options shall vest and remain subject to the terms of the Plan, and (ii) we will provide three months base salary as severance.

The payment of any amount or provision of any benefit pursuant to the above paragraph (collectively, the “**Severance Benefits**”) shall be conditioned upon your execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of your termination of employment hereunder. If you fail to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes his acceptance of such release following its execution, you shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes “nonqualified deferred compensation” for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60<sup>th</sup>) day following the date of Employee’s termination of employment hereunder, but for the condition on executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60<sup>th</sup>) day, after which any remaining Severance Benefits shall thereafter be provided to Employee according to the applicable schedule set forth herein.

As an employee, you will also be eligible to receive certain employee benefits, in accordance with the terms of such benefit plans. The Company, in its sole discretion, has the right to amend or terminate any benefit plan, or your participation therein.

The Company looks forward to a beneficial and productive relationship. You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice.

The Company reserves the right to conduct periodic background investigations and/or reference checks on all of its potential and current employees. This job offer is contingent upon a clearance of such a background investigation and/or reference check and upon your electronic authorization to obtain a consumer report and/or investigative consumer report. We advise that you wait until you receive notice from CrowdStrike that you have successfully cleared a background investigation and/or reference check prior to notifying your current employer of your resignation. Refer to the [Certification & Release, Notice & Disclosure, and Release Authorization](#) forms for important disclosures and authorization. These forms are provided to you electronically when you complete your online employment application.

Federal law requires all companies to verify U.S. work authorization upon date of hire. Therefore, you will be required to provide to the Company documents verifying identity and work authorization (i.e. passport or driver's license, and your social security card or birth certificate). Failure to present appropriate documentation may result in your termination.

We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third party confidential information to the Company. Similarly, you agree not to bring any third party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information.

As an employee, you will be expected to abide by the Company's rules and standards. Specifically, you will be required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct as set forth in the Company Handbook or other documentation that is made available to you, and which may be revised from time to time.

As a condition of your employment, you are also required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement which requires, among other provisions, your assignment of patent rights to any invention made during your employment at the Company, and your non-disclosure of Company confidential information.

In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (i) any and all disputes between you and the Company shall be fully and finally resolved by binding arbitration, (ii) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (iii) all disputes shall be resolved by a neutral arbitrator who shall issue a written opinion, (iv) the arbitration shall provide for adequate discovery, and (v) the Company shall pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. Please note that we must receive your signed Agreement before your first day of employment.

To accept the Company's offer, please sign and date this letter in the space provided below. If you accept our offer, and contingent upon the successful, favorable completion of your background investigation and reference check, your first day of employment will be within 11 business days from successful clearance of a background investigation and/or reference check unless otherwise agreed upon by both parties. You will be notified when results of your

background have been received and at that time you will be informed of your start date. This offer letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company and supersede any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This offer letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the CEO of the Company, acting with the authority of the Board of Directors, and you. This offer of employment will terminate if it is not accepted, signed and returned by October 5, 2015.

We look forward to your favorable reply and to working with you at CrowdStrike, Inc.

Sincerely,

/s/ George Kurtz  
George Kurtz  
CEO

AGREED TO AND ACCEPTED:

Signature: /s/ Colin Black

Printed Name: Colin Black

Date: 10-5-2015



15440 Laguna Canyon Rd, Suite 250, Irvine, CA 92618 • Phone: 1.888.512.8906 • CrowdStrike.com

August 10, 2015

Dear Burt:

I am pleased to offer you a position with CrowdStrike, Inc. (the “**Company**”), as its Chief Finance Officer (CFO) reporting to the Chief Executive Officer (CEO). If you decide to join us, you will receive an annual salary of \$300,000 which will be paid in accordance with the Company’s normal payroll procedures.

Additionally, during your employment you are eligible to receive total annual bonus consideration of up to \$100,000 (the “**Target Bonus**”) based on the achievement of performance objectives. The Target Bonus will be paid out quarterly following the end of each fiscal quarter of the Company in amounts up to \$25,000 based on achievement of quarterly performance measures. Any Target Bonus payment will be made in a lump sum no later than 60 days following the end of the applicable performance period.

If you join the Company, at the first Board of Directors meeting for Parent Corporation, CrowdStrike Holdings, Inc. (“**Parent**”) following your start date, it will be recommended that you be granted (i) an option (the “**First Option**”) to purchase 650,000 shares of the Parent’s common stock, and (ii) an option (the “**Second Option**”) to purchase 100,000 shares of the Parent’s common stock, both at a price per share equal to the fair market value per share of the common stock on the date of grant, as determined by the Parent’s Board of Directors. Twenty-five percent of the shares subject to the First Option shall vest 12 months after the date your vesting begins, subject to your continued employment with the Company, and no shares shall vest before such date. The remaining shares shall vest monthly over the next 36 months in equal monthly amounts subject to your continued employment with the Company, so that you will be fully vested after 48 months. 1/48 of the shares subject to the Second Option shall vest 13 months after the date your vesting begins, subject to your continued employment with the Company, and no shares shall vest before such date. The remaining shares shall vest monthly over the next 36 months in equal monthly amounts subject to your continued employment with the Company, so that you will be fully vested after 60 months. You may early exercise the First Option and the Second Option with a full recourse promissory note at a market rate of interest on terms substantially similar to terms offered to other executives.

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The above option grant shall be subject to the terms and conditions of the Parent's 2011 Stock Incentive Plan and Stock Option Agreement, including vesting requirements. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or employment.

In the event that we terminate your employment without Cause or you terminate your employment with Good Reason within 12 months after a change of control, (i) 100% of your unvested options shall vest and remain subject to the terms of the Plan, and (ii) we will provide three months base salary as severance. As a special consideration to you, if we decide to terminate your employment without Cause or you terminate your employment with Good Reason after you have been employed for six months and other than a situation described in the previous sentence, we will provide three months base salary as severance.

The payment of any amount or provision of any benefit pursuant to the above paragraph (collectively, the "**Severance Benefits**") shall be conditioned upon your execution, delivery to the Company, and non-revocation of the Release of Claims (and the expiration of any revocation period contained in such Release of Claims) within sixty (60) days following the date of your termination of employment hereunder. If you fail to execute the Release of Claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes his acceptance of such release following its execution, you shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60<sup>th</sup>) day following the date of Employee's termination of employment hereunder, but for the condition on executing the Release of Claims as set forth herein, shall not be made until the first regularly scheduled payroll date following such sixtieth (60<sup>th</sup>) day, after which any remaining Severance Benefits shall thereafter be provided to Employee according to the applicable schedule set forth herein.

As an employee, you will also be eligible to receive certain employee benefits, in accordance with the terms of such benefit plans. The Company, in its sole discretion, has the right to amend or terminate any benefit plan, or your participation therein.

The Company looks forward to a beneficial and productive relationship. You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice.

The Company reserves the right to conduct periodic background investigations and/or reference checks on all of its potential and current employees. This job offer is contingent upon a clearance of such a background investigation and/or reference check and upon your electronic authorization to obtain a consumer report and/or investigative consumer report. We advise that you wait until you receive notice from CrowdStrike that you have successfully cleared a background investigation and/or reference check prior to notifying your current employer of your resignation. Refer to the Certification & Release, Notice & Disclosure, and Release

Authorization forms for important disclosures and authorization. These forms are provided to you electronically when you complete your online employment application.

Federal law requires all companies to verify U.S. work authorization upon date of hire. Therefore, you will be required to provide to the Company documents verifying identity and work authorization (i.e. passport or driver's license, and your social security card or birth certificate). Failure to present appropriate documentation may result in your termination.

We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. Similarly, you agree not to bring any third party confidential information to the Company. Similarly, you agree not to bring any third party confidential information to the Company, including that of your former employer, and that in performing your duties for the Company you will not in any way utilize any such information.

As an employee, you will be expected to abide by the Company's rules and standards. Specifically, you will be required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct as set forth in the Company Handbook or other documentation that is made available to you, and which may be revised from time to time.

As a condition of your employment, you are also required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement which requires, among other provisions, your assignment of patent rights to any invention made during your employment at the Company, and your non-disclosure of Company confidential information.

In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (i) any and all disputes between you and the Company shall be fully and finally resolved by binding arbitration, (ii) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (iii) all disputes shall be resolved by a neutral arbitrator who shall issue a written opinion, (iv) the arbitration shall provide for adequate discovery, and (v) the Company shall pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. Please note that we must receive your signed Agreement before your first day of employment.

To accept the Company's offer, please sign and date this letter in the space provided below. If you accept our offer, and contingent upon the successful, favorable completion of your background investigation and reference check, your first day of employment will be within 11 business days from successful clearance of a background investigation and/or reference check

unless otherwise agreed upon by both parties. You will be notified when results of your background have been received and at that time you will be informed of your start date. This offer letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company and supersede any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This offer letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the CEO of the Company, acting with the authority of the Board of Directors, and you. This offer of employment will terminate if it is not accepted, signed and returned by August 14, 2015.

We look forward to your favorable reply and to working with you at CrowdStrike, Inc.

Sincerely,

/s/ George Kurtz  
George Kurtz  
Chief Executive Officer (CEO)

AGREED TO AND ACCEPTED:

Signature: /s/ Burt Podbere

Printed Name: Burt Podbere

Date: August 13, 2015

## Exhibit A

### DEFINITIONS

(a) “Cause” shall mean (i) acts of misconduct on the part of Employee in the course of his employment, (ii) failure or refusal by Employee to perform in any material respect his duties or responsibilities under this Agreement, (iii) misappropriation by Employee of any assets or business opportunities of the Company or the Company Group, (iv) embezzlement or fraud committed by Employee or at his direction, or with his personal knowledge, (v) Employee’s conviction by a court of competent jurisdiction of, or pleading “guilty” or “no contest” to a felony or any other criminal charge (other than minor traffic violations) that has, or could be reasonably expected to have, an adverse impact on the performance of Employee’s duties to the Company or other member of the Company Group or otherwise result in injury to the reputation or business of the Company or the Company Group, or (vi) Employee’s breach of any material provision in this letter, or material breach of any of the Company Group’s written code of conduct, code of ethics or any other material written policy or of a fiduciary duty or responsibility to the Company Group.

(b) “Change in Control” means (i) a change in ownership or control of the Company effected through a transaction or series of transactions (other than an offering of shares to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any Person or Group directly or indirectly acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) of securities of the Company, possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition and pursuant to which the Investors (as defined in the Plan) and stockholder immediately prior to the transaction cease to control the Board; or (ii) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any Person or Group. For purposes hereof, a “Person or Group” shall mean any “person” (as defined in Section 3(a)(9) of the Exchange Act) or any two or more persons deemed to be one “person” (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), in each case, other than the Investors (as defined in the Plan), the Company or any of its affiliates, or an employee benefit plan maintained by the Company or any of its affiliates.

(c) “Company Group” shall mean the Parent together with any direct or indirect subsidiaries of the Parent.

(d) “Good Reason” shall mean, without Employee’s consent, (i) a material diminution in Employee’s title, duties, or responsibilities as set forth in this Offer Letter; provided, however, that continued employment following a Change in Control with substantially the same responsibility with respect to the Company’s business and operations will not constitute “Good Reason” (for example, “Good Reason” does not exist if Employee is employed by the Company with substantially the same responsibilities with respect to the Company’s business that he or she had immediately prior to the Change in Control regardless of whether his or her title is revised to reflect his or her placement within the overall corporate hierarchy or whether he or she provides services to a subsidiary, affiliate, business unit or otherwise), (ii) a material reduction in Base Salary or Target Bonus opportunity (other than pursuant to an across-the-board

reduction applicable to all senior executives of the Company), (iii) the failure of the Company to pay any compensation hereunder when due, or (iv) the relocation of Employee's principal place of employment more than thirty-five (35) miles from his then-current location. Notwithstanding the foregoing, during the Term, in the event that the Board reasonably believes that Employee may have engaged in conduct that could constitute Cause hereunder, the Board may, in its sole and absolute discretion, suspend Employee from performing his duties hereunder for a period of up to sixty (60) days, and in no event shall any such suspension constitute an event pursuant to which Employee may terminate employment with Good Reason; provided, that no such suspension shall alter the Company's obligations under this Offer Letter (including, without limitation, its obligations to provide Employee compensation and benefits) during such period of suspension. Employee may terminate his employment with Good Reason by providing the Company thirty (30) days' advanced written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within thirty (30) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, Employee's termination will be effective upon the expiration of such cure period. If the Company timely cures the Good Reason event, Employee must either withdraw the notice of termination or convert it into a notice of termination without Good Reason, which would be effective at the end of the thirty (30) day notice period. Following such termination of Employee's employment by Employee without Good Reason, Employee shall have no further rights to any compensation or any other benefits under this Offer Letter. For the avoidance of doubt, Employee's sole and exclusive remedy upon a termination of employment with Good Reason shall be receipt of the applicable Separation Benefits.

“Parent” shall mean CrowdStrike Holdings, Inc., a Delaware corporation.

**Exhibit B**

**RELEASE OF CLAIMS**

As used in this Release of Claims (this "Release"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise.

For and in consideration of the Severance Benefits (as defined in my offer letter, dated August, 2015, with CrowdStrike, Inc. (my "Offer Letter")), and other good and valuable consideration, I, Burt Podbere, for and on behalf of myself and my heirs, administrators, executors, and assigns, effective as of the date on which this release becomes effective pursuant to its terms, do fully and forever release, remise, and discharge each of the Company, the Parent, and each of their respective direct and indirect subsidiaries and affiliates, and their respective successors and assigns, together with their respective officers, directors, partners, shareholders, employees, and agents (collectively, the "Group"), from any and all claims whatsoever up to the date hereof that I had, may have had, or now have against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to my employment or the termination of my employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. The release contained herein is intended to be a general release of any and all claims to the fullest extent permissible by law.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

By executing this Release, I specifically release all claims relating to my employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any provision of this Release to the contrary, by executing this Release, I am not releasing any claims that cannot be waived by law.

I hereby expressly and knowingly waive application of Section 1542 of the California Civil Code and all comparable, equivalent or similar provisions of state or federal law. I further certify that I have read and understand the provisions of Section 1542 of the California Civil Code, which reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

To the maximum extent permitted by law, I also promise never directly or indirectly to bring or participate in an action against any member of the Group under California Business & Professions Code Section 17200 or under any other unfair competition law of any jurisdiction with respect to my employment with the Company or the termination thereof.

I expressly acknowledge and agree that I —

- Am able to read the language, and understand the meaning and effect, of this Release;
- Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release or its terms, and that I am not acting under the influence of any medication, drug, or chemical of any type in entering into this Release;
- Am specifically agreeing to the terms of the release contained in this Release because the Company has agreed to pay me the Severance Benefits in consideration for my agreement to accept it in full settlement of all possible claims I might have or ever have had, and because of my execution of this Release;
- Acknowledge that, but for my execution of this Release, I would not be entitled to the Severance Benefits;
- Understand that, by entering into this Release, I do not waive rights or claims under ADEA that may arise after the date I execute this Release;
- Had or could have had [twenty-one (21)][forty-five (45)]<sup>1</sup> days from the date of my termination of employment (the “Release Expiration Date”) in which to review and consider this Release, and that if I execute this Release prior to the Release Expiration Date, I have voluntarily and knowingly waived the remainder of the review period;
- Have not relied upon any representation or statement not set forth in this Release or my Offer Letter made by the Company or any of its representatives;
- Was advised to consult with my attorney regarding the terms and effect of this Release; and
- Have signed this Release knowingly and voluntarily.

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<sup>1</sup> To be selected based on whether applicable termination was “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967).

I represent and warrant that I have not previously filed, and to the maximum extent permitted by law agree that I will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, I have filed or file such a complaint, charge, or lawsuit, I agree that I shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom I have filed such a complaint, charge, or lawsuit. This paragraph shall not apply, however, to a claim of age discrimination under ADEA or to any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (the "EEOC"); *provided, however*, that if the EEOC were to pursue any claims relating to my employment with Company, I agree that I shall not be entitled to recover any monetary damages or any other remedies or benefits as a result and that this Release and my Offer Letter will control as the exclusive remedy and full settlement of all such claims by me.

I hereby agree to waive any and all claims to re-employment with the Company or any other member of the Company Group and affirmatively agree not to seek further employment with the Company or any other member of the Company Group.

Notwithstanding anything contained herein to the contrary, this Release will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days following the date of its execution by me (the "Revocation Period"), during which time I may revoke my acceptance of this Release by notifying the Company and the Board of Directors of the Company, in writing, delivered to the Company at its principal executive office, marked for the attention of its Board of Directors. To be effective, such revocation must be received by the Company no later than 11:59 p.m. on the seventh (7<sup>th</sup>) calendar day following the execution of this Release. Provided that the Release is executed and I do not revoke it during the Revocation Period, the eighth (8<sup>th</sup>) day following the date on which this Release is executed shall be its effective date. I acknowledge and agree that if I revoke this Release during the Revocation Period, this Release will be null and void and of no effect, and neither the Company nor any other member of the Company Group will have any obligations to pay me the Severance Benefits.

The provisions of this Release shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THE VALIDITY, INTERPRETATION, CONSTRUCTION, AND PERFORMANCE OF THIS RELEASE IS GOVERNED BY AND IS TO BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO CONFLICT OF LAWS RULES. ANY DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THIS RELEASE OR CLAIM OF BREACH HEREOF SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, TO THE EXTENT FEDERAL JURISDICTION EXISTS, AND IN ANY COURT SITTING IN ORANGE COUNTY, BUT ONLY IN THE EVENT FEDERAL JURISDICTION DOES NOT EXIST, AND ANY

APPLICABLE APPELLATE COURTS. BY EXECUTION OF THIS RELEASE, I CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, AND WAIVE ANY RIGHT TO CHALLENGE JURISDICTION OR VENUE IN SUCH COURT WITH REGARD TO ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE. FURTHER, I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.

Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in my Offer Letter.

/s/ Burt Podbere

Burt Podbere

Date: August 13, 2015



150 Mathilda Place, Sunnyvale, CA 94068 • Phone: 1.888.512.8906 • CrowdStrike.com

Dear Ms. Austin:

I am pleased to offer you a position with CrowdStrike Holdings, Inc. (the “**Company**”), as a member of our Board of Directors. If you decide to join us, at the first Board of Directors meeting for the Company following your commencement as a member of the Board (the “**Start Date**”), it will be recommended that you be granted the following equity awards:

- an option to purchase 277,500 shares of the Company’s common stock at a price per share equal to the fair market value per share of the common stock on the date of grant, as determined by the Company’s Board of Directors (the “**Option**”). The shares subject to the Option shall vest monthly over 48 months in equal monthly amounts subject to you continuing to be a member of the Board through each applicable vesting date; and
- an award of 92,500 Company restricted stock units (“**RSUs**”) (such award, the “**RSU Award**” and together with the Option, each an “**Equity Award**” and collectively, the “**Equity Awards**”). The RSU Award will not vest unless you continue to be a member of the Board through a Liquidity Event, at which time the RSU Award will become eligible to vest (the “**Vesting Eligible Event**”). Upon the first Vesting Date to occur following the Vesting Eligible Event, a number of RSUs will vest as if the RSU Award had been scheduled to vest as to 25% of the RSUs on the first anniversary following your Start Date and as to 1/16<sup>th</sup> of the RSUs each 3-month period thereafter (the “**Vesting Schedule**”). To the extent that some or all of the RSU Award does not vest on the first Vesting Date to occur following the Vesting Eligible Event, then the RSU Award will become scheduled to vest on first Vesting Date to occur following a scheduled vesting date pursuant to the Vesting Schedule, subject to you continuing to be a member of the Board through each applicable vesting date. For these purposes, a “**Vesting Date**,” means March 20, June 20, September 20, and December 20, and “**Liquidity Event**” means the earlier of: (i) immediately prior to a Change in Control (as defined in the Company’s 2011 Stock Incentive Plan (the “**Plan**”)), subject to the consummation of such Change in Control in which the consideration paid to holders of shares of common stock is either solely cash, solely securities that are publicly traded on an established stock exchange or a national market system, or a combination thereof, or (ii) the first Vesting Date to occur following the expiration of the lock-up period in connection with the initial offering of shares of common stock to the public.

Notwithstanding the foregoing vesting schedule, in the event of a Change in Control that occurs after the one-year anniversary of your Start Date and while you are a member of the Board, the Equity Awards will become fully vested (and in the case of the Option, fully exercisable).

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The above Equity Awards will each be subject to the terms and conditions of the Plan and a Stock Option Agreement or Restricted Stock Unit Award Agreement (as applicable), including vesting requirements.

We will reimburse you for reasonable expenses in connection with your services as a director, including travel to board meetings, consistent with the Company's policies.

To accept the Company's offer, please sign and date this letter in the space provided below. A duplicate original is enclosed for your records. This letter sets forth the terms of your membership on the Board of the Company and supersedes any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement signed by the Chief Executive Officer of the Company and you.

We look forward to your favorable reply and to working with you.

Sincerely,

/s/ George Kurtz  
George Kurtz  
Chief Executive Officer

Agreed to and accepted:

Signature: /s/ Roxanne Austin  
Printed Name: Roxanne Austin  
Date: 9/10/2018



150 Mathilda Place, Sunnyvale, CA 94068 • Phone: 1.888.512.8906 • CrowdStrike.com

Dear Mr. Sullivan:

I am pleased to offer you a position with CrowdStrike Holdings, Inc. (the “Company”), as a member of our Board of Directors. If you decide to join us, you will be eligible to receive an option to purchase 370,000 shares of Company common stock with an exercise price equal to fair market value at the time of grant which will vest monthly over 48 months and such vesting shall fully accelerate upon a sale of the Company, all as set forth in the Company’s standard form of option agreement. You will be allowed to early exercise this option subject to a customary Company right of repurchase of unvested shares upon your termination of service as a member of the Board of Directors. We will reimburse you for reasonable expenses in connection with your services as a director, including travel to board meetings, consistent with the Company’s policies.

To accept the Company’s offer, please sign and date this letter in the space provided below. A duplicate original is enclosed for your records. This letter sets forth the terms of your membership on the Board of the Company and supersedes any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement signed by the Chief Executive Officer of the Company and you.

We look forward to your favorable reply and to working with you.

Sincerely,

/s/ George Kurtz  
George Kurtz  
Chief Executive Officer

Agreed to and accepted:

Signature: /s/ Godfrey Sullivan  
Printed Name: Godfrey Sullivan  
Date: \_\_\_\_\_



March 12, 2018

George Kurtz

Chief Executive Officer

CrowdStrike Holdings, Inc.

Dear George:

On behalf of the Board of Directors of CrowdStrike Holdings, Inc. (“Holdings”) and CrowdStrike, Inc. (the “Company”), we are pleased to outline the terms of your bonus opportunity for the fiscal year ending January 31, 2019.

The Board will also review a new compensation package for you for FY 2018/19 over the next few months. Meanwhile we determined the following factors for the bonus payment:

1. 70% of the bonus opportunity is based on the following financial target (AOP for 2018/19): As of January 31, 2019, annual recurring revenue (“ARR”) exceeds \$293,000,000 for CrowdStrike Falcon Platform products and services. For the avoidance of doubt, ARR does not include revenues for services performed by CrowdStrike Services, Inc., such as incident response and proactive response services. The board may adjust these targets at its discretion.
2. 30% of the bonus amount shall be based on the meeting certain objectives:
  - 10% - Successful completion of Series E round
  - 10% - GM of 70% on Platform Revenue exit rate for FY 18/19 based on AOP
  - 10% - On Net cash burn including capex but excluding acquisitions and financing activities cannot exceed \$121,300,000 based on FY18/19 AOP

CROWDSTRIKE HOLDINGS, INC.

/s/ Gerhard Watzinger

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Gerhard Watzinger  
Chairman of the Board

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**SENIOR SECURED CREDIT FACILITIES**

**CREDIT AGREEMENT**

dated as of April 19, 2019,

among

**CROWDSTRIKE HOLDINGS, INC.,**

as a Guarantor,

**CROWDSTRIKE, INC.**

and

**CROWDSTRIKE SERVICES, INC.,**

individually and collectively, jointly and severally,  
as the Borrower,

**THE SEVERAL LENDERS FROM TIME TO TIME PARTY HERETO,**

**SILICON VALLEY BANK,**

as Administrative Agent, Issuing Lender and Swingline Lender,

and

**SILICON VALLEY BANK,**

as Lead Arranger

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**CREDIT AGREEMENT**

**THIS CREDIT AGREEMENT** (this "**Agreement**"), dated as of April 19, 2019, is entered into by and among **CROWDSTRIKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**" and together with CrowdStrike, individually or collectively as the context requires, jointly and severally, the "**Borrower**"), the several banks and other financial institutions or entities from time to time party to this Agreement (each a "**Lender**" and, collectively, the "**Lenders**"), **SILICON VALLEY BANK ("SVB")**, as the Issuing Lender and the Swingline Lender, and **SVB**, as administrative agent and collateral agent for the Lenders (in such capacities together with any successors and assigns in such capacities, the "**Administrative Agent**").

**RECITALS:**

**WHEREAS**, the Borrower desires to obtain financing to refinance the Existing Credit Facility, as well as for working capital financing and letter of credit facilities;

**WHEREAS**, the Lenders have agreed to extend a revolving credit facility to the Borrower, upon the terms and conditions specified in this Agreement, in an aggregate principal amount not to exceed \$150,000,000, including a letter of credit sub-facility in the aggregate availability amount of \$10,000,000 (as a sublimit of the revolving loan facility), and a swingline sub-facility in the aggregate availability amount of \$10,000,000 (as a sublimit of the revolving loan facility);

**WHEREAS**, the Borrower has agreed to secure all of its Obligations by granting to the Administrative Agent, for the benefit of the Secured Parties, a first priority lien (subject to Liens permitted by the Loan Documents) on substantially all of its assets; and

**WHEREAS**, each of the Guarantors has agreed to guarantee the Obligations of the Borrower and to secure its respective Obligations in respect of such guarantee by granting to the Administrative Agent, for the benefit of the Secured Parties, a first priority lien (subject to Liens permitted by the Loan Documents) on substantially all of its assets.

**NOW, THEREFORE**, the parties hereto hereby agree as follows:

**SECTION 1**  
**DEFINITIONS**

**1.1 Defined Terms.** As used in this Agreement (including the recitals hereof), the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

**"ABR"**: for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect for such day plus 0.50%, and (c) the Eurodollar Rate plus 1.00%. Any change in the ABR due to a change in any of the Prime Rate, the Federal Funds Effective Rate or the Eurodollar Rate, as the case may be, shall be effective as of the opening of business on the effective day of the change in such rates.

**"ABR Loans"**: Loans, the rate of interest applicable to which is based upon the ABR.

**“Account Debtor”**: any Person who may become obligated to any Person under, with respect to, or on account of, an Account, chattel paper or general intangibles (including a payment intangible). Unless otherwise stated, the term “Account Debtor,” when used herein, shall mean an Account Debtor in respect

of an Account of the Borrower.

**“Accounts”**: all “accounts” (as defined in the UCC) of a Person, including, without limitation, accounts, accounts receivable, monies due or to become due and obligations in any form (whether arising in connection with contracts, contract rights, instruments, general intangibles, or chattel paper), in each case whether arising out of goods sold or services rendered or from any other transaction and whether or not earned by performance, now or hereafter in existence, and all documents of title or other documents representing any of the foregoing, and all collateral security and guaranties of any kind, now or hereafter in existence, given by any Person with respect to any of the foregoing. Unless otherwise stated, the term “Account,” when used herein, shall mean an Account of the Borrower.

**“Administrative Agent”**: SVB, as the administrative agent under this Agreement and the other Loan Documents, together with any of its successors in such capacity.

**“Affected Lender”**: as defined in [Section 2.23](#).

**“Affiliate”**: with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided that, neither the Administrative Agent nor the Lenders shall be deemed Affiliates of the Loan Parties as a result of the exercise of their rights and remedies under the Loan Documents.

**“Agent Parties”**: as defined in [Section 10.2\(c\)\(ii\)](#).

**“Aggregate Exposure”**: with respect to any Lender at any time, an amount equal to the sum of (a) the amount of such Lender’s Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender’s Revolving Extensions of Credit then outstanding, and (b) without duplication of clause (a), the L/C Commitment of such Lender then in effect (as a sublimit of the Revolving Commitment of such Lender).

**“Aggregate Exposure Percentage”**: with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender’s Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

**“Agreement”**: as defined in the preamble hereto.

**“Applicable Margin”**: commencing on the first day of the first full calendar month ending after the Closing Date, the rate per annum set forth under the relevant column heading below based on the applicable Average Daily Usage for the prior calendar month:

Level	Average Daily Usage	Applicable Margin for Eurodollar Loans and Letters of Credit	Applicable Margin for ABR Loans	Commitment Fee Rate
II	< 50%	2.75%	1.75%	0.30%
I	≥ 50%	3.25%	2.25%	0.20%

Notwithstanding the foregoing, (a) until and including the last day of the first full calendar month ending after the Closing Date, the Applicable Margin shall be the rates corresponding to Level I in the

foregoing table, and (b) no reduction to the Applicable Margin shall become effective at any time when an Event of Default has occurred and is continuing.

The Applicable Margin set forth above (but not the Commitment Fee Rate) shall be reduced by 0.25% per annum upon the consummation of a Qualified IPO or after the Borrower achieves a \$350,000,000 annual recurring revenue run rate.

**“Application”**: an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to issue a Letter of Credit.

**“Approved Fund”**: any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

**“Assignment and Assumption”**: an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by [Section 10.6](#)), and accepted by the Administrative Agent, in substantially the form of [Exhibit E](#) or any other form approved by the Administrative Agent.

**“Available Revolving Commitment”**: at any time, an amount equal to (a) the lesser of (i) the Total Revolving Commitments in effect at such time and (ii) the Borrowing Base in effect at such time, minus (b) the aggregate undrawn amount of all outstanding Letters of Credit at such time, minus (c) the aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans at such time, minus (d) the aggregate principal balance of any Revolving Loans outstanding at such time; provided that for purposes of calculating any Lender’s Revolving Extensions of Credit for the purpose of determining such Lender’s Available Revolving Commitment pursuant to [Section 2.9\(b\)](#), the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

**“Available Revolving Increase Amount”**: as of any date of determination, an amount equal to the result of (a) \$75,000,000 minus (b) the aggregate principal amount of Increases to the Revolving Commitments previously made pursuant to [Section 2.27](#) after the Closing Date.

**“Average Daily Usage”**: the average of the Usage for each day of the immediately preceding calendar month (or quarter for purposes of determining the Letter of Credit Fee or Commitment Fee Rate).

**“Bail-In Action”**: the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

**“Bail-In Legislation”**: with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

**“Bankruptcy Code”**: Title 11 of the United States Code entitled “Bankruptcy.”

**“Benefitted Lender”**: as defined in [Section 10.7\(a\)](#).

**“Blocked Person”**: as defined in [Section 7.23](#).

**“Board”**: the Board of Governors of the Federal Reserve System of the United States (or any successor).

“**Borrower**”: as defined in the preamble hereto.

“**Borrowing Base**”: the product of (a) RR for the most recently ended month for which a Borrowing Base Certificate was required to be delivered hereunder, multiplied by (b) the Multiplier. The Borrowing Base shall be calculated by the Administrative Agent based on information provided by the Borrower and acceptable to the Administrative Agent, in its sole discretion.

“**Borrowing Base Certificate**”: a certificate to be executed and delivered from time to time by the Borrower to the Administrative Agent in substantially the form of Exhibit I, or in such other form as shall be acceptable in form and substance to the Administrative Agent.

“**Borrowing Date**”: any Business Day specified by the Borrower in a Notice of Borrowing as a date on which the Borrower requests the relevant Lenders to make Loans hereunder.

“**Business**”: as defined in Section 4.17(b).

“**Business Day**”: a day other than a Saturday, Sunday or other day on which commercial banks in the State of New York or California are authorized or required by law to close; provided that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

“**Capital Lease Obligations**”: as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP; provided, that for all purposes hereunder, any obligations of such Person that would have been treated as operating leases in accordance with Accounting Standards Codification 840 (regardless of whether or not then in effect) shall be treated as operating leases for purposes of all financial definitions, calculations and covenants, without giving effect to Accounting Standards Codification 842 requiring operating leases to be recharacterized or treated as capital leases.

“**Capital Stock**”: with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination; provided, however, that any Indebtedness convertible into equity interests that are not Disqualified Stock shall not constitute Capital Stock.

“**Cash Collateralize**”: to pledge and deposit with or deliver to (a) with respect to Obligations in respect of Letters of Credit, the Administrative Agent, for the benefit of the Issuing Lender and one or more of the Lenders, as applicable, as collateral for L/C Exposure or obligations of the Lenders to fund participations in respect thereof, cash or deposit account balances or, if the Administrative Agent and the Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and such Issuing Lender; (b) with respect to Obligations arising under any Cash Management Agreement in connection with Cash

Management Services, the applicable Cash Management Bank, for its own or any of its applicable Affiliate's benefit, as provider of such Cash Management Services, cash or deposit account balances or, if the Administrative Agent and the applicable Cash Management Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and such Cash Management Bank; or (c) with respect to Obligations in respect of any Specified Swap Agreements, the applicable Qualified Counterparty, as Collateral for such Obligations, cash or deposit account balances or, if such Qualified Counterparty shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to such Qualified Counterparty. "**Cash Collateral**" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

**"Cash Equivalents"**: (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of one year or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than \$250,000,000; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000; (i) in the case of any Group Member organized or having its principal place of business outside the United States, investments denominated in the currency of the jurisdiction in which such Group member is organized or has its principal place of business which are similar and of comparable credit quality to the items specified in clauses (b) through (i) above; or (j) investments permitted by the Borrower's board-approved investment policy as approved from time to time by the Administrative Agent (such approval not to be unreasonably withheld, delayed or conditioned).

**"Cash Management Agreement"**: as defined in the definition of "Cash Management Services."

**"Cash Management Bank"**: any Person that, at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement.

**"Cash Management Services"**: cash management and other services provided to one or more of the Loan Parties by a Cash Management Bank which may include treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system),

merchant services, direct deposit of payroll, business credit card (including so-called “purchase cards”, “procurement cards” or “p-cards”), credit card processing services, debit cards, stored value cards, and check cashing services identified in such Cash Management Bank’s various cash management services or other similar agreements (each, a “**Cash Management Agreement**”).

“**Casualty Event**”: any damage to or any destruction of, or any condemnation or other taking by any Governmental Authority of any property of the Loan Parties.

“**Certificated Securities**”: as defined in [Section 4.19\(a\)](#).

“**Change of Control**”: (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 35% or more of the ordinary voting power for the election of directors of Holdings (determined on a fully diluted basis); or (b) except as permitted by [Section 7.4](#), at any time, Holdings shall cease to own and control, of record and beneficially, directly or indirectly, 100% of each class of outstanding Capital Stock of each other Loan Party free and clear of all Liens other than Liens permitted by [Section 7.3](#).

“**Closing Date**”: the date on which all of the conditions precedent set forth in [Section 5.1](#) are satisfied or waived by the Administrative Agent and, as applicable, the Lenders or the Required Lenders.

“**Code**”: the Internal Revenue Code of 1986, as amended from time to time.

“**Collateral**”: all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document. For the avoidance of doubt, no Excluded Asset shall constitute “Collateral.”

“**Collateral Information Certificate**”: the Collateral Information Certificate to be executed and delivered by Holdings pursuant to [Section 5.1](#), substantially in the form of [Exhibit J](#).

“**Collateral-Related Expenses**”: all reasonable costs and expenses of the Administrative Agent paid or incurred in connection with any sale, collection or other realization on the Collateral, including reasonable compensation to the Administrative Agent and its agents and counsel, and reimbursement for all other reasonable costs, expenses and liabilities and advances made or incurred by the Administrative Agent in connection therewith (including as described in Section 6.6 of the Guarantee and Collateral Agreement), and all amounts for which the Administrative Agent is entitled to indemnification under the Security Documents and all advances made by the Administrative Agent under the Security Documents for the account of any Loan Party.

“**Commitment**”: as to any Lender, its Revolving Commitment.

“**Commitment Fee Rate**”: the rate per annum set forth under the relevant column heading under the definition of “Applicable Margin.”

“**Commodity Exchange Act**”: the Commodity Exchange Act (7 U.S.C. Section 1 *et seq.*), as amended from time to time, and any successor statute.

“**Communications**”: as defined in [Section 10.2\(c\)\(ii\)](#).

“**Compliance Certificate**”: a certificate duly executed by a Responsible Officer of Holdings

substantially in the form of Exhibit B.

**“Connection Income Taxes”**: Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

**“Contractual Obligation”**: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

**“Control”**: the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto.

**“Control Agreement”**: any account control agreement in form and substance reasonably satisfactory to the Administrative Agent entered into among the depository institution at which a Loan Party maintains a Deposit Account or the securities intermediary at which a Loan Party maintains a Securities Account, such Loan Party, and the Administrative Agent pursuant to which the Administrative Agent obtains control (within the meaning of the UCC or any other applicable law) over such Deposit Account or Securities Account.

**“CrowdStrike”**: as defined in the preamble hereto.

**“CrowdStrike Services”**: as defined in the preamble hereto.

**“Debtor Relief Laws”**: the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

**“Default”**: any of the events specified in Section 8.1, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

**“Default Rate”**: as defined in Section 2.15(c).

**“Defaulting Lender”**: subject to Section 2.24(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lender, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, the Issuing Lender or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this

clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) become the subject of a Bail-In Action or (iii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.24(b)) upon delivery of written notice of such determination to the Borrower, the Issuing Lender, the Swingline Lender and each Lender.

**“Deposit Account”**: any “deposit account” as defined in the UCC with such additions to such term as may hereafter be made.

**“Deposit Account Control Agreement”**: any Control Agreement entered into by the Administrative Agent, a Loan Party and a financial institution holding a Deposit Account of such Loan Party pursuant to which the Administrative Agent is granted “control” (for purposes of the UCC) over such Deposit Account.

**“Designated Jurisdiction”**: any country or territory to the extent that such country or territory itself is the subject of any Sanction.

**“Determination Date”**: as defined in the definition of “Pro Forma Basis”.

**“Discharge of Obligations”**: subject to Section 10.8, the satisfaction of the Obligations (including all such Obligations relating to Cash Management Services) by the payment in full, in cash (or, as applicable, Cash Collateralization in accordance with the terms hereof) of the principal of and interest on or other liabilities relating to each Loan and any previously provided Cash Management Services, all fees and all other expenses or amounts payable under any Loan Document (other than inchoate indemnification obligations and any other obligations which pursuant to the terms of any Loan Document specifically survive repayment of the Loans for which no claim has been made), and other Obligations under or in respect of Specified Swap Agreements and Cash Management Services, to the extent (a) no default or termination event shall have occurred and be continuing thereunder, (b) any such Obligations in respect of Specified Swap Agreements have, if required by any applicable Qualified Counterparties, been Cash Collateralized, (c) no Letter of Credit shall be outstanding (or, as applicable, each outstanding and undrawn Letter of Credit has been Cash Collateralized in accordance with the terms hereof), (d) no Obligations in respect of any Cash Management Services are outstanding (or, as applicable, all such outstanding Obligations in respect of Cash Management Services have been Cash Collateralized in accordance with the terms hereof), and (e) the aggregate Commitments of the Lenders are terminated.

**“Disclosure Letter”**: the disclosure letter, dated as of the date hereof, delivered by each Loan Party to Administrative Agent for the benefit of the Lenders.

**“Disposition”**: with respect to any property (including, without limitation, Capital Stock of any Subsidiary of Holdings), any sale, lease, Sale Leaseback Transaction, assignment, conveyance, transfer,

encumbrance or other disposition thereof (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) and any issuance of Capital Stock of any of Holdings' Subsidiaries. The terms "**Dispose**" and "**Disposed of**" shall have correlative meanings.

**"Disqualified Stock"**: any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Loans mature. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that Holdings and its Subsidiaries may become obligated to pay upon maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock or portion thereof, plus accrued dividends. Notwithstanding the preceding sentence, (i) any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to be paid upon liquidation, dissolution, winding up or pursuant to such other applicable statutory or regulatory obligations of the issuer of such Capital Stock will not constitute Disqualified Stock if the terms of such Capital Stock provide that such payments may not be made with respect to such Capital Stock unless such payments are made in accordance with Section 7.6 hereof and (ii) if such Capital Stock is issued pursuant to a plan or agreement for the benefit of the Borrower's or its Subsidiaries' employees or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death, or disability.

**"Division"**: the division of the assets, liability and/or obligations of a Person (the "Dividing Person") among two or more Persons (whether pursuant to a "plan or division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

**"Dollars"** and **"\$"**: dollars in lawful currency of the United States.

**"Domestic Subsidiary"**: any Subsidiary of Holdings organized under the laws of any jurisdiction within the United States.

**"EEA Financial Institution"**: (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**"EEA Member Country"**: any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**"EEA Resolution Authority"**: any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**"Eligible Assignee"**: any Person that meets the requirements to be an assignee under Section 10.6(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 10.6(b)(iii)).

**“Eligible Customer Accounts”**: Accounts generated from expected receipt of Recurring Revenue which arise in the ordinary course of the Borrower’s business that meet all of the Borrower’s representations and warranties set forth herein and in the Guarantee and Collateral Agreement with respect thereto.

**“Environmental Laws”**: any and all foreign, federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

**“Environmental Liability”**: any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) a violation of an Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Materials of Environmental Concern, (c) exposure to any Materials of Environmental Concern, (d) the release or threatened release of any Materials of Environmental Concern into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

**“ERISA”**: the Employee Retirement Income Security Act of 1974, as amended, including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

**“ERISA Affiliate”**: each business or entity which is, or within the last six years was, a member of a “controlled group of corporations,” under “common control” or an “affiliated service group” with any Loan Party within the meaning of Section 414(b), (c), (m) or (n) of the Code, required to be aggregated with any Loan Party under Section 414(o) of the Code, or is, or within the last six years was, under “common control” with any Loan Party, within the meaning of Section 4001(a)(14) of ERISA.

**“ERISA Event”**: any of (a) a reportable event as defined in Section 4043 of ERISA with respect to a Pension Plan, excluding, however, such events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; (b) the applicability of the requirements of Section 4043(b) of ERISA with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, to any Pension Plan where an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such plan within the following 30 days; (c) a withdrawal by any Loan Party or any ERISA Affiliate thereof from a Pension Plan or the termination of any Pension Plan resulting in liability under Sections 4063 or 4064 of ERISA; (d) the withdrawal of any Loan Party or any ERISA Affiliate thereof in a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefore, or the receipt by any Loan Party or any ERISA Affiliate thereof of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA; (e) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (f) the imposition of liability on any Loan Party or any ERISA Affiliate thereof pursuant to Sections 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (g) the failure by any Loan Party or any ERISA Affiliate thereof to make any required contribution to a Pension Plan, or the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430 of the Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (h) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered to critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA;

(i) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (j) the imposition of any liability under Title I or Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate thereof; (k) an application for a funding waiver under Section 303 of ERISA or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Pension Plan; (l) the occurrence of a non-exempt prohibited transaction under Sections 406 or 407 of ERISA for which any Loan Party or any Subsidiary thereof may be directly or indirectly liable; (m) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person for which any Loan Party or any ERISA Affiliate thereof may be directly or indirectly liable; (n) the occurrence of an act or omission which could give rise to the imposition on any Loan Party or any ERISA Affiliate thereof of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Sections 409, 502(c), (i) or (1) or 4071 of ERISA; (o) the assertion of a material claim (other than routine claims for benefits) against any Plan or the assets thereof, or against any Loan Party or any Subsidiary thereof in connection with any such Plan; (p) receipt from the IRS of notice of the failure of any Qualified Plan to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Qualified Plan to qualify for exemption from taxation under Section 501(a) of the Code; (q) the imposition of any lien (or the fulfillment of the conditions for the imposition of any lien) on any of the rights, properties or assets of any Loan Party or any ERISA Affiliate thereof, in either case pursuant to Title I or IV of ERISA, including Section 302(f) or 303(k) of ERISA or to Section 401(a)(29) or 430(k) of the Code; or (r) the establishment or amendment by any Loan Party or any Subsidiary thereof of any “welfare plan” as such term is defined in Section 3(1) of ERISA, that provides post-employment welfare benefits in a manner that could be reasonably likely to result in material liability of any Loan Party.

**“ERISA Funding Rules”**: the rules regarding minimum required contributions (including any installment payment thereof) to Pension Plans, as set forth in Section 412 of the Code and Section 302 of ERISA, with respect to Plan years ending prior to the effective date of the Pension Protection Act of 2006, and thereafter, as set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

**“EU Bail-In Legislation Schedule”**: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

**“Eurocurrency Reserve Requirements”**: for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

**“Eurodollar Base Rate”**: with respect to each day during each Interest Period pertaining to (a) a Eurodollar Loan, the rate per annum determined by the Administrative Agent by reference to the ICE Benchmark Administration London Interbank Offered Rate (“**LIBOR**”) (or any successor thereto if the ICE Benchmark Administration is no longer making LIBOR available) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 A.M. (London, England time) two (2) Business Days prior to the beginning of such Interest Period (as set forth by Bloomberg Information Service or any successor thereto or any other commercially available service selected by the Administrative Agent which provides quotations of LIBOR); and (b) an ABR Loan, the rate per annum determined by the Administrative Agent to be LIBOR (for delivery on the first

day of such Interest Period) with a term of one (1) month in Dollars, determined as of approximately 11:00 A.M. (London, England time) two (2) Business Days prior to the beginning of

such Interest Period (as set forth by Bloomberg Information Service or any successor thereto or any other commercially available service selected by the Administrative Agent which provides quotations of LIBOR); provided that in either case (a) or (b), the Eurodollar Base Rate shall not be less than 0%. In the event that the Administrative Agent determines that LIBOR is not available, the “Eurodollar Base Rate” shall be determined by reference to the rate per annum equal to the offered quotation rate to first class banks in the London interbank market by SVB for deposits (for delivery on the first day of the relevant Interest Period) in Dollars of amounts in same day funds comparable to the principal amount of the applicable Loan of the Administrative Agent, in its capacity as a Lender, for which the Eurodollar Base Rate is then being determined with maturities comparable to such period, in the case of a Eurodollar Loan, and of one (1) month, in the case of an ABR Loan, as of approximately 11:00 A.M. (London, England time) two (2) Business Days prior to the beginning of such Interest Period; provided that, in all events, such Eurodollar Base Rate shall not be less than 0%.

“**Eurodollar Loans**”: Loans the rate of interest applicable to which is based upon clause (a) of the definition of “Eurodollar Base Rate.”

“**Eurodollar Rate**”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula:

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

The Eurodollar Rate shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Requirements; provided that the Eurodollar Rate shall not be less than 0.0%.

“**Eurodollar Tranche**”: the collective reference to Eurodollar Loans under a particular Facility (other than the L/C Facility), the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“**Event of Default**”: any of the events specified in Section 8.1; provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“**Exchange Act**”: the Securities Exchange Act of 1934, as amended from time to time and any successor statute.

“**Excluded Assets**”: as defined in the Guarantee and Collateral Agreement.

“**Excluded Subsidiary**”: any Subsidiary that is (a) not a Domestic Subsidiary of Holdings or another Loan Party if becoming a Guarantor hereunder would reasonably be expected to result in adverse tax consequences, (b) a Foreign Subsidiary Holding Company if becoming a Guarantor hereunder would reasonably be expected to result in adverse tax consequences, or (c) an Immaterial Subsidiary.

“**Excluded Swap Obligations**”: with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee Obligation of such Guarantor with respect to, or the grant by such Guarantor of a Lien to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act at the time such Guarantee Obligation of such Guarantor, or the grant by such Guarantor of such Lien, becomes effective with respect to such Swap Obligation. If such a Swap Obligation arises under a master

agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee Obligation or Lien is or becomes excluded in accordance with the first sentence of this definition.

**“Excluded Taxes”**: any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.23) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.20, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.20(f) and (d) any withholding Taxes imposed under FATCA.

**“Existing Credit Facility”**: the credit facility governed by that certain Amended and Restated Loan and Security Agreement dated as of March 1, 2017, as amended.

**“Existing Letters of Credit”**: the letters of credit described on Schedule 1.1B to the Disclosure Letter.

**“Facility”**: each of (a) the L/C Facility (which is a sub-facility of the Revolving Facility), (b) the Revolving Facility and (c) the Swingline Facility (which is a sub-facility of the Revolving Facility).

**“FATCA”**: Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

**“Federal Funds Effective Rate”**: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by SVB from three federal funds brokers of recognized standing selected by it.

**“Fee Letter”**: the letter agreement dated August 23, 2018, among the Borrower, Holdings and the Administrative Agent.

**“Flood Laws”**: the National Flood Insurance Reform Act of 1994 and related legislation (including the regulations of the Board of Governors of the Federal Reserve System).

**“Flow of Funds Agreement”**: the spreadsheet or other similar statement prepared by the Administrative Agent and approved by the Borrower, regarding the disbursement of Loan proceeds (if any) on the Closing Date, the funding and the payment of the fees and expenses of the Administrative Agent and the Lenders (including counsel to the Administrative Agent), and such other matters as may be agreed to

by the Borrower, the Administrative Agent and the Lenders.

**“Foreclosed Borrowers”**: as defined in Section 2.25.

**“Foreign Lender”**: (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

**“Foreign Subsidiary”**: any Subsidiary of Holdings that is not a Domestic Subsidiary.

**“Foreign Subsidiary Holding Company”**: any direct or indirect Domestic Subsidiary of Holdings, substantially all of the assets of which consist of the Capital Stock (or Capital Stock and other securities) of one or more controlled foreign corporations (within the meaning of Section 957 of the Code) or other Foreign Subsidiary Holding Companies.

**“Fronting Exposure”**: at any time there is a Defaulting Lender, as applicable, (a) with respect to the Issuing Lender, such Defaulting Lender’s L/C Percentage of the outstanding L/C Exposure other than L/C Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender’s Revolving Percentage of outstanding Swingline Loans made by the Swingline Lender other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

**“Fund”**: any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

**“Funding Office”**: the Revolving Loan Funding Office.

**“GAAP”**: generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 4.1(b). In the event that any **“Accounting Change”** (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower’s financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. **“Accounting Changes”** refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC, or the adoption of IFRS.

**“Governmental Approval”**: any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

**“Governmental Authority”**: the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality,

regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting accounting or regulatory capital rules or standards (including the Financial Standards Board, the Bank for International Settlements, the Basel Committee on Banking Supervision and any successor or similar authority to any of the foregoing).

**“Group Members”**: the collective reference to Holdings and its Subsidiaries.

**“Guarantee and Collateral Agreement”**: the Guarantee and Collateral Agreement to be executed and delivered by the Loan Parties, substantially in the form of Exhibit A.

**“Guarantee Obligation”**: as to any Person (the **“guaranteeing person”**), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Indebtedness, leases, dividends or other obligations (the **“primary obligations”**) of any other third Person (the **“primary obligor”**) in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person’s maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

**“Guarantors”**: a collective reference to Holdings and each Subsidiary of Holdings which has become a Guarantor pursuant to the requirements of Section 6.12 hereof and the Guarantee and Collateral Agreement. Notwithstanding the foregoing or any contrary provision herein or in any other Loan Document, no Excluded Subsidiary shall be required to be a Guarantor, and no Subsidiary shall be required to become a Guarantor if, in the reasonable judgment of the Administrative Agent and the Borrower, the burden or cost of providing a guarantee shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom.

**“Holdings”**: has the meaning in the preamble hereto.

**“IFRS”**: international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements delivered under or referred to herein.

**“Immaterial Subsidiary”**: at any date of determination, any Subsidiary of any Loan Party (other than a Borrower or a Guarantor) designated as such by the Borrower in writing and which as of such date (a) holds assets representing 10% or less of Holdings’ consolidated total assets as of such date (determined in accordance with GAAP), (b) has generated less than 10% of Holdings’ consolidated total revenues

determined in accordance with GAAP for the four fiscal quarter period ending on the last day of the most recent period for which financial statements have been delivered after the Closing Date pursuant to Section 6.1(b); provided that all Subsidiaries that are individually “*Immaterial Subsidiaries*” shall not have aggregate consolidated total assets that would represent 20% or more of Holdings’ consolidated total assets as of such date or have generated 20% or more of Holdings’ consolidated total revenues for such four fiscal quarter period, in each case determined in accordance with GAAP, and (c) owns no material Intellectual Property.

“**Increase**”: as defined in Section 2.27.

“**Increase Joinder**”: an instrument, in form and substance reasonably satisfactory to the Administrative Agent, by which a Lender becomes a party to this Agreement pursuant to Section 2.27.

“**Incurred**”: as defined in the definition of “Pro Forma Basis”.

“**Indebtedness**”: of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than (i) current trade payables incurred in the ordinary course of such Person’s business, (ii) any earn-out obligation if such obligation is not paid after becoming due and payable or such obligation is reflected on the balance sheet in accordance with GAAP and (iii) accruals for payroll and other liabilities, including deferred compensation arrangements, in each case, accrued in the ordinary course of business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations and all Synthetic Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) all obligations of such Person with respect to Disqualified Stock, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) the net obligations of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“**Indemnified Taxes**”: (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“**Indemnitee**”: as defined in Section 10.5(b).

“**Insolvency Proceeding**”: (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of any Person’s creditors generally or any substantial portion of such Person’s creditors, in each case undertaken under U.S. federal, state or foreign law, including any Debtor Relief Law.

**“Intellectual Property”**: the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

**“Intellectual Property Security Agreement”**: an intellectual property security agreement entered into between a Loan Party and the Administrative Agent pursuant to the terms of the Guarantee and Collateral Agreement in form and substance satisfactory to the Administrative Agent, together with each other intellectual property security agreement and supplement thereto delivered pursuant to Section 6.12, in each case as amended, restated, supplemented or otherwise modified from time to time.

**“Interest Payment Date”**: (a) as to any ABR Loan (including any Swingline Loan), the first Business Day of each calendar month to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three (3) months or less, the last Business Day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three (3) months, each day that is three (3) months (or, if such date is not a Business Day, the Business Day next succeeding such date) after the first day of such Interest Period and the last Business Day of such Interest Period, and (d) as to any Loan (other than any Revolving Loan that is an ABR Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof.

**“Interest Period”**: as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one (1), three (3) or six (6) months thereafter, as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one (1), three (3) or six (6) months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent in a Notice of Conversion/Continuation not later than 10:00 A.M. on the date that is three (3) Business Days prior to the last day of the then current Interest Period with respect thereto; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period under a particular Facility that would extend beyond the Revolving Termination Date;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

**“Interest Rate Agreement”**: any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is (a) for the purpose of hedging the interest rate exposure associated with Holdings’ and its Subsidiaries’ operations, (b) approved by Administrative Agent, and (c) not for speculative purposes.

**“Inventory”**: all “inventory,” as such term is defined in the UCC, now owned or hereafter acquired by any Loan Party, wherever located, and in any event including inventory, merchandise, goods and other personal property that are held by or on behalf of any Loan Party for sale or lease or are furnished or are to be furnished under a contract of service, or that constitutes raw materials, work in process, finished goods, returned goods, or materials or supplies of any kind used or consumed or to be used or consumed in such Loan Party’s business or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

**“Investments”**: as defined in Section 7.8.

**“IRS”**: the Internal Revenue Service, or any successor thereto.

**“ISP”**: with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

**“Issuing Lender”**: as the context may require, (a) SVB or any Affiliate thereof, in its capacity as issuer of any Letter of Credit (including, without limitation, each Existing Letter of Credit), and (b) any other Lender or an Affiliate thereof that may become an Issuing Lender pursuant to Section 3.11 or 3.12, with respect to Letters of Credit issued by such Lender or its Affiliate. The Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Lender or other financial institutions, in which case the term “Issuing Lender” shall include any such Affiliate or other financial institution with respect to Letters of Credit issued by such Affiliate or other financial institution.

**“Issuing Lender Fees”**: as defined in Section 3.3(a).

**“LCA Election”**: as defined in Section 1.4.

**“LCA Test Date”**: as defined in Section 1.4.

**“L/C Advance”**: each L/C Lender’s funding of its participation in any L/C Disbursement in accordance with its L/C Percentage of the L/C Commitment.

**“L/C Commitment”**: as to any L/C Lender, the obligation of such L/C Lender, if any, to purchase an undivided interest in the Issuing Lenders’ obligations and rights under and in respect of each Letter of Credit (including to make payments with respect to draws made under any Letter of Credit pursuant to Section 3.5(b)) in an aggregate principal amount not to exceed the amount set forth under the heading “L/C Commitment” opposite such L/C Lender’s name on Schedule 1.1A or in the Assignment and Assumption or Increase Joinder pursuant to which such L/C Lender becomes a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The L/C Commitment is a sublimit of the Revolving Commitment and the aggregate amount of the L/C Commitments shall not exceed the amount of the Total L/C Commitments at any time.

**“L/C Disbursements”**: a payment or disbursement made by the Issuing Lender pursuant to a Letter of Credit.

**“L/C Exposure”**: at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, and (b) the aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans at such time. The L/C Exposure of any L/C Lender at any time shall equal its L/C Percentage of the aggregate L/C Exposure at such time.

**“L/C Facility”**: the L/C Commitments and the extensions of credit made thereunder.

**“L/C Fee Payment Date”**: as defined in [Section 3.3\(a\)](#).

**“L/C Lender”**: a Lender with an L/C Commitment.

**“L/C Percentage”**: as to any L/C Lender at any time, the percentage of the Total L/C Commitments represented by such L/C Lender’s L/C Commitment, as such percentage may be adjusted as provided in [Section 2.24](#).

**“L/C-Related Documents”**: collectively, each Letter of Credit (including any Existing Letter of Credit), all applications for any Letter of Credit (and applications for the amendment of any Letter of Credit) submitted by the Borrower to the Issuing Lender and any other document, agreement and instrument relating to any Letter of Credit, including any of the Issuing Lender’s standard form documents for letter of credit issuances.

**“Lenders”**: as defined in the preamble hereto; provided that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include the Issuing Lender and the Swingline Lender.

**“Letter of Credit”**: as defined in [Section 3.1\(a\)](#); provided that such term shall include each Existing Letter of Credit.

**“Letter of Credit Availability Period”**: the period from and including the Closing Date to but excluding the Letter of Credit Maturity Date.

**“Letter of Credit Fees”**: as defined in [Section 3.3\(a\)](#).

**“Letter of Credit Fronting Fees”**: as defined in [Section 3.3\(a\)](#).

**“Letter of Credit Maturity Date”**: the date occurring 15 days prior to the Revolving Termination Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

**“LIBOR”**: as defined in the definition of “Eurodollar Base Rate.”

**“Lien”**: any mortgage, deed of trust, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

**“Limited Condition Acquisition”**: any Permitted Acquisition, the consummation of which is not conditioned on the availability of, or on obtaining, third party financing and is being financed with an Increase; *provided*, that, in the event the consummation of any such Permitted Acquisition shall not have occurred on or prior to the date that is 120 days following the signing of the applicable Limited Condition Acquisition Agreement, such Permitted Acquisition shall no longer constitute a Limited Condition Acquisition for any purpose.

**“Limited Condition Acquisition Agreement”**: any agreement providing for a Limited Condition Acquisition.

**“Liquidity”**: at any time, the sum of (a) the aggregate amount of unrestricted cash and Cash Equivalents held at such time by Holdings and its Subsidiaries in Deposit Accounts or Securities Accounts maintained with SVB or its Affiliates, in Deposit Accounts or Securities Accounts subject to Control Agreements in favor of the Administrative Agent or otherwise subject to a first priority Lien in favor of the Administrative Agent, and (b) the Available Revolving Commitment at such time.

**“Loan”**: any loan made or maintained by any Lender pursuant to this Agreement.

**“Loan Documents”**: this Agreement, each Security Document, each Note, the Fee Letter, the Flow of Funds Agreement, each Assignment and Assumption, each Compliance Certificate, each Borrowing Base Certificate, each Increase Joinder, each Notice of Borrowing, each Notice of Conversion/Continuation, the Solvency Certificate, the Collateral Information Certificate, each L/C-Related Document, each subordination or intercreditor agreement and any agreement creating or perfecting rights in cash collateral pursuant to the provisions of Section 3.10, or otherwise, and any amendment, waiver, supplement or other modification to any of the foregoing.

**“Loan Parties”**: each Group Member that is a party to a Loan Document, as a Borrower or a Guarantor.

**“Material Adverse Effect”**: (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the Loan Parties and their Subsidiaries, taken as a whole; (b) a material impairment of the rights and remedies, taken as a whole, of the Administrative Agent and the Lenders under any definitive loan document, or of the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any material Loan Document to which it is a party.

**“Materials of Environmental Concern”**: any substance, material or waste that is defined, regulated, governed or otherwise characterized under any Environmental Law as hazardous or toxic or as a pollutant or contaminant (or by words of similar meaning and regulatory effect), any petroleum or petroleum products, asbestos, polychlorinated biphenyls, urea-formaldehyde insulation, molds or fungus, and radioactivity, radiofrequency radiation at levels known to be hazardous to human health and safety.

**“Minority Lender”**: as defined in Section 10.1(b).

**“Moody’s”**: Moody’s Investors Service, Inc.

**“Mortgaged Properties”**: the real properties as to which, pursuant to Section 6.12(b) or otherwise, the Administrative Agent, for the benefit of the Secured Parties, shall be granted a Lien pursuant to the Mortgages.

**“Mortgages”**: each of the mortgages, deeds of trust, deeds to secure debt or such equivalent documents hereafter entered into and executed and delivered by one or more of the Loan Parties to the Administrative Agent, in each case, as such documents may be amended, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time and in form and substance reasonably acceptable to the Administrative Agent.

**“Multiemployer Plan”**: a “multiemployer plan” (within the meaning of Section 3(37) of ERISA) to which any Loan Party or any ERISA Affiliate thereof makes, is making, or is obligated or has ever been obligated to make, contributions.

**“Multiplier”**: (a) from the Closing Date until (but not including) the first anniversary of the Closing Date, 6, (b) from the first anniversary of the Closing Date until (but not including) the second anniversary of the Closing Date, 5, and (c) thereafter, 4.

**“Non-Consenting Lender”**: any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Affected Lenders in accordance with the terms of Section 10.1 and (b) has been approved by the Required Lenders.

**“Non-Defaulting Lender”**: at any time, each Lender that is not a Defaulting Lender at such time.

**“Note”**: a Revolving Loan Note or a Swingline Loan Note.

**“Notice of Borrowing”**: a notice substantially in the form of Exhibit K.

**“Notice of Conversion/Continuation”**: a notice substantially in the form of Exhibit L.

**“Obligations”**: (a) the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Loan Party, whether or not a claim for post-filing or post-petition interest is allowed or allowable in such proceeding) the Loans and all other obligations and liabilities of the Loan Parties to the Administrative Agent, the Issuing Lender, any other Lender, any applicable Cash Management Bank, and any Qualified Counterparty party to a Specified Swap Agreement, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document (including, for the avoidance of doubt, any Cash Management Agreement), the Letters of Credit, any Specified Swap Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, payment obligations, fees, indemnities, costs, expenses (including all reasonable and documented out-of-pocket fees, charges and disbursements of counsel to the Administrative Agent, the Issuing Lender, any other Lender, any applicable Cash Management Bank, to the extent that any applicable Cash Management Agreement requires the reimbursement by any applicable Group Member of any such expenses), and any Qualified Counterparty party to a Specified Swap Agreement that are required to be paid by any Loan Party pursuant any Loan Document, Cash Management Agreement or otherwise, and (b) any obligations of any other Group Member arising in connection with any Cash Managements Agreement. For the avoidance of doubt, the Obligations shall not include (i) any obligations arising under any warrants or other equity instruments issued by any Loan Party to any Lender, or (ii) solely with respect to any Guarantor that is not a Qualified ECP Guarantor, any Excluded Swap Obligations of such Guarantor.

**“OFAC”**: the Office of Foreign Assets Control of the United States Department of the Treasury and any successor thereto.

**“Operating Documents”**: for any Person as of any date, such Person’s constitutional documents, formation documents and/or certificate of incorporation (or equivalent thereof), as certified (if applicable) by such Person’s jurisdiction of formation as of a recent date, and, (a) if such Person is a corporation, its bylaws or memorandum and articles of association (or equivalent thereof) in current form, (b) if such Person is a limited liability company, its limited liability company

agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**“Other Connection Taxes”**: with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than

connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

**“Other Taxes”**: all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to [Section 2.23](#)).

**“Overadvance”**: as defined in [Section 2.8](#).

**“Participant”**: as defined in [Section 10.6\(d\)](#).

**“Participant Register”**: as defined in [Section 10.6\(d\)](#).

**“Patriot Act”**: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Title III of Pub. L. 107-56, signed into law October 26, 2001.

**“Payoff Letter”**: a letter, in form and substance reasonably satisfactory to the Administrative Agent, dated as of a date prior to the Closing Date and executed by SVB and the applicable Loan Parties to the effect that upon receipt by SVB of the “payoff amount” (however designated) referenced therein, (a) the obligations of the Group Members under the Existing Credit Facility shall be satisfied in full, (b) the Liens held by SVB under the Existing Credit Facility shall terminate without any further action, and (c) the Borrower and the Administrative Agent (and their respective counsel and such counsels’ agents) shall be entitled to file UCC-3 amendment statements, any other releases reasonably necessary to further evidence the termination of such Liens.

**“PBGC”**: the Pension Benefit Guaranty Corporation, or any successor thereto.

**“Pension Plan”**: an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (a) that is or was at any time maintained or sponsored by any Loan Party or any ERISA Affiliate thereof or to which any Loan Party or any ERISA Affiliate thereof has ever made, or was obligated to make, contributions, and (b) that is or was subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA.

**“Permitted Acquisition”**: as defined in [Section 7.8\(n\)](#).

**“Person”**: any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**“Plan”**: (a) an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan which is or was at any time maintained or sponsored by any Loan Party or any Subsidiary thereof or to which any Loan Party or any Subsidiary thereof has ever made, or was obligated to make, contributions, (b) a Pension Plan, or (c) a Qualified Plan.

**“Platform”**: is any of Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

**“Preferred Stock”**: the preferred Capital Stock of Holdings.

**“Prime Rate”**: the rate of interest per annum published in the money rates section of the Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of the Wall Street Journal, becomes unavailable for any reason as determined by the Administrative Agent, the “Prime Rate” shall mean the rate of interest per annum announced by the Administrative Agent as its prime rate in effect at its principal office in the State of California (such announced Prime Rate not being intended to be the lowest rate of interest charged by the Administrative Agent in connection with extensions of credit to debtors).

**“Pro Forma Basis”**: with respect to any calculation or determination for any period, in making such calculation or determination on the specified date of determination (the **“Determination Date”**):

(a) pro forma effect will be given to any Indebtedness incurred by Holdings or any of its Subsidiaries (including by assumption of then outstanding Indebtedness or by a Person becoming a Subsidiary) (**“Incurred”**) after the beginning of the applicable period and on or before the Determination Date to the extent the Indebtedness is outstanding or is to be Incurred on the Determination Date, as if such Indebtedness had been Incurred on the first day of such period;

(b) pro forma calculations of interest on Indebtedness bearing a floating interest rate will be made as if the rate in effect on the Determination Date (taking into account any Swap Agreement applicable to the Indebtedness) had been the applicable rate for the entire reference period; and

(c) pro forma effect will be given to: (A) the acquisition or disposition of companies, divisions or lines of businesses by Holdings and its Subsidiaries, including any acquisition or disposition of a company, division or line of business since the beginning of the reference period by a Person that became a Subsidiary after the beginning of the applicable period; and (B) the discontinuation of any discontinued operations; in each case of clauses (A) and (B), that have occurred since the beginning of the applicable period and before the Determination Date as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of such period. To the extent that pro forma effect is to be given to an acquisition or disposition of a company, division or line of business, the pro forma calculation will be calculated in good faith by a responsible financial or accounting officer of Holdings in accordance with Regulation S-X under the Securities Act based upon the most recent four full fiscal quarters for which the relevant financial information is available.

**“Projected Pro Forma Financial Statements”**: projected balance sheets, income statements and cash flow statements prepared by Holdings and its consolidated Subsidiaries that give effect to (i) the Loans to be made on the Closing Date and the use of proceeds thereof (ii) the refinancing of the Existing Credit Facility and (iii) the payment of fees and expenses in connection with the foregoing, in each case prepared on a quarterly basis through the through the Revolving Termination Date, and in each case demonstrating pro forma compliance with the covenants set forth in Section 7.1.

**“Projections”**: as defined in Section 6.2(c).

**“Properties”**: as defined in Section 4.17(a).

**“Protective Overadvance”**: as defined in Section 2.8(b).

**“Qualified Counterparty”**: with respect to any Specified Swap Agreement, any counterparty thereto that is a Lender or an Affiliate of a Lender or, at the time such Specified Swap Agreement was

entered into or as of the Closing Date, was the Administrative Agent or a Lender or an Affiliate of the Administrative Agent or a Lender.

**“Qualified ECP Guarantor”**: in respect of any Swap Obligation, (a) each Guarantor that has total assets exceeding \$10,000,000 at the time the relevant Guarantee Obligation of such Guarantor provided in respect of, or the Lien granted by such Guarantor to secure, such Swap Obligation (or guaranty thereof) becomes effective with respect to such Swap Obligation, and (b) any other Guarantor that (i) constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder, or (ii) can cause another Person (including, for the avoidance of doubt, any other Guarantor not then constituting a “Qualified ECP Guarantor”) to qualify as an “eligible contract participant” at such time by entering into a “keepwell, support, or other agreement” as contemplated by Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

**“Qualified IPO”**: a bona fide underwritten sale to the public of common stock of Holdings (or any direct or indirect parent) generating gross proceeds of at least \$100,000,000 (i) pursuant to a registration statement (other than on Form S-8 or any other form relating to securities issuable under any benefit plan of Holdings or any of its Subsidiaries, as the case may be) that is declared effective by the Securities and Exchange Commission or any successor thereto or (ii) after which the common Capital Stock of Holdings or any direct or indirect parent of Holdings are listed on an internationally recognized securities exchange or dealer quotation system.

**“Qualified Plan”**: an employee benefit plan (as defined in Section 3(3) of ERISA) other than a Multiemployer Plan (a) that is or was at any time maintained or sponsored by any Loan Party or any ERISA Affiliate thereof or to which any Loan Party or any ERISA Affiliate thereof has ever made, or was ever obligated to make, contributions, and (b) that is intended to be tax-qualified under Section 401(a) of the Code.

**“Recipient”**: the (a) Administrative Agent, (b) any Lender or (c) the L/C Issuer, as applicable.

**“Recurring Revenue”**: subscription (platform) revenue of the Borrower received from the execution of monthly, quarterly, and annual customer contracts in the ordinary course of the Borrower’s business, in each case determined in accordance with GAAP and specifically excluding revenue or accounts received based on (a) sales of inventory, goods, or equipment, (b) transaction revenue not received in the ordinary course of business, (c) sales of services not in the ordinary course of business, (d) revenue received due to one-time, non-recurring transactions, installation and/or set-up fees, (e) add-on purchases by the Borrower’s existing clients not resulting in a continuing stream of revenue and (f) such other exclusions as the Administrative Agent shall determine, in its reasonable discretion.

**“Refunded Swingline Loans”**: as defined in [Section 2.7\(b\)](#).

**“Register”**: as defined in [Section 10.6\(c\)](#).

**“Regulation T”**: Regulation T of the Board as in effect from time to time.

**“Regulation U”**: Regulation U of the Board as in effect from time to time.

**“Regulation X”**: Regulation X of the Board as in effect from time to time.

**“Related Parties”**: with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

**“Replacement Lender”**: as defined in [Section 2.23](#).

**“Required Lenders”**: at any time, (a) if only one Lender holds the Total Outstanding Revolving Commitments, such Lender; and (b) if more than one Lender holds the Total Outstanding Revolving Commitments, then at least two Lenders who together hold more than 50% of the Total Revolving Commitments (including, without duplication, the L/C Commitments) then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding; provided that for the purposes of this clause (b), the Revolving Commitments of, and the portion of the Revolving Loans and participations in L/C Exposure and Swingline Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided further that a Lender and its Affiliates shall be deemed one Lender.

**“Requirement of Law”**: as to any Person, the Operating Documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority (including, for the avoidance of doubt, the Basel Committee on Banking Supervision and any successor thereto or similar authority or successor thereto), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

**“Responsible Officer”**: with respect to any Person, the chief executive officer, president, vice president, chief financial officer, treasurer, controller, vice president of strategic finance or comptroller of such Person, but in any event, with respect to financial matters, the chief financial officer, treasurer, controller, vice president of strategic finance or comptroller of such Person.

**“Restricted Payments”**: as defined in [Section 7.6](#).

**“Revolving Commitment”**: as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Swingline Loans and Letters of Credit in an aggregate principal amount not to exceed the amount set forth under the heading “Revolving Commitment” opposite such Lender’s name on [Schedule 1.1A](#) or in the Assignment and Assumption or Increase Joinder pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof (including in connection with assignments and Increases permitted hereunder). The amount of the Total Revolving Commitments as of the Closing Date is \$150,000,000. The L/C Commitment and the Swingline Commitment are each sublimits of the Total Revolving Commitments.

**“Revolving Commitment Period”**: the period from and including the Closing Date to the Revolving Termination Date.

**“Revolving Extensions of Credit”**: as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, plus (b) such Lender’s L/C Percentage of the aggregate undrawn amount of all outstanding Letters of Credit (including the Existing Letter of Credit) at such time, plus (c) such Lender’s L/C Percentage of the aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans at such time, plus (d) such Lender’s Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

**“Revolving Facility”**: the Revolving Commitments and the extensions of credit made thereunder.

**“Revolving Lender”**: each Lender that has a Revolving Commitment or that holds Revolving Loans.

**“Revolving Loan Conversion”**: as defined in [Section 3.5\(b\)](#).

**“Revolving Loan Funding Office”**: the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

**“Revolving Loan Note”**: a promissory note in the form of Exhibit H-1, as it may be amended, supplemented or otherwise modified from time to time.

**“Revolving Loans”**: as defined in Section 2.4(a).

**“Revolving Percentage”**: as to any Revolving Lender at any time, the percentage which such Lender’s Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender’s Revolving Loans then outstanding constitutes of the aggregate principal amount of all Revolving Loans then outstanding; provided that in the event that the Revolving Loans are paid in full prior to the reduction to zero of the Total Revolving Commitments, the Revolving Percentages shall be determined in a manner designed to ensure that the other outstanding Revolving Extensions of Credit shall be held by the Revolving Lenders on a comparable basis.

**“Revolving Termination Date”**: April 19, 2022.

**“RR”**: the Recurring Revenue of the Borrower from Eligible Customer Accounts for any applicable period as of the last day of such period, determined in accordance with GAAP.

**“RR Growth Rate”**: the amount (expressed as a percentage) of (a) (i) RR for any trailing 12 month period minus (ii) the RR for the same trailing 12 month period of the immediately preceding year divided by (b) RR for the same trailing 12 month period of the immediately preceding year.

**“S&P”**: Standard & Poor’s Ratings Services.

**“Sale Leaseback Transaction”**: any arrangement with any Person or Persons, whereby in contemporaneous or substantially contemporaneous transactions a Loan Party sells substantially all of its right, title and interest in any property and, in connection therewith, acquires, leases or licenses back the right to use all or a material portion of such property.

**“Sanction(s)”**: any international economic sanction administered or enforced by the United States Government (including OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

**“SEC”**: the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

**“Secured Parties”**: the collective reference to the Administrative Agent, the Lenders (including any Issuing Lender in its capacity as Issuing Lender and any Swingline Lender in its capacity as Swingline Lender), any Cash Management Bank (in its or their respective capacities as providers of Cash Management Services), and any Qualified Counterparties.

**“Securities Account”**: any “securities account” as defined in the UCC with such additions to such term as may hereafter be made.

**“Securities Account Control Agreement”**: any Control Agreement entered into by the Administrative Agent, a Loan Party and a securities intermediary holding a Securities Account of such

Loan Party pursuant to which the Administrative Agent is granted “control” (for purposes of the UCC) over such Securities Account.

“**Securities Act**”: the Securities Act of 1933, as amended from time to time and any successor statute.

“**Security Documents**”: the collective reference to (a) the Guarantee and Collateral Agreement, (b) the Mortgages (if any), (c) each Intellectual Property Security Agreement, (d) each Deposit Account Control Agreement, (e) each Securities Account Control Agreement, (f) all other security documents hereafter delivered to the Administrative Agent granting a Lien on any property of any Person to secure the Obligations of any Loan Party arising under any Loan Document, (g) each Pledge Supplement, (h) each Assumption Agreement, and (i) all financing statements, fixture filings, Patent, Trademark and Copyright filings, assignments, acknowledgments and other filings, documents and agreements made or delivered pursuant to any of the foregoing.

“**Solvency Certificate**”: the Solvency Certificate, dated the Closing Date, delivered to the Administrative Agent pursuant to Section 5.1(p), which Solvency Certificate shall be in substantially the form of Exhibit D.

“**Solvent**”: when used with respect to any Person, as of any date of determination, (a) the amount of the “fair value” of the assets of such Person will, as of such date, exceed the amount of all “liabilities of such Person, contingent or otherwise,” as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the “present fair saleable value” of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts generally as they mature. For purposes of this definition, (i) “debt” means liability on a “claim,” and (ii) “claim” means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

“**Specified Acquisition Agreement Representations**”: such of the representations and warranties made by the sellers and their Affiliates in the Limited Condition Acquisition Agreement as are material to the interests of the Lenders, but only to the extent that Holdings (or its applicable Affiliates) has the right (taking into account any applicable cure provisions) to terminate its (or such Affiliates’) obligations under the Limited Condition Acquisition Agreement, or decline to consummate the acquisition (in each case, in accordance with the terms thereof), as a result of a breach of such representations and warranties.

“**Specified Representations**”: those representations and warranties made in Sections 4.3(a) (with respect to the organizational existence of the Loan Parties only after giving effect to the Limited Condition Acquisition), 4.4 (excluding the third sentence thereof), 4.5 (solely with respect to the first sentence and with respect to Operating Documents), 4.11, 4.14, 4.19, 4.20 (giving effect to the Limited Condition Acquisition and the incurrence of the Increase loans in connection therewith), 4.28 and 4.29 (solely to the effect that the use of proceeds of any Increase loans in connection with the Limited Condition Acquisition on the date of the acquisition will not violate the Foreign Corrupt Practices Act, the USA PATRIOT Act or sanctions administered by OFAC).

**“Specified Swap Agreement”**: any Swap Agreement entered into by a Loan Party (or in the sole discretion of the Administrative Agent, any other Group Member) and any Qualified Counterparty (or any Person who was a Qualified Counterparty as of the Closing Date or as of the date such Swap Agreement was entered into).

**“Subordinated Debt Document”**: any agreement, certificate, document or instrument executed or delivered by any Group Member and evidencing Indebtedness of such Group Member which is subordinated to the payment of the Obligations or the Liens securing such Indebtedness is subordinated to the Administrative Agent’s Lien, in each case, in a manner approved in writing by the Administrative Agent, and any renewals, modifications, or amendments thereof which are not prohibited by this Agreement or are approved in writing by the Administrative Agent.

**“Subordinated Indebtedness”**: Indebtedness of a Loan Party subordinated to the Obligations pursuant to subordination terms (including payment, lien and remedies subordination terms, as applicable) reasonably acceptable to the Administrative Agent.

**“Subsidiary”**: as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a **“Subsidiary”** or to **“Subsidiaries”** in this Agreement shall refer to a Subsidiary or Subsidiaries of Holdings.

**“Surety Indebtedness”**: as of any date of determination, indebtedness (contingent or otherwise) owing to sureties arising from surety bonds issued on behalf of any Loan Party or its respective Subsidiaries as support for, among other things, their contracts with customers, whether such indebtedness is owing directly or indirectly by such Loan Party or any such Subsidiary.

**“SVB”**: as defined in the preamble hereto.

**“Swap Agreement”**: any agreement with respect to any swap, hedge, forward, future or derivative transaction or option or similar agreement (including without limitation, any Interest Rate Agreement) involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that the following shall not constitute “Swap Agreements”: (a) any phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower and its Subsidiaries, (b) any stock option or warrant agreement for the purchase of Capital Stock of the Borrower, (c) the purchase of Capital Stock or Indebtedness (including securities convertible into Capital Stock) of the Borrower pursuant to delayed delivery contracts, accelerated stock repurchase agreements, forward contracts or other similar agreements and (d) any of the items specified in the foregoing clauses (a) through (c), to the extent the same constitutes a derivative embedded in a convertible security issued by the Borrower.

**“Swap Obligation”**: with respect to any Guarantor, any obligation of such Guarantor to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

**“Swap Termination Value”**: in respect of any one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for

any date on or after the date any such Swap Agreement has been closed out and termination value determined in accordance therewith, such termination value, and (b) for any date prior to the date referenced in clause (a), the amount determined as the mark-to-market value for such Swap Agreement, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Agreements (which may include a Qualified Counterparty).

**“Swingline Commitment”**: the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2.6 in an aggregate principal amount at any one time outstanding not to exceed \$10,000,000.

**“Swingline Lender”**: SVB, in its capacity as the lender of Swingline Loans or such other Lender as the Borrower may from time to time select as the Swingline Lender hereunder pursuant to Section 2.7(f); provided that such Lender has agreed to be a Swingline Lender.

**“Swingline Loan Note”**: a promissory note in the form of Exhibit H-2, as it may be amended, supplemented or otherwise modified from time to time.

**“Swingline Loans”**: as defined in Section 2.6.

**“Swingline Participation Amount”**: as defined in Section 2.7(c).

**“Synthetic Lease Obligation”**: the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

**“Taxes”**: all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**“Total Credit Exposure”**: as to any Lender at any time, the unused Commitments and Revolving Extensions of Credit of such Lender at such time.

**“Total L/C Commitments”**: at any time, the sum of all L/C Commitments at such time, as the same may be reduced from time to time pursuant to Section 2.10 or 3.5(b). The initial amount of the Total L/C Commitments on the Closing Date is \$10,000,000.

**“Total Revolving Commitments”**: at any time, the aggregate amount of the Revolving Commitments then in effect.

**“Total Revolving Extensions of Credit”**: at any time, the aggregate amount of the Revolving Extensions of Credit outstanding at such time.

**“Trade Date”**: as defined in Section 10.6(b)(i)(B).

**“Transferee”**: any Eligible Assignee or Participant.

**“Type”**: as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

**“Unfriendly Acquisition”**: any acquisition that has not, at the time of the first public announcement of an offer relating thereto, been approved by the board of directors (or other legally recognized governing

body) of the Person to be acquired; except that with respect to any acquisition of a non-U.S. Person, an otherwise friendly acquisition shall not be deemed to be unfriendly if it is not customary in such jurisdiction to obtain such approval prior to the first public announcement of an offer relating to a friendly acquisition.

“**Uniform Commercial Code**” or “**UCC**”: the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in the State of New York, or as the context may require, any other applicable jurisdiction.

“**United States**” and “**U.S.**”: the United States of America.

“**Usage**”: the result, expressed as a percentage, of (a) the sum of (x) the aggregate undrawn amount of all outstanding Letters of Credit at such time, (y) the aggregate amount of all Letter of Credit disbursements that have not yet been reimbursed or converted into Revolving Loans at such time, and (z) the aggregate principal balance of any Loans (including Protective Overadvances and Swingline Loans) outstanding at such time, divided by (b) the Total Revolving Commitments at such time.

“**USCRO**”: the U.S. Copyright Office.

“**USPTO**”: the U.S. Patent and Trademark Office.

“**U.S. Person**”: any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“**Withholding Agent**”: as applicable, any of any applicable Loan Party and the Administrative Agent, as the context may require.

“**Write-Down and Conversion Powers**”: with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

## 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and in any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Group Member not defined in [Section 1.1](#) and accounting terms partly defined in [Section 1.1](#), to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation,” (iii) the word “incur” shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words “incurred” and “incurrence” shall have correlative meanings), (iv) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, (v) references to a given time of day shall, unless otherwise specified, be deemed to refer to Pacific time, and (vi) references to agreements (including this Agreement) or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated, amended and restated or otherwise modified from time to time.

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(c) The words “**hereof**,” “**herein**” and “**hereunder**” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified. The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (ii) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (iii) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(e) For all purposes under the Loan Documents, in connection with any Division: (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

**1.3 Rounding.** Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.4 Limited Condition Acquisitions.** In connection with any action being taken in connection with a Limited Condition Acquisition, for purposes of determining compliance with any provision of this Agreement which requires the calculation of RR or any other financial ratio or metric, at the option of the Borrower (and, if the Borrower elects to exercise such option, such option shall be exercised on or prior to the date on which the definitive agreement for such Limited Condition Acquisition is executed) (the Borrower’s election to exercise such option in connection with any Limited Condition Acquisition, an “**LCA Election**”), then notwithstanding anything else to the contrary contained in this Agreement, the date of determination of whether any such action is permitted hereunder, shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition are entered into (the “**LCA Test Date**”), and if, after giving pro forma effect to the Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the most recent period of four fiscal quarters then ended prior to the LCA Test Date for which consolidated financial statements of Holdings are available, the Borrower could have taken such action on the relevant LCA Test Date in compliance with such ratio or basket, such ratio or basket shall be deemed to have been complied with. If the Borrower has made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent calculation of any basket availability with respect to the incurrence of Indebtedness, the grant of Liens, or the making of Investments, Restricted Payments, Dispositions, mergers and consolidations or other transfer of all or substantially all of the assets of any Loan Party or any Subsidiary on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated or the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket shall be calculated on a Pro Forma Basis assuming both that such Limited Condition Acquisition and other

transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated and have not been consummated.

**SECTION 2**  
**AMOUNT AND TERMS OF COMMITMENTS**

2.1 [Reserved].

2.2 [Reserved].

2.3 [Reserved].

2.4 **Revolving Commitments.**

(a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans (each, a “**Revolving Loan**” and, collectively, the “**Revolving Loans**”) to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to the aggregate outstanding amount of the Swingline Loans, the aggregate undrawn amount of all outstanding Letters of Credit, and the aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans, incurred on behalf of the Borrower and owing to such Lender, does not exceed the amount of such Lender’s Revolving Commitment. In addition, such aggregate obligations shall not at any time exceed the lesser of (i) the Total Revolving Commitments in effect at such time, and (ii) the Borrowing Base in effect at such time. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.5 and 2.13.

(b) The Borrower shall repay all outstanding Revolving Loans (including all Overadvances and Protective Overadvances) on the Revolving Termination Date.

**2.5 Procedure for Revolving Loan Borrowing.** The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day; provided that the Borrower shall give the Administrative Agent an irrevocable Notice of Borrowing (which must be received by the Administrative Agent prior to 10:00 A.M. (a) three (3) Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) one (1) Business Day prior to the requested Borrowing Date, in the case of ABR Loans (in each case, with originals to follow within three (3) Business Days)) (provided that any such Notice of Borrowing of ABR Loans under the Revolving Facility to finance payments under Section 3.5(a) may be given not later than 10:00 A.M. on the date of the proposed borrowing), in each such case specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date, (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor, and (iv) instructions for remittance of the proceeds of the applicable Loans to be borrowed. Unless otherwise agreed by the Administrative Agent in its sole discretion, no Revolving Loan may be made as, converted into or continued as a Eurodollar Loan having an Interest Period in excess of one month prior to the date that is 30 days after the Closing Date. Each borrowing under the Revolving Commitments shall be in an amount equal to in the case of ABR Loans, \$1,000,000 or a whole multiple of \$100,000 in excess thereof (or, if the then aggregate Available Revolving Commitments are less than \$1,000,000, such lesser amount); provided that the Swingline Lender may request, on behalf of the Borrower, borrowings under the Revolving Commitments that are ABR Loans in other amounts pursuant to Section 2.7. Upon receipt of any such Notice of Borrowing from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its *pro rata* share of each such borrowing available to the Administrative Agent for the account of the Borrower at the Revolving Loan Funding Office

prior to 12:00 P.M. on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting such account as is designated in writing to the Administrative Agent by the Borrower with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent or, if so specified in the Flow of Funds Agreement, the Administrative Agent shall wire transfer or otherwise credit all or a portion of such aggregate amounts to SVB (for application against amounts then outstanding under the Existing Credit Facility), in accordance with the wire instructions specified for such purpose in the Flow of Funds Agreement.

**2.6 Swingline Commitment.** Subject to the terms and conditions hereof, the Swingline Lender agrees to make available a portion of the credit accommodations otherwise available to the Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans (each a “*Swingline Loan*” and, collectively, the “*Swingline Loans*”) to the Borrower; provided that (a) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect, (b) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero, and (c) the Borrower shall not use the proceeds of any Swingline Loan to refinance any then outstanding Swingline Loan. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be ABR Loans only. The Borrower shall repay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the Revolving Termination Date. The Swingline Lender shall not make a Swingline Loan during the period commencing at the time it has received notice (by telephone or in writing) from the Administrative Agent at the request of any Lender, acting in good faith, that one or more of the applicable conditions specified in Section 5.2 (other than Section 5.2(d)) is not then satisfied and has had a reasonable opportunity to react to such notice and ending when such conditions are satisfied or duly waived.

**2.7 Procedure for Swingline Borrowing; Refunding of Swingline Loans.**

(a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans the Borrower shall give the Swingline Lender irrevocable telephonic notice (which telephonic notice must be received by the Swingline Lender not later than 12:00 P.M. on the proposed Borrowing Date) confirmed promptly in writing by a Notice of Borrowing, specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period), and (iii) instructions for the remittance of the proceeds of such Loan. Each borrowing under the Swingline Commitment shall be in an amount equal to \$500,000 or a whole multiple of \$100,000 in excess thereof. Promptly thereafter, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Borrower an amount in immediately available funds equal to the amount of the Swingline Loan to be made by depositing such amount in the account designated in writing to the Administrative Agent by the Borrower. Unless a Swingline Loan is sooner refinanced by the advance of a Revolving Loan pursuant to Section 2.7(b), such Swingline Loan shall be repaid by the Borrower no later than five (5) Business Days after the advance of such Swingline Loan.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day’s telephonic notice given by the Swingline Lender no later than 12:00 P.M. and promptly confirmed in writing, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender’s Revolving Percentage of the aggregate amount of such Swingline Loan (each a “*Refunded Swingline*”

**Loan**) outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Revolving Loan Funding Office in immediately available funds, not later than 10:00 A.M. one Business Day after the date of such notice. The proceeds of such Revolving Loan shall immediately be made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loan. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) immediately to pay the amount of any Refunded Swingline Loan to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loan.

(c) If prior to the time that the Borrower has repaid the Swingline Loans pursuant to Section 2.7(a) or a Revolving Loan has been made pursuant to Section 2.7(b), one of the events described in Section 8.1(f) shall have occurred or if for any other reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 2.7(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 2.7(b) or on the date requested by the Swingline Lender (with at least one (1) Business Days' notice to the Revolving Lenders), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "**Swingline Participation Amount**") equal to (i) such Revolving Lender's Revolving Percentage times (ii) the sum of the aggregate principal amount of the outstanding Swingline Loans that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Loans referred to in Section 2.7(b) and to purchase participating interests pursuant to Section 2.7(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender, or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(f) The Swingline Lender may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Borrower. Following such notice of resignation from the Swingline Lender, the Swingline Lender may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the Required Lenders and the successor Swingline Lender. After the resignation or replacement of the Swingline Lender hereunder, the retiring Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of the Swingline Lender under this Agreement and the other Loan Documents with respect to Swingline Loans made by it prior to such resignation or replacement, but shall not be required or permitted to make any additional Swingline Loans.

## 2.8 Overadvances; Protective Overadvances.

(a) If at any time or for any reason the aggregate amount of the Total Revolving Extensions of Credit exceeds the lesser of (x) the amount of the Total Revolving Commitments then in effect, and (y) the amount of the Borrowing Base then in effect (any such excess, an “**Overadvance**”), the Borrower shall, if the amount of such Overadvance is (a) equal or greater than \$500,000, immediately pay the full amount of such Overadvance to the Administrative Agent, without notice or demand, or (b) less than \$500,000, within one (1) Business Day after the receipt of a request by the Administrative Agent therefore, pay the full amount of such Overadvance to the Administrative Agent, in each case, for application against the Revolving Extensions of Credit in accordance with the terms hereof. Any prepayment of any Revolving Loan that is a Eurodollar Loan hereunder shall be subject to Borrower’s obligation to pay any amounts owing pursuant to [Section 2.21](#).

(b) Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent, in its sole discretion, may make Revolving Loans to the Borrower on behalf of the Lenders, so long as the aggregate amount of such Revolving Loans shall not exceed the lesser of (y) 10% of the Borrowing Base (if then applicable) and (z) 10% of the Commitments, if the Administrative Agent, in its reasonable credit judgment, deems that such Revolving Loans are necessary or desirable (i) to protect all or any portion of the Collateral, (ii) to enhance the likelihood or maximize the amount of repayment of the Loans and the other Obligations or (iii) to pay any other amount chargeable to the Borrower pursuant to this Agreement (such Revolving Loans, “**Protective Overadvances**”); provided that (A) in no event shall the Total Revolving Extensions of Credit exceed the amount of the Total Commitments then in effect and (B) the Borrower shall repay each Protective Overadvance on the date which the earlier of (y) the 30<sup>th</sup> day after the date of incurrence of such Protective Overadvance and (z) the date the Required Lenders provide written notice to the Administrative Agent and the Borrower requiring the Borrower to repay such Protective Overadvance. Each applicable Lender shall be obligated to advance to the Borrower its Revolving Percentage of each Protective Overadvance made in accordance with this [Section 2.8\(b\)](#). If Protective Overadvances are made in accordance with the preceding sentence, then all Revolving Lenders shall be bound to make, or permit to remain outstanding, such Protective Overadvances based upon their Revolving Percentages in accordance with the terms of this Agreement. All Protective Overadvances shall be secured by the Collateral and shall bear interest as provided in this Agreement for Revolving Loans generally.

## 2.9 Fees.

(a) Fee Letter. The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in the Fee Letter and to perform any other obligations contained therein.

(b) Commitment Fee. As additional compensation for the Revolving Commitments, the Borrower shall pay to the Administrative Agent for the account of the Lenders, in arrears, on the first day of each calendar quarter of the Borrower prior to the Revolving Termination Date and on the Revolving Termination Date, a fee for the Borrower’s non-use of available funds in an amount equal to the Commitment Fee Rate per annum multiplied by the difference between (x) the Total Revolving Commitments (as they may be reduced or increased from time to time) and (y) the sum of (A) the average for the period of the daily closing balance of the Revolving Loans outstanding, (B) the aggregate undrawn amount of all Letters of Credit outstanding at such time and (C) the aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans at such time.

(c) Fees Nonrefundable. All fees payable under this [Section 2.9](#) shall be fully earned on the date paid and nonrefundable.

(d) Increase in Fees. At any time that an Event of Default exists, upon the request of the Required Lenders, the amount of any of the foregoing fees due under subsection (b) shall be increased by adding 2.0% per annum thereto.

#### **2.10 Termination or Reduction of Revolving Commitments.**

The Borrower shall have the right, without penalty or premium, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of the Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof (which prepayments may be made without penalty or premium other than any amounts owing (if any) pursuant to Section 2.21), the Total Revolving Extensions of Credit then outstanding would exceed the lesser of (A) the Total Revolving Commitments then in effect, and (B) the Borrowing Base then in effect; provided that if such notice indicates that such termination or reduction is conditioned on the occurrence of a transaction it may be revoked if such transaction is not consummated. Any such reduction shall be in an amount equal to \$1,000,000, or a whole multiple thereof (or, if the then Total Revolving Commitments are less than \$1,000,000, such lesser amount), and shall reduce permanently the Revolving Commitments then in effect; provided further, if in connection with any such reduction or termination of the Revolving Commitments a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing (if any) pursuant to Section 2.21. The Borrower shall have the right, without penalty or premium, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate the L/C Commitments or, from time to time, to reduce the amount of the L/C Commitments; provided that no such termination or reduction of L/C Commitments shall be permitted if, after giving effect thereto, the Total L/C Commitments shall be reduced to an amount that would result in the aggregate L/C Exposure exceeding the Total L/C Commitments (as so reduced). Any such reduction shall be in an amount equal to \$1,000,000, or a whole multiple thereof (or, if the then Total L/C Commitments are less than \$1,000,000, such lesser amount), and shall reduce permanently the L/C Commitments then in effect. The Borrower shall have the right, without penalty or premium other than any amounts owing (if any) pursuant to Section 2.21, at any time and from time to time to prepay any Loan in whole or in part, upon not less than three (3) Business Days' notice to the Administrative Agent; provided that if such notice indicates that such prepayment is conditioned on the occurrence of a transaction it may be revoked if such transaction is not consummated. Upon receipt of any such notice, the Administrative Agent shall promptly notify each relevant Lender thereof.

**2.11 [Reserved].**

**2.12 [Reserved].**

#### **2.13 Conversion and Continuation Options.**

(a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice in a Notice of Conversion/Continuation of such election no later than 10:00 A.M. on the Business Day preceding the proposed conversion date; provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice in a Notice of Conversion/Continuation of such election no later than 10:00 A.M. on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor); provided that no ABR Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing. Upon receipt of any such notice, the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice in a Notice of Conversion/Continuation to the Administrative Agent, in accordance with the applicable provisions of the term “Interest Period” set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans; provided that no Eurodollar Loan may be continued as such when any Event of Default has occurred and is continuing; provided further that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso, such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

**2.14 Limitations on Eurodollar Tranches.** Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to \$1,000,000 or a whole multiple of \$100,000 in excess thereof, and (b) no more than seven (7) Eurodollar Tranches shall be outstanding at any one time.

**2.15 Interest Rates and Payment Dates.**

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to (i) the Eurodollar Rate determined for such day plus (ii) the Applicable Margin.

(b) Each ABR Loan (including any Swingline Loan) shall bear interest at a rate per annum equal to (i) the ABR plus (ii) the Applicable Margin.

(c) During the continuance of an Event of Default, at the request of the Required Lenders, all outstanding Loans shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2.00% (the “**Default Rate**”); provided that the Default Rate shall apply to all outstanding Loans automatically and without any Required Lender consent therefor upon the occurrence of any Event of Default arising under Section 8.1(a) or (f).

(d) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to Section 2.15(c) shall be payable from time to time on demand.

**2.16 Computation of Interest and Fees.**

(a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate (or, as applicable, on the basis of the Eurodollar Rate), the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate (and, as applicable, of the determination of the Eurodollar Rate applicable to an ABR Loan). Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.16(a).

**2.17 Inability to Determine Interest Rate.** If prior to the first day of any Interest Period, or as applicable, on any day on which an ABR Loan bearing interest determined by reference to the Eurodollar Rate is outstanding, the Administrative Agent or the Required Lenders shall have determined (which determination shall be conclusive and binding upon the Borrower) in connection with any request for a Eurodollar Loan, a request for an ABR Loan to bear interest with reference to the Eurodollar Rate, or a conversion to or a continuation of either of the foregoing that, by reason of circumstances affecting the relevant market, (a) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such requested Loan or conversion or continuation, as applicable, (b) adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or (c) the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period, then, in any such case (a), (b) or (c), the Administrative Agent shall promptly notify the Borrower and the relevant Lenders thereof as soon as practicable thereafter. Any such determination shall specify the basis for such determination and shall, in the absence of manifest error, be conclusive and binding for all purposes. Thereafter, (w) any Eurodollar Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (x) any such requested ABR Loans which were to have utilized a Eurodollar Rate component in determining the ABR shall not utilize a Eurodollar Rate component in determining the ABR applicable to such requested ABR Loan, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall the Borrower have the right to convert Loans under the relevant Facility to Eurodollar Loans, and the utilization of the Eurodollar Rate component in determining the ABR shall be suspended.

**2.18 Pro Rata Treatment and Payments.**

(a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Commitments shall be made *pro rata* according to the respective L/C Percentages or Revolving Percentages, as the case may be, of the relevant Lenders.

(b) [Reserved]

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made *pro rata* according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff and shall be made prior to 10:00 A.M. on the due date thereof to the Administrative Agent, for the account of the Lenders, at the applicable Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. Any payment received by the Administrative

Agent after 10:00 A.M. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to the proposed date of any borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date in accordance with Section 2, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not in fact made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender and the Borrower severally agree to pay to the Administrative Agent forthwith, on demand, such corresponding amount with interest thereon, for each day from and including the date on which such amount is made available to the Borrower but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, a rate equal to the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the rate per annum applicable to ABR Loans under the relevant Facility. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(f) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Nothing herein shall be deemed to limit the rights of Administrative Agent or any Lender against any Loan Party.

(g) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Section 2, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable extension of credit set forth in Section 5.1 or Section 5.2 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(h) The obligations of the Lenders hereunder to (i) make Revolving Loans, (ii) fund its participations in L/C Disbursements in accordance with its respective L/C Percentage, (iii) fund its respective Swingline Participation Amount of any Swingline Loan, and (iv) make payments pursuant to Section 9.7, as applicable, are several and not joint. The failure of any Lender to make any such Loan, to fund any such participation or to make any such payment under Section 9.7 on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 9.7.

(i) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(j) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees, Overadvances and Protective Overadvances then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees, Overadvances and Protective Overadvances then due to such parties, and (ii) second, toward payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(k) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the principal of or interest on any Loan made by it, its participation in the L/C Exposure or other obligations hereunder, as applicable (other than pursuant to a provision hereof providing for non-pro rata treatment), in excess of its Revolving Percentage or L/C Percentage, as applicable, of such payment on account of the Loans or participations obtained by all of the Lenders, such Lender shall (a) notify the Administrative Agent of the receipt of such payment, and (b) within five (5) Business Days of such receipt purchase (for cash at face value) from the other Revolving Lenders or L/C Lenders, as applicable (through the Administrative Agent), without recourse, such participations in the Revolving Loans made by them and/or participations in the L/C Exposure held by them, as applicable, or make such other adjustments as shall be equitable, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lenders in accordance with their respective Revolving Percentages or L/C Percentages, as applicable; provided, however, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest and (ii) the provisions of this clause (k) shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment or sale of a participation in any of its Loans or participations in L/C Disbursements to any assignee or participant, other than to the Borrower or any of its Affiliates (as to which the provisions of this clause (k) shall apply). The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.18(k) may exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. No documentation other than notices and the like referred to in this Section 2.18(k) shall be required to implement the terms of this Section 2.18(k). The Administrative Agent shall keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased pursuant to this Section 2.18(k) and shall in each case notify the Revolving Lenders or the L/C Lenders, as applicable, following any such purchase. The provisions of this Section 2.18(k) shall not be construed to apply to (i) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (ii) the application of Cash

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Collateral provided for in Section 3.10, or (iii) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or sub-participations in any L/C Exposure to any assignee or participant, other than an assignment to the Borrower or any Affiliate thereof (as to which the provisions of this Section 2.18(k) shall apply). The Borrower consents on behalf of itself and each other Loan Party to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation. For the avoidance of doubt, no amounts received by the Administrative Agent or any Lender from any Guarantor that is not a Qualified ECP Guarantor shall be applied in partial or complete satisfaction of any Excluded Swap Obligations.

(l) Notwithstanding anything to the contrary in this Agreement, the Administrative Agent may, in its discretion at any time or from time to time, without the Borrower's request and even if the conditions set forth in Section 5.2 would not be satisfied, make a Revolving Loan in an amount equal to the portion of the Obligations constituting overdue interest and fees and Swingline Loans from time to time due and payable to itself, any Revolving Lender, the Swingline Lender or the Issuing Lender, and apply the proceeds of any such Revolving Loan to those Obligations; provided that after giving effect to any such Revolving Loan, the aggregate outstanding Revolving Loans will not exceed the Total Revolving Commitments then in effect.

## 2.19 Illegality; Requirements of Law.

(a) Illegality. If any Lender determines that any Requirement of Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining ABR Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the ABR, the interest on such ABR Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the ABR, in each case, until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans (the interest rate on which ABR Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the ABR), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans, and (y) if such notice asserts the illegality of such Lender determining or charging interest based upon the Eurodollar Rate, the Administrative Agent shall, during the period of such suspension compute the ABR applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

(b) Requirements of Law. If the adoption of or any change in any Requirement of Law or in the administration, interpretation, implementation or application thereof by any Governmental

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Authority, or the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority made subsequent to the date hereof:

(i) shall subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes, and (C) Connection Income Taxes) on its Loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(ii) shall impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining Loans determined with reference to the Eurodollar Rate or of maintaining its obligation to make such Loans, or to increase the cost to such Lender or such other Recipient of issuing, maintaining or participating in Letters of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum receivable or received by such Lender or other Recipient hereunder in respect thereof (whether of principal, interest or any other amount), then, in any such case, upon the request of such Lender or other Recipient, the Borrower will promptly pay such Lender or other Recipient, as the case may be, any additional amount or amounts necessary to compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(c) If any Lender determines that any change in any Requirement of Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such change in such Requirement of Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered.

(d) For purposes of this Agreement, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case (i) and (ii) be deemed to be a change in any Requirement of Law, regardless of the date enacted, adopted or issued.

(e) A certificate as to any additional amounts payable pursuant to paragraphs (b), (c), or (d) of this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation. Notwithstanding anything to the contrary in this Section 2.19, the Borrower shall not be required to compensate a Lender pursuant to this Section 2.19 for any amounts incurred more than nine months prior to the date that such Lender notifies the Borrower of the change in the Requirement of Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor; provided that if the circumstances giving rise to such claim have a retroactive effect, then such nine-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower arising pursuant to this Section 2.19 shall survive the Discharge of Obligations and the resignation of the Administrative Agent.

## **2.20 Taxes.**

For purposes of this Section 2.20, the term "Lender" includes the Issuing Lender and the term "applicable law" includes FATCA.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law, and the Borrower shall, and shall cause each other Loan Party, to comply with the requirements set forth in this Section 2.20. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.20) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes. Each of Holdings and the Borrower shall, and each of Holdings and the Borrower shall cause each other Loan Party to, timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes applicable to such Loan Party.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.20, the Borrower shall, or shall cause such other Loan Party to, deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by Loan Parties. The Borrower shall, and shall cause each other Loan Party to, jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.20) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability

delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6 relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 2.20(e).

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.20(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if the Lender is not legally entitled to complete, execute or deliver such documentation or, in the Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so. Each Foreign Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose).

(g) **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this [Section 2.20](#) (including by the payment of additional amounts pursuant to this [Section 2.20](#)), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this [Section 2.20\(g\)](#) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this [Section 2.20\(g\)](#), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this [Section 2.20\(g\)](#) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) **Survival.** Each party's obligations under this [Section 2.20](#) shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the Discharge of Obligations.

**2.21 Indemnity.** The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) a default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) a default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement, or (c) for any reason, the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such losses and expenses shall be equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, reduced, converted or continued, for the period from the date of such prepayment or of such failure to borrow, reduce, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, reduce, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest or other return for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any), over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the Discharge of Obligations.

**2.22 Change of Lending Office.** Each Lender agrees that, upon the occurrence of any event giving rise to the operation of [Section 2.19\(b\)](#), [Section 2.19\(c\)](#), [Section 2.20\(a\)](#), [Section 2.20\(b\)](#) or

Section 2.20(d) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate a different lending office for funding or booking its Loans affected by such event or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.19 or 2.20, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender; provided that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.19(b), Section 2.19(c), Section 2.20(a), Section 2.20(b) or Section 2.20(d). The Borrower hereby agrees to pay all reasonable and documented costs and expenses incurred by any Lender in connection with any such designation or assignment made at the request of the Borrower.

**2.23 Substitution of Lenders.** Upon the receipt by the Borrower of any of the following (or in the case of clause (a) below, if the Borrower is required to pay any such amount), with respect to any Lender (any such Lender described in clauses (a) through (c) below being referred to as an “**Affected Lender**” hereunder):

- (a) a request from a Lender for payment of Indemnified Taxes or additional amounts under Section 2.20 or of increased costs pursuant to Section 2.19(c) (and, in any such case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.22 or is a Non-Consenting Lender);
- (b) a notice from the Administrative Agent under Section 10.1(b) that one or more Minority Lenders are unwilling to agree to an amendment or other modification approved by the Required Lenders and the Administrative Agent; or
- (c) notice from the Administrative Agent that a Lender is a Defaulting Lender;

then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent and such Affected Lender: (i) request that one or more of the other Lenders acquire and assume all or part of such Affected Lender’s Loans and Commitment; or (ii) designate a replacement lending institution (which shall be an Eligible Assignee) to acquire and assume all or a ratable part of such Affected Lender’s Loans and Commitment (the replacing Lender or lender in (i) or (ii) being a “**Replacement Lender**”); provided, however, that the Borrower shall be liable for the payment upon demand of all costs and other amounts arising under Section 2.21 that result from the acquisition of any Affected Lender’s Loan and/or Commitment (or any portion thereof) by a Lender or Replacement Lender, as the case may be, on a date other than the last day of the applicable Interest Period with respect to any Eurodollar Loans then outstanding. The Affected Lender replaced pursuant to this Section 2.23 shall be required to assign and delegate, without recourse, all of its interests, rights and obligations under this Agreement and the related Loan Documents to one or more Replacement Lenders that so agree to acquire and assume all or a ratable part of such Affected Lender’s Loans and Commitment upon payment to such Affected Lender of an amount (in the aggregate for all Replacement Lenders) equal to 100% of the outstanding principal of the Affected Lender’s Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from such Replacement Lenders (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts, including amounts under Section 2.21 hereof). Any such designation of a Replacement Lender shall be effected in accordance with, and subject to the terms and conditions of, the assignment provisions contained in Section 10.6 (with the assignment fee to be paid by the Borrower in such instance), provided that if such Affected Lender does not comply with Section 10.6 within ten (10) Business Days after the Borrower’s request, the Administrative Agent is authorized to execute the Assignment and Acceptance on behalf of such Affected Lender. Notwithstanding the foregoing, with respect to any assignment pursuant to this

Section 2.23, (a) in the case of any such assignment resulting from a claim for compensation under Section 2.19 or payments required to be made pursuant to Section 2.20, such assignment shall result in a reduction in such compensation or payments thereafter; (b) such assignment shall not conflict with applicable law and (c) in the case of any assignment resulting from a Lender being a Minority Lender referred to in clause (b) of this Section 2.23, the applicable assignee shall have consented to the applicable amendment, waiver or consent. Notwithstanding the foregoing, an Affected Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Affected Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

## 2.24 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.1 and in the definition of Required Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise, and including any amounts made available to the Administrative Agent by such Defaulting Lender pursuant to Section 10.7), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a *pro rata* basis of any amounts owing by such Defaulting Lender to the Issuing Lender or to the Swingline Lender hereunder; third, to be held as Cash Collateral for the funding obligations of such Defaulting Lender of any participation in any Letter of Credit; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a Deposit Account and released *pro rata* to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement, and (y) be held as Cash Collateral for the future funding obligations of such Defaulting Lender of any participation in any future Letter of Credit; sixth, to the payment of any amounts owing to any L/C Lender, Issuing Lender or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any L/C Lender, Issuing Lender or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default has occurred and is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans or L/C Advances in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans or L/C Advances were made at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Advances owed to, all Non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Loans of, or L/C Advances owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Advances and Swingline Loans are held by the Lenders *pro rata* in accordance with the Commitments under the applicable Facility without giving effect to Section 2.24(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant

to this Section 2.24(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee pursuant to Section 2.9(b) for any period during which such Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(B) Each Defaulting Lender shall be limited in its right to receive Letter of Credit Fees as provided in Section 3.3(d).

(C) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Lender and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Lender's or the Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Pro Rata Share to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each Non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit pursuant to Section 3.4 or in Swingline Loans pursuant to Section 2.7(c), the L/C Percentage of each Non-Defaulting Lender of any such Letter of Credit and the Revolving Percentage of each Non-Defaulting Lender of any such Swingline Loan, as the case may be, shall be computed without giving effect to the Revolving Commitment of such Defaulting Lender; provided that, (A) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Event of Default has occurred and is continuing; and (B) the aggregate obligations of each Non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swingline Loans shall not exceed the positive difference, if any, of (1) the Revolving Commitment of that Non-Defaulting Lender minus (2) the aggregate outstanding amount of the Revolving Loans of that Lender plus the aggregate amount of that Lender's L/C Percentage of then outstanding Letters of Credit. Subject to Section 10.21, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (y) second, Cash Collateralize the Issuing Lender's Fronting Exposure in accordance with the procedures set forth in Section 3.10.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swingline Lender and the Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), such Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be

necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held on a *pro rata* basis by the Lenders in accordance with their respective Revolving Percentages and L/C Percentages, as applicable (without giving effect to Section 2.24(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and provided further that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan, and (ii) the Issuing Lender shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure in respect of Letters of Credit after giving effect thereto.

(d) Termination of Defaulting Lender. The Borrower may terminate the unused amount of the Revolving Commitment of any Revolving Lender that is a Defaulting Lender upon not less than ten Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.24(a)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Lender, the Swingline Lender or any other Lender may have against such Defaulting Lender.

## 2.25 Joint and Several Liability of the Borrowers.

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including any Obligations arising under this Section 2.25), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligations.

(d) The Obligations of each Borrower under the provisions of this Section 2.25 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loans made or Letters of Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or

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of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by the Administrative Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of the Administrative Agent or Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.25 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.25, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.25 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.25 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Borrower, the Administrative Agent or any Lender.

(f) Each Borrower represents and warrants to the Administrative Agent and Lenders that such Borrower is currently informed of the financial condition of the Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to the Administrative Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of the Borrowers' financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) Each Borrower waives all rights and defenses (i) arising out of an election of remedies by the Administrative Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Borrower's rights of subrogation and reimbursement against any applicable Loan Party by the operation of Section 580 or 726 of the California Code of Civil Procedure or otherwise, and (ii) relating to any suretyship defenses available to it under the Uniform Commercial Code or any other applicable law, including, without limitation, the benefit of California Civil Code Section 2815 permitting revocation as to future transactions and the benefit of California Civil Code Sections 1432, 2787 through 2855, 2899 and 3433.

(h) Each Borrower waives all rights and defenses that such Borrower may have because the Obligations are secured by real property at any time. This means, among other things:

(i) The Administrative Agent and Lenders may collect from such Borrower without first foreclosing on any real or personal property Collateral pledged by the Borrowers.

(ii) If the Administrative Agent or any Lender forecloses on any Collateral consisting of real property pledged by the Borrowers:

(A) The amount of the Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(B) The Administrative Agent and Lenders may collect from such Borrower even if the Administrative Agent or Lenders, by foreclosing on real property, has destroyed any right such Borrower may have to collect from the other Borrowers.

This is an unconditional and irrevocable waiver of any rights and defenses such Borrower may have because the Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

(i) The provisions of this Section 2.25 are made for the benefit of the Administrative Agent, the Lenders, and their respective successors and assigns, and may be enforced by it or them from time to time against any or all the Borrowers as often as occasion therefor may arise and without requirement on the part of the Administrative Agent, any Lender, any successor or any assign first to marshal any of its or their claims or to exercise any of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.25 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.25 will forthwith be reinstated in effect, as though such payment had not been made.

(j) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Administrative Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Administrative Agent or Lender hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor. Notwithstanding anything to the contrary contained in this Section 2.25, no Borrower shall exercise any rights of subrogation, contribution, indemnity, reimbursement or other similar rights against, and shall not proceed or seek recourse against or with respect to any property or asset of, any other Borrower (the "**Foreclosed Borrower**"), including after payment in full of the Obligations, if all or any portion of the Obligations have been satisfied in connection with an exercise of remedies in respect of the Capital Stock of such Foreclosed Borrower whether pursuant to the Security Documents or otherwise.

(k) Each Borrower hereby agrees that, after the occurrence and during the continuance of any Default or Event of Default, the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in

full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for the Administrative Agent, and such Borrower shall deliver any such amounts to the Administrative Agent for application to the Obligations in accordance with the terms of this Agreement.

(l) Subject to the foregoing, to the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an “**Accommodation Payment**”), then the Borrower making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each other Borrower in an amount, for each of such other Borrower, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower’s Allocable Amount and the denominator of which is the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the “**Allocable Amount**” of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower “insolvent” within the meaning of Section 101(31) of the Bankruptcy Code, Section 2 of the Uniform Fraudulent Transfer Act (“**UFTA**”) or Section 2 of the Uniform Fraudulent Conveyance Act (“**UFCA**”), (b) leaving such Borrower with unreasonably small capital or assets, within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA, or Section 5 of the UFCA, or (c) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA, or Section 5 of the UFCA.

(m) Each entity composing the Borrower hereby irrevocably appoints CrowdStrike as the borrowing agent and attorney-in-fact for all entities composing the Borrower (the “**Administrative Borrower**”) which appointment shall remain in full force and effect unless and until the Administrative Agent shall have received prior written notice signed by each entity composing the Borrower that such appointment has been revoked and that another entity composing the Borrower has been appointed Administrative Borrower. Each entity composing the Borrower hereby irrevocably appoints and authorizes the Administrative Borrower (a) to provide Agent with all notices with respect to Loans and Letters of Credit obtained for the benefit of any entity composing the Borrower and all other notices and instructions under this Agreement and the other Loan Documents, and (b) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement and the other Loan Documents.

**2.26 Notes.** If so requested by any Lender by written notice to the Borrower (with a copy to the Administrative Agent), the Borrower shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 10.6) (promptly after the Borrower’s receipt of such notice) a Note or Notes to evidence such Lender’s Loans.

**2.27 Incremental Facility.**

(a) At any time during the Revolving Commitment Period, the Borrower may request from time to time from one or more existing Lenders or from other Eligible Assignees reasonably acceptable to the Administrative Agent, the Issuing Lender, the Swingline Lender and the Borrower (but subject to the conditions set forth in clause (b) below) that the Total Revolving Commitments be increased by an amount not to exceed the Available Revolving Increase Amount (each such increase, an “**Increase**”); provided that the Borrower may not request an Increase on more than five occasions during the Revolving Commitment Period. No Lender shall be obligated to increase its Revolving Commitments in connection with a proposed Increase. The Administrative Agent shall invite each Lender to provide a portion of the Increase ratably in accordance with its Revolving Percentage of each requested Increase (it being agreed that no Lender shall be obligated to provide an Increase and that any Lender may elect to participate in such Increase in an

amount that is less than its Revolving Percentage of such requested Increase or more than its Revolving Percentage of such requested Increase if other Lenders have elected not to participate in any applicable requested Increase in accordance with their Revolving Percentage) and to the extent, five (5) Business Days after receipt of invitation, sufficient Lenders do not agree to provide the full amount of such Increase, then the Administrative Agent may invite any prospective lender that satisfies the criteria of being an "Eligible Assignee" to become a Lender in connection with the proposed Increase. Any Increase shall be in an amount of at least \$5,000,000 (or, if the Available Revolving Increase Amount is less than \$5,000,000, such remaining Available Revolving Increase Amount) and integral multiples of \$1,000,000 in excess thereof. Additionally, for the avoidance of doubt, it is understood and agreed that in no event shall the aggregate amount of the Increases to the Revolving Commitments exceed the Available Revolving Increase Amount during the term of the Agreement. Each request for an Increase delivered by the Borrower to the Administrative Agent shall set forth the amount and proposed terms of the Increase.

(b) Each of the following shall be conditions precedent to any Increase of the Revolving Commitments in connection therewith:

(i) any Increase shall be on the same terms (including the interest rate, and maturity date), as applicable, as, and pursuant to documentation applicable to, the Revolving Facility then in effect; provided that any such Increase may provide for terms (including interest rate) more favorable to such Increase lenders, if any existing Revolving Loans at the time of such Increase are also provided the benefit of such more favorable terms (and the consent of any existing Revolving Lender shall not be required to implement such terms); provided, further, that any fees shall be agreed between the Borrower and the lenders providing such Increase;

(ii) the Borrower shall have delivered a written request for such Increase at least ten (10) Business Days prior to the requested establishment of such Increase (or such later date as may be reasonably approved by the Administrative Agent), which request shall set forth the amount and proposed terms of the Increase;

(iii) each lender agreeing to such Increase, the Borrower and the Administrative Agent shall have signed an Increase Joinder (any Increase Joinder may, with the consent of the Administrative Agent, the Borrower and the lenders agreeing to such Increase, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate to effectuate the provisions of this Section 2.27 (including the preceding clause (ii)) and the Borrower shall have executed any Notes requested by any Lender in connection with the making of the Increase. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, an Increase Joinder reasonably satisfactory to the Administrative Agent, and the amendments to this Agreement effected thereby, shall not require the consent of any Lender other than the Lender(s) agreeing to establish such Increase;

(iv) immediately after giving *pro forma* effect to such Increase and the use of proceeds thereof, each of the conditions precedent in Section 5.2(a) are satisfied (other than in connection with Limited Condition Acquisitions, in which case (i) Section 5.2(a) shall be satisfied only in connection with the Specified Representations and (ii) the Specified Acquisition Agreement Representations shall be true and correct on the date Loans are made under the Increase, but only to the extent that the Borrower (or any of its Affiliates) has the right (taking into account any applicable cure provisions) to terminate its (or such Affiliates') obligations under the Limited Condition Acquisition, or to decline to consummate the Limited Condition Acquisition Agreement (in each case, in accordance with the terms thereof) as a result of a breach of such Specified Acquisition Agreement Representations);

(v) immediately after giving *pro forma* effect to such Increase and the use of proceeds thereof, (A) no Default or Event of Default shall have occurred and be continuing at the time of

such Increase (other than in connection with Limited Condition Acquisitions, in which case there shall be no Default or Event of Default as of the LCA Test Date) and (B) the Borrower shall be in compliance with the then applicable financial covenants set forth in Section 7.1 hereof as of the end of the most recently ended month and quarter for which financial statements are required to be delivered prior to such Increase, and the Borrower shall have delivered to the Administrative Agent a Compliance Certificate evidencing compliance with the requirements of this clause (v) (provided that in the case of a Limited Condition Acquisition, such calculation shall be made in compliance with Section 1.4);

(vi) in connection with such Increase, the Borrower shall pay to the Administrative Agent, for the benefit of the Administrative Agent or the Increase lenders, as applicable, all fees that the Borrower has agreed to pay in connection with such Increase; and

(vii) upon each Increase in accordance with this Section 2.27, all outstanding Loans, participations hereunder in Letters of Credit and participations hereunder in Swingline Loans held by each Lender shall be reallocated among the Lenders (including any newly added Lenders) in accordance with the Lenders' respective revised Revolving Percentages and L/C Percentages, pursuant to procedures reasonably determined by the Administrative Agent in consultation with the Borrower.

(c) Upon the effectiveness of any Increase, (i) all references in this Agreement and any other Loan Document to the Revolving Loans shall be deemed, unless the context otherwise requires, to include such Increase advanced pursuant to this Section 2.27 and any amendments effected through the Increase Joinder and (ii) all references in this Agreement and any other Loan Document to the Revolving Commitment shall be deemed, unless the context otherwise requires, to include the commitment to advance an amount equal to such Increase pursuant to this Section 2.27.

(d) The Revolving Loans and Revolving Commitments established pursuant to this Section 2.27 shall constitute Revolving Loans and Revolving Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Loan Documents. The Borrower shall take any actions reasonably required by Administrative Agent to ensure and demonstrate that the Liens and security interests granted by the Loan Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such new Revolving Commitments.

### SECTION 3 LETTERS OF CREDIT

#### 3.1 L/C Commitment.

(a) Subject to the terms and conditions hereof, the Issuing Lender agrees to issue letters of credit ("**Letters of Credit**") for the account of the Borrower on any Business Day during the Letter of Credit Availability Period in such form as may reasonably be approved from time to time by the Issuing Lender; provided that the Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, the L/C Exposure would exceed either the Total L/C Commitments or the Available Revolving Commitment at such time. Unless otherwise agreed to by the Administrative Agent in its sole discretion, each Letter of Credit shall (i) be denominated in Dollars and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the Letter of Credit Maturity Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit if:

- (i) such issuance would conflict with, or cause the Issuing Lender or any L/C Lender to exceed any limits imposed by, any applicable Requirement of Law;
- (ii) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Lender from issuing, amending or reinstating such Letter of Credit, or any law, rule or regulation applicable to the Issuing Lender or any request, guideline or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance, amendment, renewal or reinstatement of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated) not in effect on the Closing Date, or shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Lender in good faith deems material to it;
- (iii) the Issuing Lender has received written notice from any Lender, the Administrative Agent or the Borrower, at least one (1) Business Day prior to the requested date of issuance, amendment, renewal or reinstatement of such Letter of Credit, that one or more of the applicable conditions contained in Section 5.2 shall not then be satisfied;
- (iv) any requested Letter of Credit is not in form and substance acceptable to the Issuing Lender, or the issuance, amendment or renewal of a Letter of Credit shall violate any applicable laws or regulations or any applicable policies of the Issuing Lender;
- (v) such Letter of Credit contains any provisions providing for automatic reinstatement of the stated amount after any drawing thereunder;
- (vi) except as otherwise agreed by the Administrative Agent and the Issuing Lender, such Letter of Credit is in an initial face amount less than \$250,000; or
- (vii) any Lender is at that time a Defaulting Lender, unless the Issuing Lender has entered into arrangements, including the delivery of Cash Collateral pursuant to Section 3.10, satisfactory to the Issuing Lender (in its sole discretion) with the Borrower or such Defaulting Lender to eliminate the Issuing Lender's actual or potential Fronting Exposure (after giving effect to Section 2.24(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or such Letter of Credit and all other L/C Exposure as to which the Issuing Lender has actual or potential Fronting Exposure, as it may elect in its sole discretion.

**3.2 Procedure for Issuance of Letters of Credit.** The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit for the account of the Borrower by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three (3) Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Issuing Lender and the Borrower. The

Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

### 3.3 Fees and Other Charges.

(a) The Borrower agrees to pay, with respect to each Existing Letter of Credit and each outstanding Letter of Credit issued for the account of (or at the request of) the Borrower, (i) a fronting fee of 0.125% per annum on the daily amount available to be drawn under each such Letter of Credit to the Issuing Lender for its own account (a "**Letter of Credit Fronting Fee**"), and (ii) a letter of credit fee equal to the Applicable Margin relating to Letters of Credit multiplied by the daily amount available to be drawn under each such Letter of Credit on the drawable amount of such Letter of Credit to the Administrative Agent for the ratable account of the L/C Lenders (determined in accordance with their respective L/C Percentages) (a "**Letter of Credit Fee**"), in each case payable quarterly in arrears on the last Business Day of each calendar quarter and on the Letter of Credit Maturity Date (each, an "**L/C Fee Payment Date**") after the issuance date of such Letter of Credit, and (iii) the Issuing Lender's standard and reasonable fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit issued for the account of (or at the request of) the Borrower or processing of drawings thereunder (the fees in this clause (iii), collectively, the "**Issuing Lender Fees**"). All Letter of Credit Fronting Fees and Letter of Credit Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lender for such normal and customary costs and expenses as are incurred or charged by the Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

(c) The Borrower shall furnish to the Issuing Lender and the Administrative Agent such other documents and information pertaining to any requested Letter of Credit issuance, amendment or renewal, including any L/C-Related Documents, as the Issuing Lender or the Administrative Agent may require. This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(d) Any letter of credit fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the Issuing Lender pursuant to Section 3.10 shall be payable, to the maximum extent permitted by applicable law, to the other L/C Lenders in accordance with the upward adjustments in their respective L/C Percentages allocable to such Letter of Credit pursuant to Section 2.24(a)(iv), with the balance of such fee, if any, payable to the Issuing Lender for its own account.

(e) All fees payable under this Section 3.3 shall be fully earned on the date paid and nonrefundable.

### 3.4 L/C Participations; Existing Letters of Credit.

(a) **L/C Participations.** The Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Lender, and, to induce the Issuing Lender to issue Letters of Credit, each L/C Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions set forth below, for such L/C Lender's own account and risk an undivided interest equal to such L/C Lender's L/C Percentage in the Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Lender thereunder. Each L/C Lender agrees with the Issuing Lender that, if a draft is paid under any Letter of Credit for which the

Issuing Lender is not reimbursed in full by the Borrower pursuant to Section 3.5(a), such L/C Lender shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such L/C Lender's L/C Percentage of the amount of such draft, or any part thereof, that is not so reimbursed. Each L/C Lender's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Lender may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5.2, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other L/C Lender, or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) **Existing Letters of Credit.** On and after the Closing Date, the Existing Letters of Credit shall be deemed for all purposes, including for purposes of the fees to be collected pursuant to Sections 3.3(a) and (b), reimbursement of costs and expenses to the extent provided herein and for purposes of being secured by the Collateral, a Letter of Credit outstanding under this Agreement and entitled to the benefits of this Agreement and the other Loan Documents, and shall be governed by the applications and agreements pertaining thereto and by this Agreement (which shall control in the event of a conflict).

### 3.5 Reimbursement.

(a) If the Issuing Lender shall make any L/C Disbursement in respect of a Letter of Credit, the Issuing Lender shall notify the Borrower and the Administrative Agent thereof and the Borrower shall pay or cause to be paid to the Issuing Lender an amount equal to the entire amount of such L/C Disbursement not later than the immediately following Business Day. Each such payment shall be made to the Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds; provided that the Borrower may, subject to the satisfaction of the conditions to borrowing set forth herein, request in accordance with Section 2.5 or Section 2.7(a) that such payment be financed with a Revolving Loan or a Swingline Loan, as applicable, in an equivalent amount and, to the extent so financed, the Borrower's obligations to make such payment shall be discharged and replaced by the resulting Revolving Loan or Swingline Loan.

(b) If the Issuing Lender shall not have received from the Borrower the payment that it is required to make pursuant to Section 3.5(a) with respect to a Letter of Credit within the time specified in such Section, the Issuing Lender will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each L/C Lender of such L/C Disbursement and its L/C Percentage thereof, and each L/C Lender shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such L/C Lender's L/C Percentage of such L/C Disbursement (and the Administrative Agent may apply Cash Collateral provided for this purpose); upon such payment pursuant to this paragraph to reimburse the Issuing Lender for any L/C Disbursement, the Borrower shall be required to reimburse the L/C Lenders for such payments (including interest accrued thereon from the date of such payment until the date of such reimbursement at the rate applicable to Revolving Loans that are ABR Loans plus 2% per annum) on demand; provided that if at the time of and after giving effect to such payment by the L/C Lenders, the conditions to borrowings and Revolving Loan Conversions set forth in Section 5.2 are satisfied, the Borrower may, by written notice to the Administrative Agent certifying that such conditions are satisfied and that all interest owing under this paragraph has been paid, request that such payments by the L/C Lenders be converted into Revolving Loans (a "**Revolving Loan Conversion**"), in which case, if such conditions are in fact satisfied, the L/C Lenders shall be deemed to have extended, and the Borrower shall be deemed to have accepted, a Revolving Loan in the aggregate principal amount of such payment without further action on the part of any party, and the Total L/C Commitments shall be permanently reduced by such amount; any amount so paid pursuant to this paragraph

shall, on and after the payment date thereof, be deemed to be Revolving Loans for all purposes hereunder; provided that the Issuing Lender, at its option, may effectuate a Revolving Loan Conversion regardless of whether the conditions to borrowings and Revolving Loan Conversions set forth in Section 5.2 are satisfied.

**3.6 Obligations Absolute.** The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with the Issuing Lender that the Issuing Lender shall not be responsible for, and the Borrower's obligations hereunder shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Issuing Lender. The Borrower agrees that any action taken or omitted by the Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of the Issuing Lender to the Borrower.

In addition to amounts payable as elsewhere provided in the Agreement, the Borrower hereby agrees to pay and to protect, indemnify, and save Issuing Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of Credit, or (B) the failure of Issuing Lender or of any L/C Lender to honor a demand for payment under any Letter of Credit thereof as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority, in each case other than to the extent solely as a result of the gross negligence or willful misconduct of Issuing Lender or such L/C Lender (as finally determined by a court of competent jurisdiction).

**3.7 Letter of Credit Payments.** If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower and the Administrative Agent of the date and amount thereof. The responsibility of the Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

**3.8 Applications.** To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

**3.9 Interim Interest.** If the Issuing Lender shall make any L/C Disbursement in respect of a Letter of Credit, then, unless either the Borrower shall have reimbursed such L/C Disbursement in full within the time period specified in Section 3.5(a) or the L/C Lenders shall have reimbursed such L/C Disbursement in full on such date as provided in Section 3.5(b), in each case the unpaid amount thereof shall bear interest for the account of the Issuing Lender, for each day from and including the date of such L/C Disbursement to but excluding the date of payment by the Borrower, at the rate per annum that would apply to such amount if such amount were a Revolving Loan that is an ABR Loan; provided that the provisions of Section 2.15(c) shall be applicable to any such amounts not paid when due.

### 3.10 Cash Collateral.

(a) Certain Credit Support Events. Upon the request of the Administrative Agent or the Issuing Lender (i) if the Issuing Lender has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Advance by all the L/C Lenders that is not reimbursed by the Borrower or converted into a Revolving Loan or Swingline Loan pursuant to Section 3.5(b), or (ii) if, as of the Letter of Credit Maturity Date, any L/C Exposure for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then effective L/C Exposure in an amount equal to 105% of such L/C Exposure.

At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the request of the Administrative Agent or the Issuing Lender (with a copy to the Administrative Agent), the Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover 105% of the Fronting Exposure relating to the Letters of Credit (after giving effect to Section 2.24(a)(iv)) and any Cash Collateral provided by such Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts with the Administrative Agent. The Borrower, and to the extent provided by any Lender or Defaulting Lender, such Lender or Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lender and the L/C Lenders, and agrees to maintain, a first priority security interest and Lien in all such Cash Collateral and in all proceeds thereof, as security for the Obligations to which such Cash Collateral may be applied pursuant to Section 3.10(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent or any Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than 105% of the applicable L/C Exposure, Fronting Exposure and other Obligations secured thereby, the Borrower or the relevant Lender or Defaulting Lender, as applicable, will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by such Defaulting Lender).

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 3.10, Section 2.24 or otherwise in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Exposure, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure in respect of Letters of Credit or other Obligations shall no longer be required to be held as Cash Collateral pursuant to this Section 3.10 following (i) the elimination of the applicable Fronting Exposure and other Obligations giving rise thereto (including by the termination of the Defaulting Lender status of the applicable Lender), or (ii) a determination by the Administrative Agent and the Issuing Lender that there exists excess Cash Collateral; provided, however, (A) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of an Event of Default, and (B) that, subject to Section 2.24, the Person providing such Cash Collateral and the Issuing Lender may agree that such Cash Collateral shall not be released but instead shall be held to support future anticipated Fronting Exposure or other obligations, and provided further, that to the extent that such Cash Collateral was provided by the Borrower or any other Loan Party, such Cash Collateral shall remain subject to any security interest and Lien granted pursuant to the Loan Documents including any applicable Cash Management Agreement.

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**3.11 Additional Issuing Lenders.** The Borrower may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of this Agreement. Any Lender designated as an issuing bank pursuant to this paragraph shall be deemed to be an “**Issuing Lender**” (in addition to being a Lender) in respect of Letters of Credit issued or to be issued by such Lender, and, with respect to such Letters of Credit, such term shall thereafter apply to the other Issuing Lender and such Lender.

**3.12 Resignation of the Issuing Lender.** The Issuing Lender may resign at any time by giving at least 30 days’ prior written notice to the Administrative Agent, the Lenders and the Borrower. Subject to the next succeeding paragraph, upon the acceptance of any appointment as the Issuing Lender hereunder by a Lender that shall agree to serve as successor Issuing Lender, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Lender and the retiring Issuing Lender shall be discharged from its obligations to issue additional Letters of Credit hereunder without affecting its rights and obligations with respect to Letters of Credit previously issued by it. At the time such resignation shall become effective, the Borrower shall pay all accrued and unpaid fees pursuant to Section 3.3. The acceptance of any appointment as the Issuing Lender hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrower and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Lender under this Agreement and the other Loan Documents and (ii) references herein and in the other Loan Documents to the term “Issuing Lender” shall be deemed to refer to such successor or to any previous Issuing Lender, or to such successor and all previous Issuing Lenders, as the context shall require. After the resignation of the Issuing Lender hereunder, the retiring Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit or to extend, renew or increase any existing Letter of Credit.

**3.13 Applicability of UCP and ISP.** Unless otherwise expressly agreed by the Issuing Lender and the Borrower when a Letter of Credit is issued and subject to applicable laws, the Letters of Credit shall be governed by and subject to (a) with respect to standby Letters of Credit, the rules of the ISP, and (b) with respect to commercial Letters of Credit, the rules of the Uniform Customs and Practice for Documentary Credits, as published in its most recent version by the International Chamber of Commerce on the date any commercial Letter of Credit is issued.

## SECTION 4 REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue the Letters of Credit, Holdings and the Borrower hereby jointly and severally represent and warrant to the Administrative Agent and each Lender, as to themselves and each of their respective Subsidiaries, that:

### 4.1 Financial Condition.

(a) The Projected Pro Forma Financial Statements have been prepared based on the best information available to the Borrower as of the date of delivery thereof and are based upon good faith estimates and assumptions believed by management of Holdings to be reasonable at the time made, it being

recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

(b) The audited consolidated balance sheets of Holdings and its Subsidiaries as of January 31, 2016, January 31, 2017 and January 31, 2018 and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from PricewaterhouseCoopers, LLP, present fairly in all material respects the consolidated financial condition of Holdings and its Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of Holdings and its Subsidiaries as at January 31, 2019, and the related unaudited consolidated statements of income and cash flows for the twelve month period ended on such date, present fairly in all material respects the consolidated financial condition of Holdings and its Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the trailing twelve month period then ended (subject to normal year end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). No Group Member has, as of the Closing Date, any material Guarantee Obligations, contingent liabilities and past due liabilities for taxes, or any long term leases or unusual forward or long term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. During the period from January 31, 2018 to and including the date hereof, there has been no Disposition by any Group Member of any material part of its business or property.

**4.2 No Change.** Since January 31, 2018, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

**4.3 Existence; Compliance with Law.** Each Group Member (a) is duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing (if applicable) under the laws of each jurisdiction where the failure to be so qualified or in good standing could reasonably be expected to have a Material Adverse Effect and (d) is in material compliance with all Requirements of Law except in such instances in which (i) such Requirement of Law is being contested in good faith by appropriate proceedings diligently conducted and the prosecution of such contest would not reasonably be expected to result in a Material Adverse Effect, or (ii) the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

**4.4 Power; Authorization; Enforceable Obligations.** Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No Governmental Approval or consent or authorization of, filing with, notice to or other act by or in respect of, any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) Governmental Approvals, consents, authorizations, filings and notices described on Schedule 4.4 to the Disclosure Letter, which Governmental Approvals, consents, authorizations, filings and notices have been obtained or made and are in full force and effect, and (ii) the filings referred to in Section 4.19. Each Loan Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability

may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

**4.5 No Legal Bar.** The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any material Contractual Obligation of any Group Member and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Group Member has violated any Requirement of Law or violated or failed to comply with any Contractual Obligation applicable to Holdings or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

**4.6 Litigation.** Except as disclosed on Schedule 4.6 to the Disclosure Letter, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or threatened in writing by or against any Group Member or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

**4.7 No Default.** No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing, nor shall either result from the making of a requested credit extension.

**4.8 Ownership of Property; Liens; Investments.** Each Group Member has title in fee simple to, or a valid leasehold interest in, all of its real property, and good title to, or a valid leasehold interest in, all of its other property, and none of such property is subject to any Lien except as permitted by Section 7.3. No Loan Party owns any Investment except as permitted by Section 7.8. Section 10 of the Collateral Information Certificate sets forth a complete and accurate list of all real property owned by each Loan Party as of the Closing Date, if any. The Collateral Information Certificate sets forth a complete and accurate list of all leases of real property under which any Loan Party is the lessee as of the Closing Date.

**4.9 Intellectual Property.** Each Group Member owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No claim has been asserted and is pending by any Person challenging or questioning any Group Member's use of any Intellectual Property or the validity or effectiveness of any Group Member's Intellectual Property, nor does any Loan Party know of any valid basis for any such claim, unless such claim could not reasonably be expected to have a Material Adverse Effect. The use of Intellectual Property by each Group Member, and the conduct of such Group Member's business, as currently conducted, does not infringe on or otherwise violate the rights of any Person, unless such infringement could not reasonably be expected to have a Material Adverse Effect, and there are no claims pending or, to the knowledge of any Loan Party, threatened to such effect.

**4.10 Taxes.** Each Group Member has filed or caused to be filed all Federal, state income and other material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Group Member or where the amount is less than \$250,000 in the aggregate); no tax Lien has been filed, other than Liens for Taxes not yet due and payable and Liens for Taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity

with GAAP have been provided on the books of the relevant Group Member, and, to the knowledge of the Loan Parties, no claim is being asserted, with respect to any such tax, fee or other charge.

**4.11 Federal Regulations.** The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of “buying” or “carrying” “margin stock” (within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect) or extending credit for the purpose of purchasing or carrying margin stock. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for buying or carrying any such margin stock or for extending credit to others for the purpose of purchasing or carrying margin stock in violation of Regulations T, U or X of the Board. If any margin stock directly or indirectly constitutes Collateral securing the Obligations, if requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

**4.12 Labor Matters.** Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Loan Parties, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

**4.13 ERISA.**

(a) [reserved];

(b) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, the Borrower and its ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA with respect to each Plan, and have performed all their obligations under each Plan;

(c) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, no ERISA Event has occurred or is reasonably expected to occur;

(d) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, the Borrower and each of its ERISA Affiliates have met all applicable requirements under the ERISA Funding Rules with respect to each Pension Plan, and no waiver of the minimum funding standards under the ERISA Funding Rules has been applied for or obtained;

(e) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%, and neither the Borrower nor any of its ERISA Affiliates knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage to fall below 60% as of the most recent valuation date;

(f) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect and except to the extent required under Section 4980B of the Code, no Plan provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of the Borrower or any of its ERISA Affiliates;

(g) as of the most recent valuation date for any Pension Plan, the amount of outstanding benefit liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate

for all Pension Plans (excluding for purposes of such computation any Pension Plans with respect to which assets exceed benefit liabilities), does not exceed \$100,000;

(h) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which taxes could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code;

(i) all liabilities under each Plan are (i) funded to at least the minimum level required by law or, if higher, to the level required by the terms governing the Plans, except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, (ii) insured with a reputable insurance company, except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, or (iii) (A) provided for or recognized in all material respects in the financial statements most recently delivered to the Administrative Agent and the Lenders pursuant hereto or (B) estimated in the formal notes to the financial statements most recently delivered to the Administrative Agent and the Lenders pursuant hereto;

(j) except as in the aggregate could not reasonably be expected to have a Material Adverse Effect, there are no circumstances which may give rise to a liability in relation to any Plan which is not funded, insured, provided for, recognized or estimated in the manner described in clause (i); and

(k) (i) the Borrower is not and will not be a “plan” within the meaning of Section 4975(e) of the Code; (ii) the assets of the Borrower do not and will not constitute “plan assets” within the meaning of the United States Department of Labor Regulations set forth in 29 C.F.R. §2510.3-101 as modified by ERISA Section 3(42); (iii) the Borrower is not and will not be a “governmental plan” within the meaning of Section 3(32) of ERISA; and (iv) transactions by or with the Borrower are not and will not be subject to state statutes applicable to the Borrower regulating investments of fiduciaries with respect to governmental plans.

**4.14 Investment Company Act; Other Regulations.** No Loan Party is required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable.

**4.15 Subsidiaries.**

(a) Except as disclosed to the Administrative Agent by the Borrower in writing from time to time after the Closing Date, (a) Schedule 4.15 to the Disclosure Letter sets forth the name and jurisdiction of organization of each Subsidiary of Holdings and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party, and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than equity awards granted to employees, consultants or directors and directors’ qualifying shares) of any nature relating to any Capital Stock of any Subsidiary of Holdings, except as may be created by the Loan Documents.

(b) No Immaterial Subsidiary (a) holds assets representing more than 5% of Holdings’ consolidated total assets (determined in accordance with GAAP), (b) has generated more than 5% of Holdings’ consolidated total revenues determined in accordance with GAAP for the four fiscal quarter period ending on the last day of the most recent period for which financial statements have been delivered after the Closing Date pursuant to Section 6.1(b); provided that all Subsidiaries that are

individually an Immaterial Subsidiary do not have aggregate consolidated total assets that would represent 10% or more of Holdings' consolidated total assets nor have generated 10% or more of Holdings' consolidated total revenues for such four fiscal quarter period, in each case, determined in accordance with GAAP, or (c) owns any material Intellectual Property.

**4.16 Use of Proceeds.** The proceeds of the Revolving Loans, Swingline Loans and Letters of Credit shall be used to refinance existing Indebtedness, to pay related fees and expenses and for general corporate purposes (including Permitted Acquisitions).

**4.17 Environmental Matters.** Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

- (a) except as disclosed on Schedule 4.17 to the Disclosure Letter, the facilities and properties owned, leased or operated by any Group Member (the "**Properties**") do not contain, and, to the knowledge of the Loan Parties, have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or have constituted a violation of, or could give rise to liability under, any Environmental Law;
- (b) no Group Member has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by any Group Member (the "**Business**"), nor does any Loan Party have knowledge or reason to believe that any such notice will be received or is being threatened;
- (c) no Group Member has transported or disposed of Materials of Environmental Concern from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor has any Group Member generated, treated, stored or disposed of Materials of Environmental Concern at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;
- (d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of any Loan Party, threatened, under any Environmental Law to which any Group Member is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;
- (e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties arising from or related to the operations of any Group Member or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;
- (f) the Properties and all operations of the Group Members at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and except as set forth on Schedule 4.17 to the Disclosure Letter, to the knowledge of the Borrower, there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and
- (g) no Group Member has assumed any liability of any other Person under Environmental Laws.

**4.18 Accuracy of Information, etc.** No statement or information contained in this Agreement, any other Loan Document or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished, any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections and *pro forma* financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. There is no fact known to any Loan Party that could reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents.

**4.19 Security Documents.**

(a) The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Stock described in the Guarantee and Collateral Agreement that are securities represented by stock certificates or otherwise constituting certificated securities within the meaning of Section 8-102(a)(15) of the UCC or the corresponding code or statute of any other applicable jurisdiction ("**Certificated Securities**"), when certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the case of the other Collateral constituting personal property described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 4.19(a) to the Disclosure Letter in appropriate form are filed in the offices specified on Schedule 4.19(a) to the Disclosure Letter, the Administrative Agent, for the benefit of the Secured Parties, shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations, in each case prior and superior in right to any other Person (except, in the case of Collateral other than Pledged Stock, Liens permitted by Section 7.3). As of the Closing Date, none of the Loan Parties that is a limited liability company or partnership has any Capital Stock that is a Certificated Security.

(b) Each of the Mortgages delivered after the Closing Date will be, upon execution, effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable Lien on the Mortgaged Properties described therein and proceeds thereof, and when the Mortgages are filed in the offices for the applicable jurisdictions in which the Mortgaged Properties are located, each such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, as security for the Obligations (as defined in the relevant Mortgage), in each case prior and superior in right to any other Person.

**4.20 Solvency; Voidable Transaction.** Each Loan Party is, and after giving effect to the incurrence of all Indebtedness, Obligations and obligations being incurred in connection herewith, will be and will continue to be, Solvent. No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

**4.21 Regulation H.** No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has not been made available under the National Flood Insurance Act of 1968.

**4.22 Designated Senior Indebtedness.** The Loan Documents and all of the Obligations have been deemed “Designated Senior Indebtedness” or a similar concept thereto, if applicable, for purposes of any other Indebtedness of the Loan Parties.

**4.23 [Reserved].**

**4.24 Insurance.** All insurance maintained by the Loan Parties is in full force and effect, all premiums have been duly paid, no Loan Party has received notice of violation or cancellation thereof, and there exists no default under any requirement of such insurance. Each Loan Party maintains insurance with financially sound and reputable insurance companies on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability, and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

**4.25 No Casualty.** No Loan Party has received any notice of, nor does any Loan Party have any knowledge of, the occurrence or pendency or contemplation of any Casualty Event affecting all or any material portion of its property.

**4.26 Recurring Revenue.**

(a) For any Eligible Customer Account in any RR calculation, all statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing such Eligible Customer Accounts are and shall be true and correct in all material respects and all such invoices, instruments and other documents, and all of the Borrower’s books and records are genuine and in all material respects what they purport to be.

(b) All sales and other transactions underlying or giving rise to each Eligible Customer Account shall comply in all material respects with all applicable laws and governmental rules and regulations. The Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any customer whose Eligible Customer Accounts are used in any RR calculation. To the best of Borrower’s knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Customer Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms. The Borrower is the owner of and has the legal right to sell, transfer, assign and encumber its rights with respect to each Eligible Customer Account, and there are no defenses, offsets, counterclaims or agreements for which the Account Debtor may claim any deduction or discount, other than defenses that the Borrower has not performed a future obligation.

**4.27 Capitalization**

Schedule 4.27 to the Disclosure Letter sets forth the beneficial owners of all Capital Stock of Holdings and its consolidated Subsidiaries, and the amount of Capital Stock held by each such owner, as of the Closing Date.

**4.28 OFAC.** Neither Holdings, nor any of its Subsidiaries, nor, to the knowledge of Holdings or any such Subsidiary, any director, officer, employee, agent, affiliate or representative thereof, is an

individual or an entity that is, or is owned or controlled by an individual or entity that is (a) currently the subject of any Sanctions, or (b) located, organized or resident in a Designated Jurisdiction.

**4.29 Anti-Corruption Laws.** Each of Holdings and its Subsidiaries has conducted its business in compliance in all material respects with applicable anti-corruption laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

**4.30 Holding Company.** Holdings is a holding company and, after giving effect to the Closing Date, does not have any material liabilities (other than liabilities arising under the Loan Documents), own any material assets (other than the Capital Stock of its Subsidiaries) or engage in any operations or business (other than the ownership of Capital Stock of its Subsidiaries and all activities incidental thereto) other than as required for compliance with this Agreement and other Loan Documents or other permitted Indebtedness, financial reporting and the engagement of third party advisors in connection therewith, and incidental corporate operations.

## SECTION 5 CONDITIONS PRECEDENT

**5.1 Conditions to Initial Extension of Credit.** The effectiveness of this Agreement and the obligation of each Lender to make its initial extension of credit hereunder shall be subject to the satisfaction or waiver, prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) **Loan Documents.** The Administrative Agent shall have received each of the following, each of which shall be in form and substance satisfactory to the Administrative Agent:

- Schedule 1.1A:
- (i) this Agreement, executed and delivered by the Administrative Agent, Holdings, the Borrower and each Lender listed on
  - (ii) the Collateral Information Certificate and the Disclosure Letter, each executed by a Responsible Officer of Holdings;
  - (iii) if required by any Revolving Lender, a Revolving Loan Note executed by the Borrower in favor of such Revolving Lender;
  - (iv) if required by the Swingline Lender, the Swingline Loan Note executed by the Borrower in favor of such Swingline Lender;
  - (v) the Guarantee and Collateral Agreement, executed and delivered by each Grantor named therein;
  - (vi) each Intellectual Property Security Agreement, executed by the applicable Grantor related thereto;
  - (vii) each other Security Document, executed and delivered by the applicable Loan Party party thereto;
  - (viii) a completed Compliance Certificate dated as of the last day of the fiscal month of Holdings ended on January 31, 2019;

(ix) a completed Borrowing Base Certificate dated as of the Closing Date; and

(x) the Flow of Funds Agreement, approved by the Borrower.

(b) Projected Pro Forma Financial Statements; Financial Statements; Projections. The Lenders shall have received the Projected Pro Forma Financial Statements and the other Financial Statements set forth in Section 4.1.

(c) Approvals. Except for the Governmental Approvals described on Schedule 4.4 to the Disclosure Letter, all Governmental Approvals and consents and approvals of, or notices to, any other Person (including the holders of any Capital Stock issued by any Loan Party) required in connection with the execution and performance of the Loan Documents, and the consummation of the transactions contemplated hereby, shall have been obtained and be in full force and effect.

(d) Secretary's or Managing Member's Certificates; Certified Operating Documents; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Closing Date and executed by the Secretary, Managing Member or equivalent officer of such Loan Party, substantially in the form of Exhibit C, with appropriate insertions and attachments, including (A) the Operating Documents of such Loan Party, (B) the relevant board resolutions or written consents of such Loan Party adopted by such Loan Party for the purposes of authorizing such Loan Party to enter into and perform the Loan Documents to which such Loan Party is party (including, with respect to Holdings, the written consent of the requisite holders of its Preferred Stock) and (C) the names, titles, incumbency and signature specimens of those representatives of such Loan Party who have been authorized by such resolutions and/or written consents to execute Loan Documents on behalf of such Loan Party, (ii) a good standing certificate for each Loan Party from its respective jurisdiction of organization, and (iii) except as set forth in Section 5.3, certificates for foreign qualification from each jurisdiction where the failure of a Loan Party to be qualified could reasonably be expected to have a Material Adverse Effect.

(e) Responsible Officer's Certificates.

(i) The Administrative Agent shall have received a certificate signed by a Responsible Officer of Holdings, in form and substance reasonably satisfactory to it, either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required.

(ii) The Administrative Agent shall have received a certificate signed by a Responsible Officer of Holdings, dated as of the Closing Date and in form and substance reasonably satisfactory to it, certifying (A) that the conditions specified in Sections 5.2(a) and (d) have been satisfied, and (B) that there has been no event or circumstance since January 31, 2018, that has had or that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Patriot Act, etc. The Administrative Agent and each Lender shall have received, prior to the Closing Date, all documentation and other information requested to comply with applicable "know your customer" and anti-money-laundering rules and regulations, including the Patriot Act, and a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party.

(g) Due Diligence Investigation. The Administrative Agent shall have completed a due diligence investigation of the Borrower and its Subsidiaries in scope, and with results, satisfactory to the Administrative Agent and shall have been given such access to the management, records, books of

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account, contracts and properties of Holdings and its Subsidiaries and shall have received such financial, business and other information regarding each of the foregoing Persons and businesses as it shall have requested.

(h) Reports. The Administrative Agent shall have received, in form and substance satisfactory to it, all asset appraisals, field audits, and such other reports and certifications, as it has reasonably requested.

(i) Existing Credit Facility, Etc. (A) The Administrative Agent shall have received a duly executed copy of the Payoff Letter, and (B) all obligations of the Group Members in respect of the Existing Credit Facility shall, substantially contemporaneously with the funding of the Loan proceeds on the Closing Date have been paid in full.

(j) Collateral Matters.

(i) Lien Searches. The Administrative Agent shall have received the results of recent lien, judgment and litigation searches in each of the jurisdictions reasonably required by the Administrative Agent, and such searches shall reveal no liens on any of the assets of the Loan Parties except for Liens permitted by Section 7.3, or Liens to be discharged on or prior to the Closing Date.

(ii) Pledged Stock; Stock Powers; Pledged Notes. Except as set forth in Section 5.3, the Administrative Agent shall have received (A) the certificates representing the shares of Capital Stock pledged to the Administrative Agent (for the benefit of the Secured Parties) pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof, and (B) each promissory note (if any) pledged to the Administrative Agent (for the benefit of the Secured Parties) pursuant to the Guarantee and Collateral Agreement, endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(iii) Filings, Registrations, Recordings, Agreements, Etc. Each document (including any UCC financing statements) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create in favor of the Administrative Agent (for the benefit of the Secured Parties), a perfected Lien on the Collateral described therein, prior and superior in right and priority to any Lien in the Collateral held by any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall have been executed and delivered to the Administrative Agent or, as applicable, be in proper form for filing, registration or recordation.

(k) Insurance. Except as set forth in Section 5.3, the Administrative Agent shall have received evidence of customary insurance naming the Administrative Agent as an additional insured and/or lender loss payee, as the case may be, under all property and liability insurance policies maintained with respect to the Collateral.

(l) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid on or prior to the Closing Date (including pursuant to the Fee Letter), and all reasonable and documented fees and expenses for which invoices have been presented at least one Business Day prior to the Closing Date (including the reasonable and documented fees and expenses of legal counsel to the Administrative Agent) for payment on or before the Closing Date.

(m) Legal Opinions. The Administrative Agent shall have received the executed legal opinion of Wilson Sonsini Goodrich & Rosati, counsel to the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent.

(n) Minimum Liquidity. After giving effect to the use of proceeds on the Closing Date (including the repayment and termination of the Existing Credit Facility), Liquidity shall be not less than \$200,000,000 on the Closing Date, and the Borrower shall have delivered to the Administrative Agent evidence thereof in form and substance reasonably satisfactory to the Administrative Agent.

(o) Borrowing Notices. The Administrative Agent shall have received, in respect of any Revolving Loans to be made on the Closing Date, a completed Notice of Borrowing executed by the Borrower and otherwise complying with the requirements of Section 2.5.

(p) Solvency Certificate. The Administrative Agent shall have received a Solvency Certificate from the chief financial officer or treasurer of Holdings.

(q) No Material Adverse Effect. There shall not have occurred since January 31, 2019, any event or condition that has had or could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(r) No Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of any Group Member, threatened, that could reasonably be expected to have a Material Adverse Effect.

For purposes of determining compliance with the conditions specified in this Section 5.1, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent (or made available) by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Lender, unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Closing Date specifying such Lender's objection thereto and either such objection shall not have been withdrawn by notice to the Administrative Agent to that effect on or prior to the Closing Date.

**5.2 Conditions to Each Extension of Credit.** The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit, but excluding any Revolving Loan Conversion and any conversion or continuation of Loans pursuant to Section 2.13) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by each Loan Party in or pursuant to any Loan Document (i) that is qualified by materiality shall be true and correct, and (ii) that is not qualified by materiality, shall be true and correct in all material respects, in each case, on and as of such date as if made on and as of such date, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date, subject to the limitations set forth in Section 2.27.

(b) Availability. With respect to any requests for any Revolving Extensions of Credit, after giving effect to such Revolving Extension of Credit, the availability and borrowing limitations specified in Section 2.4 shall be complied with.

(c) Notices of Borrowing. The Administrative Agent shall have received a Notice of Borrowing in connection with any such request for extension of credit which complies with the requirements hereof.

(d) **No Default.** No Default or Event of Default shall have occurred and be continuing as of or on such date or after giving effect to the extensions of credit requested to be made on such date (other than in connection with Limited Condition Acquisitions as set forth in Section 2.27, in which case there shall be no Default or Event of Default as of the LCA Test Date).

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder and each Revolving Loan Conversion shall constitute a representation and warranty by the Borrower as of the date of such extension of credit, or Revolving Loan Conversion, as applicable, that the conditions contained in this Section 5.2 have been satisfied.

**5.3 Post-Closing Conditions Subsequent.** The Borrower shall satisfy each of the conditions subsequent to the Closing Date specified in this Section 5.3 to the reasonable satisfaction of the Administrative Agent, in each case, by no later than the date specified for such condition below (or such later date as the Administrative Agent shall agree in its sole discretion):

(a) within 15 days after the Closing Date, the Administrative Agent shall have received one or more certificates representing 65% of the Capital Stock of CrowdStrike UK Limited, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof; and

(b) within 30 days after the Closing Date, the Administrative Agent shall have received evidence of customary insurance naming the Administrative Agent as an additional insured and/or lender loss payee, as the case may be, under all property and liability insurance policies maintained with respect to the Collateral, in form and substance reasonably satisfactory to the Administrative Agent.

## **SECTION 6 AFFIRMATIVE COVENANTS**

Holdings and the Borrower hereby jointly and severally agree that, at all times prior to the Discharge of Obligations, each of the Loan Parties shall, and, where applicable, shall cause each of its Subsidiaries to:

**6.1 Financial Statements.** Furnish to the Administrative Agent for distribution to each Lender:

(a) as soon as available, but in any event within 120 days (or after a Qualified IPO, 90 days) after the end of each fiscal year of Holdings, a copy of the audited consolidated balance sheet of Holdings and its consolidated Subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income and of cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by PricewaterhouseCoopers LLP or other independent certified public accountants of nationally recognized standing and reasonably acceptable to the Administrative Agent; and

(b) (i) prior to a Qualified IPO, as soon as available, but in any event not later than 30 days after the end of each month occurring during each fiscal year of Holdings, the unaudited consolidated balance sheet of Holdings and its consolidated Subsidiaries as at the end of such month and the related unaudited consolidated statements of income and of cash flows for such month and the trailing 12 months, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer of Holdings as being fairly stated in all material respects (subject to normal year-end audit adjustments and the absence of year-end audit footnotes), (ii) after a Qualified IPO, (A) as soon as available,

but in any event not later than 45 days after the end of each quarter occurring during each fiscal year of Holdings, the unaudited consolidated balance sheet of Holdings and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such month and the trailing 12 months, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer of Holdings as being fairly stated in all material respects (subject to normal year-end audit adjustments and the absence of year-end audit footnotes), and (iii) as soon as available, but in any event not later than 5 Business Days after the end of each month, a report demonstrating in reasonable detail Liquidity as of the last day of such month.

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods.

Additionally, documents required to be delivered pursuant to this [Section 6.1](#) and [Section 6.2\(e\)](#) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so, shall be deemed to have been delivered on the date on which the Borrower posts such documents, or provides a link thereto, either: (i) on the Borrower's website on the Internet at the website address listed in [Section 10.2](#); or (ii) when such documents are posted electronically on the Borrower's behalf on an internet or intranet website to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent), if any; provided that the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Borrower to deliver such paper copies until written request to cease delivering paper copies is given by the Administrative Agent or such Lender. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

**6.2 Certificates; Reports; Other Information.** Furnish (or, in the case of clause (a), use commercially reasonable efforts to furnish) to the Administrative Agent, for distribution to each Lender (or, in the case of clause (k), to the relevant Lender):

(a) [reserved];

(b) concurrently with the delivery of any financial statements pursuant to [Section 6.1](#), (i) a certificate of a Responsible Officer of Holdings stating that, to the best of such Responsible Officer's knowledge, each Loan Party during such period has observed or performed all of its covenants and other agreements, and satisfied every condition contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, (ii) in the case of financial statements delivered pursuant to [Section 6.1\(b\)](#), (x) a Compliance Certificate containing all information and calculations necessary for determining compliance by each Loan Party with the provisions of this Agreement referred to therein as of the last day of the applicable fiscal period of Holdings, and (y) to the extent not previously disclosed to the Administrative Agent, a description of any change in the jurisdiction of organization of any Loan Party and a list of any registered Intellectual Property issued to, applied for, or acquired by any Loan Party since the date of the most recent report delivered pursuant to this clause (y) (or, in the case of the first such report so delivered, since the Closing Date), and (iii) in the case of financial statements delivered pursuant to [Section 6.1\(a\)](#), a report of a reputable insurance broker with respect to the insurance coverage required to be maintained pursuant to [Section 6.6](#), together with any supplemental reports with respect thereto which the Administrative Agent may reasonably request;

(c) as soon as available, and in any event no later than 75 days after the end of each fiscal year of Holdings, a detailed consolidated budget for the following fiscal year (including a projected consolidated balance sheet of Holdings and its Subsidiaries as of the end of each fiscal quarter of such fiscal year, the related consolidated statements of projected cash flow, projected changes in financial position and projected income and a description of the underlying assumptions applicable thereto), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal year (collectively, the “**Projections**”), which Projections shall in each case be accompanied by a certificate of a Responsible Officer of Holdings stating that such Projections are based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Projections are incorrect or misleading in any material respect;

(d) promptly, and in any event within five (5) Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Loan Party or any Subsidiary thereof (other than routine comment letters from the staff of the SEC relating to Holdings’ filings with the SEC);

(e) within five days after the same are sent, copies of each annual report, proxy or financial statement or other material report that Holdings or the Borrower sends to the holders of any class of any Group Member’s debt securities or public equity securities and, within five days after the same are filed, copies of all annual, regular, periodic and special reports and registration statements which Holdings or the Borrower may file with the SEC under Section 13 or 15(d) of the Exchange Act, or with any national securities exchange, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(f) upon reasonable request by the Administrative Agent, within five days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a Material Adverse Effect on any of the Governmental Approvals or otherwise on the operations of the Group Members;

(g) not later than 30 days after the end of each month, (i) a Borrowing Base Certificate accompanied by such supporting detail and documentation as shall be requested by the Administrative Agent in its reasonable discretion, (ii) accounts receivable agings, aged by invoice date, (iii) accounts payable agings, aged by invoice date, (iv) SaaS and recurring revenue metrics reports, and (v) deferred revenue schedule;

(h) [reserved];

(i) [reserved];

(j) [reserved]; and

(k) promptly, such additional financial and other information as the Administrative Agent or any Lender may from time to time reasonably request with respect to Holdings and its Subsidiaries.

### **6.3 Collections.**

The Borrower shall have the right to collect all Accounts unless and until an Event of Default has occurred and is continuing. The Borrower shall hold all payments on, and proceeds of, its Accounts in trust for the Administrative Agent, and, if requested by the Administrative Agent after the occurrence and during

the continuance of an Event of Default, the Borrower shall immediately deliver all such payments and proceeds to the Administrative Agent in their original form, duly endorsed. The Borrower shall deposit all proceeds of such Accounts into one or more lockbox accounts, or such other “blocked accounts” as the Administrative Agent may specify. Any such amounts actually paid to or collected by the Administrative Agent pursuant to this [Section 6.3](#) may, in the discretion of the Administrative Agent, or at the direction of the Required Lenders, shall, be applied by the Administrative Agent to the Obligations at any time during which an Event of Default has occurred and is continuing, as provided by the terms of this Agreement and the Guarantee and Collateral Agreement. Absent an Event of Default, such proceeds shall be transferred to an operating account that the Borrower maintains with the Administrative Agent.

**6.4 Payment of Obligations.** Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member.

**6.5 Maintenance of Existence; Compliance.** (a)(i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain or obtain all Governmental Approvals and all other rights, privileges and franchises necessary or desirable in the normal conduct of its business or necessary for the performance by such Person of its Obligations under any Loan Document, except, in each case, as otherwise permitted by [Section 7.4](#) and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; (b) comply with all Contractual Obligations (including with respect to leasehold interests of the Borrower) and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect; and (c) comply with all Governmental Approvals, and any term, condition, rule, filing or fee obligation, or other requirement related thereto, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the Borrower shall, and shall cause each of its ERISA Affiliates to: (1) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code or other Federal or state law; (2) cause each Qualified Plan to maintain its qualified status under Section 401(a) of the Code; (3) not become a party to any Multiemployer Plan; (4) ensure that all liabilities under each Plan are either (x) funded to at least the minimum level required by law or, if higher, to the level required by the terms governing such Plan; (y) insured with a reputable insurance company; or (z) provided for or recognized in the financial statements most recently delivered to the Administrative Agent and the Lenders pursuant hereto; and (5) take commercially reasonable actions to ensure that the contributions or premium payments to or in respect of each Plan are paid at no less than the rates required under the rules of such Plan and in accordance with the most recent actuarial advice received in relation to such Plan and applicable law.

**6.6 Maintenance of Property; Insurance.** (a) Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear and casualty excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business, and (c) maintain flood insurance on all real property subject to a Mortgage as required under [Section 6.12\(b\)](#).

**6.7 Inspection of Property; Books and Records; Discussions.** (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) on 5 Business Days’ notice (provided that no notice shall be required if an Event of Default has occurred and is

continuing) permit representatives and independent contractors of the Administrative Agent (who may be accompanied by any Lender) to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Group Members with officers, directors and employees of the Group Members and with their independent certified public accountants; provided that (i) such inspections shall not be undertaken more frequently than once every 12 months unless an Event of Default has occurred and is continuing, and (ii) nothing in this Section 6.7 shall require any Group Member to take any action that would violate a confidentiality agreement (to the extent not created in contemplation of such Group Member's obligations hereunder) or waive any attorney-client or similar privilege.

**6.8 Notices. Give prompt written notice to the Administrative Agent of:**

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting any Group Member (i) in which the amount involved is \$1,000,000 or more and not covered by insurance, (ii) in which injunctive or similar relief is sought against any Group Member, which, if granted, could reasonably be expected to have a Material Adverse Effect or (iii) which relates to any Loan Document;

(d) (i) promptly after the Borrower has knowledge or becomes aware of the occurrence of any of the following ERISA Events affecting the Borrower or any ERISA Affiliate (but in no event more than ten days after such event), the occurrence of any of the following ERISA Events, and shall provide the Administrative Agent with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Borrower or any ERISA Affiliate with respect to such event: (A) an ERISA Event, (B) the adoption of any new Pension Plan by the Borrower or any ERISA Affiliate, (C) the adoption of any amendment to a Pension Plan, if such amendment will result in a material increase in contribution obligations or unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA), or (D) the commencement of contributions by the Borrower or any ERISA Affiliate to any Plan that is subject to Title IV of ERISA or Section 412 of the Code; and

(ii) (A) promptly after the giving, sending or filing thereof, or the receipt thereof, copies of (1) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by the Borrower or any of its ERISA Affiliates with the IRS with respect to each Pension Plan, (2) all notices received by the Borrower or any of its ERISA Affiliates from a Multiemployer Plan sponsor concerning an ERISA Event, and (3) copies of such other documents or governmental reports or filings relating to any Pension Plan or Multiemployer Plan as the Administrative Agent shall reasonably request; and (B), without limiting the generality of the foregoing, such certifications or other evidence of compliance with the provisions of Sections 4.13 and 7.9 as any Lender (through the Administrative Agent) may from time to time reasonably request;

(e) unless a Loan Party is a public company or an issuer of securities that are registered with the SEC under Section 12 of the Exchange Act or that is required to file reports under Section 15(d) of the Exchange Act, any changes to the beneficial ownership information set forth in item 37 of the Collateral Information Certificate in the event that (A) any individual shall become the owner, directly or

indirectly, of 25% or more of the equity interests of Holdings or (B) the individual identified in Section 37 of the Collateral Information Certificate delivered on the Closing Date shall no longer be an individual with significant responsibility for managing the Group Members. The Loan Parties understand and acknowledge that the Secured Parties rely on such true, accurate and up-to-date beneficial ownership information to meet their regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers;

- (f) any material change in accounting policies or financial reporting practices by any Loan Party; and
- (g) any development or event that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.8 shall be accompanied by a statement of a Responsible Officer of Holdings or the Borrower setting forth details of the occurrence referred to therein and stating what action the relevant Group Member proposes to take with respect thereto.

#### **6.9 Environmental Laws.**

(a) Except as could not reasonably be expected to result in a Material Adverse Effect, comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

**6.10 Operating Accounts.** Except as agreed to by the Administrative Agent in its sole discretion, Holdings and its domestic Subsidiaries shall maintain (i) all domestic collection and operating accounts with SVB or with SVB's Affiliates and (ii) 50% of all other domestic cash and Cash Equivalents with SVB, another Lender, or their respective Affiliates (subject to a Control Agreement unless maintained with SVB).

**6.11 Audits.** At reasonable times, on five (5) Business Day's notice (provided that no notice is required if an Event of Default has occurred and is continuing), the Administrative Agent, or its agents, shall have the right to inspect the Collateral and the right to audit and copy any and all of any Loan Party's books and records including ledgers, federal and state tax returns, records regarding assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information. The foregoing inspections and audits shall be at the Borrower's expense, and the charge therefor shall be \$1,000 per person per day (or such higher amount as shall represent the Administrative Agent's then-current standard charge for the same), plus reasonable out-of-pocket expenses. Such inspections and audits shall not be undertaken more frequently than once every 12 months, unless an Event of Default has occurred and is continuing. In the event the Borrower and the Administrative Agent schedule an audit more than five (5) Business Days in advance, and the Borrower cancels or seeks to or reschedules the audit with less than five (5) days written notice to the Administrative Agent (without limiting any of the Administrative Agent's rights or remedies) then the Borrower shall pay the Administrative Agent a fee of \$1,000 plus any out-of-pocket expenses incurred by the Administrative Agent

to compensate the Administrative Agent for the anticipated costs and expenses of the cancellation or rescheduling.

#### 6.12 Additional Collateral, Etc.

(a) With respect to any property (to the extent included in the definition of Collateral) acquired after the Closing Date by any Loan Party (other than (x) any property described in paragraph (b), (c) or (d) below, and (y) any property subject to a Lien expressly permitted by Section 7.3(g)) as to which the Administrative Agent, for the benefit of the Secured Parties, does not have a perfected Lien, promptly (and in any event within ten Business Days or such later date as the Administrative Agent may agree in its sole discretion) take all actions necessary or advisable in the opinion of the Administrative Agent to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority (except as expressly permitted by Section 7.3) security interest and Lien in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent.

(b) With respect to any fee interest in any real property having a fair market value (together with improvements thereof) of at least \$2,000,000 acquired after the Closing Date by any Loan Party (other than any such real property subject to a Lien expressly permitted by Section 7.3(g)), promptly (and in any event within sixty (60) days (or such longer time period as the Administrative Agent may agree in its sole discretion)) after such acquisition, to the extent requested by the Administrative Agent, (i) execute and deliver a first priority Mortgage, in favor of the Administrative Agent, for the benefit of the Secured Parties, covering such real property, (ii) if requested by the Administrative Agent, provide the Lenders with title and extended coverage insurance covering such real property in an amount not in excess of the fair market value as reasonably estimated by the Borrower as well as a current ALTA survey thereof, together with a surveyor's certificate, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. In connection with the foregoing, no later than five (5) Business Days prior to the date on which a Mortgage is executed and delivered pursuant to this Section 6.12, in order to comply with the Flood Laws, the Administrative Agent (for delivery to each Lender) shall have received the following documents (collectively, the "**Flood Documents**"): (A) a completed standard "life of loan" flood hazard determination form (a "**Flood Determination Form**") and such other documents as any Lender may reasonably request to complete its flood due diligence, (B) if the improvement(s) to the applicable improved real property is located in a special flood hazard area, a notification to the applicable Loan Party (if applicable) ("**Loan Party Notice**") that flood insurance coverage under the National Flood Insurance Program ("**NFIP**") is not available because the community does not participate in the NFIP, (C) documentation evidencing the applicable Loan Party's receipt of any such Loan Party Notice (e.g., countersigned Loan Party Notice, return receipt of certified U.S. Mail, or overnight delivery), and (D) if the Loan Party Notice is required to be given and, to the extent flood insurance is required by any applicable Requirement of Law or any Lenders' written regulatory or compliance procedures and flood insurance is available in the community in which the property is located, a copy of one of the following: the flood insurance policy, the applicable Loan Party's application for a flood insurance policy plus proof of premium payment, a declaration page confirming that flood insurance has been issued, or such other evidence of flood insurance that complies with all applicable laws and regulations reasonably satisfactory to the Administrative Agent and each Lender (any of the foregoing being "**Evidence of Flood Insurance**"). Notwithstanding anything contained herein to the contrary, no Mortgage will be executed and delivered until each Lender has confirmed to the Administrative Agent that such Lender has satisfactorily completed its flood insurance due diligence and compliance requirements.

(c) With respect to any new Subsidiary (other than an Excluded Subsidiary) created or acquired after the Closing Date by any Loan Party (including pursuant to a Permitted Acquisition) or if an Excluded Subsidiary ceases to qualify as an Excluded Subsidiary, then except to the extent compliance with this [Section 6.12](#) is prohibited by existing Contractual Obligations (so long as such prohibition is not incurred in contemplation of such acquisition or the obligations hereunder) or Requirements of Law binding on such Subsidiary or its properties, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent reasonably deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned directly by such Loan Party, (ii) deliver to the Administrative Agent such documents and instruments as may be required to grant, perfect, protect and ensure the priority of such security interest, including but not limited to, the certificates representing such Capital Stock (if applicable), together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement, (B) to take such actions as are necessary or advisable in the opinion of the Administrative Agent to grant to the Administrative Agent for the benefit of the Secured Parties a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement, with respect to such Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be reasonably requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, in a form reasonably satisfactory to the Administrative Agent, with appropriate insertions and attachments, and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any new direct Foreign Subsidiary that is an Excluded Subsidiary but not an Immaterial Subsidiary or any new direct Foreign Subsidiary Holding Company that is an Excluded Subsidiary but not an Immaterial Subsidiary created or acquired after the Closing Date by any Loan Party, then except to the extent compliance with this [Section 6.12](#) (x) is prohibited by existing Contractual Obligations (so long as such prohibition is not incurred in contemplation of such acquisition or the obligations hereunder) or Requirements of Law binding on such Subsidiary or its properties, or (y) could reasonably be expected to result in liability to the directors or officers of any such Foreign Subsidiary under applicable Requirements of Law, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement, as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such new Foreign Subsidiary or Foreign Subsidiary Holding Company that is directly owned by any such Loan Party (provided that in no event shall more than 65% of the total outstanding voting Capital Stock of any such new Foreign Subsidiary or Foreign Subsidiary Holding Company be required to be so pledged) and (ii) deliver to the Administrative Agent the certificates representing such Capital Stock (if certificated), together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, and take such other action (including, as applicable, the delivery of any foreign law pledge documents reasonably requested by the Administrative Agent) as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein.

(e) At the request of the Administrative Agent, each Loan Party shall use commercially reasonable efforts to obtain a landlord's agreement or bailee letter, as applicable, from the lessor of each leased property or bailee with respect to any warehouse, processor or converter facility or other location where Collateral having a value exceeding \$1,000,000 is stored or located, which agreement or letter shall contain a waiver or subordination of all Liens or claims that the landlord or bailee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance

to the Administrative Agent. After the Closing Date, no Collateral with a value in excess of \$1,000,000 shall be stored at any new location, without the prior written consent of the Administrative Agent unless and until a reasonably satisfactory landlord agreement or bailee letter, as appropriate, shall first have been obtained with respect to such location. Each Loan Party shall pay and perform its material obligations under all leases and other agreements with respect to each leased location or public warehouse where any Collateral is or may be located.

**6.13 [Reserved].**

**6.14 Use of Proceeds.** Use the proceeds of each credit extension only for the purposes specified in [Section 4.16](#).

**6.15 Designated Senior Indebtedness.** Cause the Loan Documents and all of the Obligations to be deemed "Designated Senior Indebtedness" or a similar concept thereto, if applicable, for purposes of any Indebtedness of the Loan Parties.

**6.16 Anti-Corruption Laws.** Conduct its business in compliance in all material respects with all applicable anti-corruption laws and maintain policies and procedures designated to promote and achieve compliance with such laws.

**6.17 Further Assurances.** Execute any further instruments and take such further action as the Administrative Agent reasonably deems necessary to perfect, protect, ensure the priority of or continue the Administrative Agent's Lien on the Collateral or to effect the purposes of this Agreement.

**SECTION 7  
NEGATIVE COVENANTS**

Holdings and the Borrower hereby jointly and severally agrees that, at all times prior to the Discharge of Obligations, no Loan Party shall, nor shall any Loan Party permit any of its respective Subsidiaries to, directly or indirectly:

**7.1 Financial Condition Covenants.**

(a) **Recurring Revenue.** Permit the RR Growth Rate for any period of 12 months set forth below to be less than RR Growth Rate set forth opposite such period.

<u>Trailing Twelve Month Period Ended</u>	<u>Minimum RR Growth Rate</u>
April 30, 2019	40%
July 31, 2019	40%
October 31, 2019	40%
January 31, 2020	35%
April 30, 2020	35%
July 31, 2020	35%
October 31, 2020	35%
January 31, 2021	30%

April 30, 2021	30%
July 31, 2021	30%
October 31, 2021	30%
January 31, 2022	30%

(b) Minimum Liquidity. Permit Liquidity at any time, as determined as of the last day of any month, to be less than the amount set forth below corresponding to the RR Growth Rate for the most recently completed trailing twelve month period for which financial statements were required to be delivered hereunder.

RR Growth Rate (as of the Most Recently Completed Trailing Twelve Month Period for which Financial Statements were Required to be Delivered Hereunder)	Minimum Liquidity	
Greater than 100%	\$	0.00
Less than or equal to 100% but greater than 80%	\$	30,000,000
Less than or equal to 80% but greater than 60%	\$	45,000,000
Less than or equal to 60% but greater than 40%	\$	60,000,000
Less than or equal to 40%	\$	75,000,000

7.2 **Indebtedness.** Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Loan Party pursuant to any Loan Document and under any Cash Management Agreement;

(b) Indebtedness of (i) any Loan Party owing to any other Loan Party; (ii) any Group Member (which is not a Loan Party) owing to any other Group Member (which is not a Loan Party); (iii) any Group Member (which is not a Loan Party) owing to any Loan Party, which constitutes an Investment permitted by Section 7.8(f)(iii); provided, that, such Indebtedness owing to a Loan Party shall be evidenced by a master promissory note and such promissory note shall be pledged as Collateral; and (iv) any Loan Party owing to any Group Member (which is not a Loan Party); provided that such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable to the Administrative Agent;

(c) Guarantee Obligations (i) of any Loan Party of the Indebtedness of any other Loan Party; (ii) of any Group Member (which is not a Loan Party) of the Indebtedness of any Loan Party; (iii) by any Group Member (which is not a Loan Party) of the Indebtedness of any other Group Member (which is not a Loan Party) or (iv) of any Loan Party of the Indebtedness of any Group Member that is not a Loan Party, so long as the aggregate amount of such Guarantee Obligations is an Investment permitted by Section 7.8(f)(iii); provided that, in any case of clauses (i), (ii), (iii) or (iv), the underlying Indebtedness so guaranteed is otherwise permitted by the terms hereof;

(d) Indebtedness outstanding on the date hereof and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (which do not shorten the maturity thereof or increase the principal amount thereof, except by an amount equal to a reasonable premium and other fees and expenses reasonably incurred in connection therewith);

(e) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 7.3(g) in an aggregate principal amount not to exceed \$5,000,000 at any one time outstanding and any refinancings, refundings, renewals or extensions thereof (which do not shorten the maturity thereof or increase the principal amount thereof, except by an amount equal to a reasonable premium and other fees and expenses reasonably incurred in connection therewith);

(f) Subordinated Indebtedness;

(g) Surety Indebtedness and any other Indebtedness in respect of letters of credit, banker's acceptances or similar arrangements, provided that the aggregate amount of any such Indebtedness outstanding at any time shall not exceed \$750,000;

(h) unsecured Indebtedness of the Borrower and its Subsidiaries in an aggregate principal amount, for all such Indebtedness taken together, not to exceed \$500,000 at any one time outstanding;

(i) obligations (contingent or otherwise) of the Borrower or any of its Subsidiaries existing or arising under any Swap Agreement, provided that such obligations are (or were) entered into by such Person in accordance with Section 7.13 and not for purposes of speculation;

(j) Indebtedness of a Person (other than a Loan Party or an existing Subsidiary) existing at the time such Person is merged with or into a Loan Party or a Subsidiary or becomes a Subsidiary, provided that (i) such Indebtedness was not, in any case, incurred by such other Person in connection with, or in contemplation of, such merger or acquisition, (ii) such merger or acquisition constitutes a Permitted Acquisition, (iii) with respect to any such Person who becomes a Subsidiary, (A) such Subsidiary and any of its Subsidiaries are the only obligors in respect of such Indebtedness, and (B) to the extent such Indebtedness is permitted to be secured hereunder, only the assets of such Subsidiary and any of its Subsidiaries secure such Indebtedness, and (iv) the aggregate amount of such Indebtedness does not exceed \$5,000,000 in the aggregate;

(k) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(l) Indebtedness in the form of purchase price adjustments, earn outs, deferred compensation, or other arrangements representing acquisition consideration or deferred payments of a similar nature incurred in connection with Investments permitted by Section 7.8; provided that the amount of such obligation shall be deemed part of the cost of such Investment (the amount of which shall be deemed to be the amount required to be accrued as a liability in accordance with GAAP or the amount actually paid);

(m) Indebtedness consisting of the financing of insurance premiums;

(n) Indebtedness incurred with corporate credit cards, in an aggregate amount not to exceed \$2,000,000 at any one time outstanding; and

(o) Indebtedness not otherwise permitted by this Section in an aggregate amount not to exceed \$1,000,000 at any time outstanding.

**7.3 Liens.** Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

- (a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of the applicable Group Member in conformity with GAAP;
- (b) carriers', warehousemen's, landlord's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;
- (c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;
- (d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business (other than for indebtedness or any Liens arising under ERISA) or deposits made in connection with Permitted Acquisitions;
- (e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Group Member;
- (f) Liens in existence on the date hereof listed on Schedule 7.3(f) to the Disclosure Letter; provided that (i) no such Lien is spread to cover any additional property after the Closing Date, (ii) the amount of Indebtedness or obligations secured or benefitted thereby is not increased, (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) any renewal or extension of the obligations secured thereby is permitted by Section 7.2(d);
- (g) Liens securing Indebtedness incurred pursuant to Section 7.2(e) to finance the acquisition of fixed or capital assets; provided that (i) such Liens shall be created substantially simultaneously with, or within ninety (90) days after, the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, and (iii) the amount of Indebtedness secured thereby is not increased, except by an amount permitted by Section 7.2(e);
- (h) Liens created pursuant to the Security Documents;
- (i) (x) any interest or title of a lessor or licensor under any lease or license entered into by a Group Member in the ordinary course of its business and covering only the assets so leased or licensed, (y) leases, licenses, subleases and sublicenses of real property granted to others in the ordinary course of business and (z) non-exclusive licenses of Intellectual Property in the ordinary course of business;
- (j) judgment Liens that do not constitute a Default or an Event of Default under Section 8.1(h) of this Agreement;
- (k) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash, Cash Equivalents, securities, commodities and other funds on deposit in one or more accounts maintained by a Group Member, in each case arising in the ordinary course of business in favor of banks, other depository institutions, securities or commodities intermediaries or brokerages with which such accounts are maintained securing amounts owing to such banks or financial institutions with respect to cash management and operating account management or are arising under Section 4-208 or 4-210 of the UCC on items in the course of collection;

(l) (i) cash deposits and liens on cash and Cash Equivalents pledged to secure Indebtedness permitted under Section 7.2(g), (ii) Liens securing reimbursement obligations with respect to letters of credit permitted by Section 7.2(g) that encumber documents and other property relating to such letters of credit, and (iii) Liens securing Obligations under any Specified Swap Agreements permitted by Section 7.2(i);

(m) Liens securing Subordinated Indebtedness incurred pursuant to Section 7.2(f);

(n) Liens on property of a Person existing at the time such Person is acquired by, merged into or consolidated with a Group Member or becomes a Subsidiary of a Group Member or acquired by a Group Member; provided that (i) such Liens were not created in contemplation of such acquisition, merger, consolidation or Investment, (ii) such Liens do not extend to any assets other than those of such Person, and (iii) the applicable Indebtedness or obligation secured by such Lien is not prohibited under Section 7.2;

(o) the replacement, extension or renewal of any Lien permitted by clause (m) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Indebtedness secured thereby;

(p) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to all Group Members) \$1,000,000 at any one time;

(q) Liens on insurance proceeds in favor of insurance companies granted solely to secured financed insurance premiums;

(r) Liens in favor of custom and revenue authorities arising as a matter of law to secure the payment of custom duties in connection with the importation of goods;

(s) Liens on any earnest money deposits required in connection with a Permitted Acquisition or consisting of earnest money deposits required in connection with an acquisition of property not otherwise prohibited hereunder; and

(t) Liens securing Indebtedness permitted by Section 7.2(o).

**7.4 Fundamental Changes.** Consummate any merger, consolidation, amalgamation, division of or by a limited company, or an allocation of assets to a series of a limited liability company (or the unwinding of such division or allocation), or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) (i) any Group Member that is not a Loan Party may be merged, amalgamated or consolidated with or into (A) any Loan Party (provided that a Loan Party shall be the continuing or surviving Person, or the continuing or surviving Person shall become a Loan Party substantially contemporaneous with such merger, amalgamation or consolidation) or (B) any Group Member that is not a Loan Party, and (ii) any Loan Party may be merged, amalgamated or consolidated with or into with any other Loan Party other than Holdings (provided that if such merger, amalgamation or consolidation involves the Borrower, the Borrower shall be the continuing or surviving Person);

(b) (i) any Group Member that is not a Loan Party may Dispose of any or all of its assets (including upon voluntary liquidation, dissolution or otherwise) (A) to any other Group Member or

(B) pursuant to a Disposition permitted by Section 7.5; and (ii) any Loan Party (other than the Borrower or Holdings (it being agreed that a Borrower may Dispose of any or all of its assets to any other Borrower)) may Dispose of any or all of its assets (including upon voluntary liquidation, dissolution or otherwise) (A) to any other Loan Party or (B) pursuant to a Disposition permitted by Section 7.5;

(c) any Investment expressly permitted by Section 7.8 may be structured as a merger, consolidation or amalgamation; and

(d) any Subsidiary that is a limited liability company may consummate a Division as the Dividing Person if, immediately upon the consummation of the Division, the assets of the applicable Dividing Person are held by one or more Subsidiary Guarantors.

**7.5 Disposition of Property.** Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary of Holdings, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) Dispositions of obsolete, worn out or surplus property in the ordinary course of business;

(b) Dispositions of Inventory in the ordinary course of business;

(c) Dispositions permitted by Sections 7.4(b)(i)(A) and (b)(ii)(A);

(d) the sale or issuance of the Capital Stock of a Subsidiary of Holdings (i) to the Borrower or any other Loan Party, or (ii) by a Subsidiary that is not a Loan Party to another Subsidiary that is not a Loan Party or (iii) in connection with any transaction that does not result in a Change of Control;

(e) the use or transfer of money, cash or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents;

(f) the non-exclusive licensing of patents, trademarks, copyrights, and other Intellectual Property rights in the ordinary course of business;

(g) the Disposition of property (i) from any Loan Party to any other Loan Party (other than Holdings), and (ii) from any Group Member (which is not a Loan Party) to any other Group Member; provided that in each case in which there is a Lien over the relevant property in favor of the Administrative Agent in advance of the Disposition, an equivalent Lien will be granted to the Administrative Agent by the Group Member which acquires the property;

(h) Dispositions of property subject to a Casualty Event;

(i) leases or subleases of real property;

(j) the sale or discount without recourse of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof;

(k) any abandonment, cancellation, non-renewal or discontinuance of use or maintenance of Intellectual Property (or rights relating thereto) of any Group Member that the Borrower determines in good faith is desirable in the conduct of its business and not materially disadvantageous to the interests of the Lenders;

(l) Dispositions of other property having a book value not to exceed \$1,000,000 in the aggregate for any fiscal year of Holdings, provided that at the time of any such Disposition, no Event of Default shall have occurred and be continuing or would result from such Disposition; and

(m) Restricted Payments permitted by Section 7.6, Investments permitted by Section 7.8 and Liens permitted by Section 7.3.

provided, however, that any Disposition made pursuant to this Section 7.5 (other than Dispositions (x) solely between Loan Parties, (y) Dispositions solely between Group Members that are not Loan Parties or (z) Dispositions between a Loan Party and a Group Member that is not a Loan Party in which the terms thereof in favor of a Loan Party are at least arm's length terms) shall be made in good faith on an arm's length basis for fair value.

**7.6 Restricted Payments.** Pay any earn-out payment, seller debt or deferred purchase price payments, declare or pay any dividend (other than dividends payable solely in Capital Stock (other than Disqualified Stock) of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "**Restricted Payments**"), except that, so long as no Event of Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) any Group Member may make Restricted Payments to any Loan Party (other than Holdings) and any Group Member that is not a Loan Party may make Restricted Payments to any other Group Member;

(b) each Loan Party may, (i) purchase Capital Stock from present or former officers, directors or employees of any Group Member upon the death, disability or termination of employment of such officer, director or employee; provided that the aggregate amount of payments made under this clause (i) shall not exceed \$1,000,000 during any fiscal year of Holdings, and (ii) declare and make dividend payments or other distributions payable solely in Capital Stock (other than Disqualified Stock) of Holdings;

(c) any Group Member may pay dividends to Holdings to permit Holdings to (i) pay corporate overhead expenses incurred in the ordinary course of business not to exceed \$250,000 in any fiscal year and (ii) pay any taxes that are due and payable by Holdings, including by Holdings and the Borrower as part of a consolidated group;

(d) each Group Member may purchase, redeem or otherwise acquire Capital Stock issued by it with the proceeds received from the substantially concurrent issue of new shares of its Capital Stock (other than Disqualified Stock); provided that any such issuance is otherwise permitted hereunder (including by Section 7.5(d));

(e) (i) each Group Member may make repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants if such repurchased Capital Stock represents a portion of the exercise price of such options or warrants, and (ii) each Group Member may make repurchases of Capital Stock deemed to occur upon the withholding of a portion of the Capital Stock issued, granted or awarded to a current or former officer, director, employee or consultant to pay for the taxes payable by such Person upon such issuance, grant or award (or upon vesting thereof);

(f) each Group Member may deliver its common Capital Stock upon conversion of any convertible Indebtedness having been issued by the Borrower; provided that such Indebtedness is otherwise permitted by Section 7.2; and

(g) the Group Members may make payments in respect of Subordinated Indebtedness solely to the extent permitted by Section 7.22;

(i) the Group Members may make earn-out payments, payments in respect of seller debt or deferred purchase price payments in connection with a Permitted Acquisition so long as immediately after giving effect to such payment Liquidity shall equal or exceed \$50,000,000, and immediately after giving effect to such purchase or other acquisition, Holdings and the Borrower and its Subsidiaries shall be in compliance with each of the covenants set forth in Section 7.1, based upon financial statements delivered to the Administrative Agent which give pro forma effect to the making of such payment (provided that if any such payment obligations constitute Subordinated Indebtedness, such payment must be permitted under Section 7.22); and

(h) other Restricted Payments (i) so long as immediately after giving effect thereto, Liquidity is at least \$150,000,000 and (ii) if clause (i) is not applicable, in an aggregate amount not to exceed \$1,000,000 in any fiscal year.

#### 7.7 [Reserved].

**7.8 Investments.** Make any advance, loan, extension of credit (by way of guarantee or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "**Investments**"), except:

(a) extensions of trade credit in the ordinary course of business;

(b) Investments in cash and Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2 and Guarantee Obligations of obligations not constituting Indebtedness in the ordinary course of business;

(d) loans and advances to employees, officers, consultants and directors of any Group Member in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for all Group Members not to exceed \$750,000 at any one time outstanding;

(e) Investments existing on the Closing Date and set forth on Schedule 7.8 to the Disclosure Letter;

(f) intercompany Investments by (i) any Loan Party in any other Loan Party, (ii) any Group Member that is not a Loan Party in any other Group Member, or (iii) any Loan Party in any Group Member that is not a Loan Party to the extent (x) no Default or Event of Defaults exists or would result therefrom, (y) immediately after giving effect to such Investment, Liquidity is at least \$50,000,000 and (z) such Investments do not exceed \$25,000,000 at any time;

(g) Investments in the ordinary course of business consisting of endorsements of negotiable instruments for collection or deposit;

- (h) Investments received in settlement of amounts due to any Group Member effected in the ordinary course of business or owing to such Group Member as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of such Group Member;
- (i) Investments held by any Person as of the date such Person is acquired in connection with a Permitted Acquisition, provided that (A) such Investments were not made, in any case, by such Person in connection with, or in contemplation of, such Permitted Acquisition, and (B) with respect to any such Person which becomes a Subsidiary as a result of such Permitted Acquisition, such Subsidiary remains the only holder of such Investment (except in the case of Cash Equivalents);
- (j) so long as no Event of Default exists at the time of such Investment or immediately after giving effect thereto, in addition to Investments otherwise expressly permitted by this Section, any Investments, if immediately after giving effect to such Investments, Liquidity is at least \$100,000,000; provided that if Liquidity is not at least \$100,000,000 immediately after giving effect to such Investments, then all such Investments, entered into at such time as Liquidity is not at least \$100,000,000, in a fiscal year, shall not exceed \$1,000,000;
- (k) deposits made to secure the performance of leases, licenses or contracts in the ordinary course of business, and other deposits made in connection with the incurrence of Liens permitted under Section 7.3;
- (l) the licensing or contribution of Intellectual Property pursuant to joint marketing or joint venture arrangements with other Persons in the ordinary course of business;
- (m) promissory notes and other non-cash consideration received in connection with Dispositions permitted by Section 7.5, to the extent not exceeding the limits specified therein with respect to the receipt of non-cash consideration in connection with such Dispositions; and
- (n) purchases or other acquisitions by any Group Member of the Capital Stock in a Person that, upon the consummation thereof, will be a Subsidiary (including as a result of a merger or consolidation) or all or substantially all of the assets of, or assets constituting one or more business units of, any Person (each, a "**Permitted Acquisition**"); provided that, with respect to each such purchase or other acquisition:
- (i) the newly-created or acquired Subsidiary (or assets acquired in connection with such asset sale) shall be (x) in the same or a related line of business as that conducted by the Borrower on the date hereof, or (y) in a business permitted by Section 7.17;
- (ii) all transactions related to such purchase or acquisition shall be consummated in all material respects in accordance with all Requirements of Law;
- (iii) no Loan Party shall, as a result of or in connection with any such purchase or acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation or other matters) that, as of the date of such purchase or acquisition (or in the case of a Limited Condition Acquisition, as of the LCA Test Date), could reasonably be expected to result in the existence or incurrence of a Material Adverse Effect;
- (iv) the Borrower shall give the Administrative Agent at least twenty (20) Business Days' prior written notice of the closing (or if execution of the Acquisition Agreement will occur

simultaneously with closing, then ten (10) Business Days prior notice, or such shorter period as the Administrative Agent may agree to) of any such purchase or acquisition;

(v) the Borrower shall provide to the Administrative Agent as soon as available but in any event not later than five (5) Business Days after the execution thereof, a copy of any executed purchase agreement or similar agreement with respect to any such purchase or acquisition;

(vi) any such newly-created or acquired Subsidiary, or the Loan Party that is the acquirer of assets in connection with an asset acquisition, shall comply or be prepared to comply with the requirements of Section 6.12, except to the extent compliance with Section 6.12 is prohibited by pre-existing Contractual Obligations or Requirements of Law binding on such Subsidiary or its properties;

(vii) Liquidity shall equal or exceed \$50,000,000 as of the date the definitive agreements relating to any such acquisition or other purchase are executed (after giving effect, on a Pro Forma Basis, to the consummation of such acquisition or other purchase);

(viii) (x) immediately before and immediately after giving effect to any such purchase or other acquisition, no Default or Event of Default shall have occurred and be continuing (other than in connection with a Limited Condition Acquisition, in which case there shall be no Default or Event of Default as of the LCA Test Date) and (y) immediately after giving effect to such purchase or other acquisition, Holdings and the Borrower and its Subsidiaries shall be in compliance with each of the covenants set forth in Section 7.1, based upon financial statements delivered to the Administrative Agent which give effect, on a Pro Forma Basis, to such acquisition or other purchase (which shall be calculated in accordance with Section 1.4 in the case of a Limited Condition Acquisition);

(ix) the Borrower shall not, based upon the knowledge of the Borrower as of the date any such acquisition or other purchase is consummated (or in the case of a Limited Condition Acquisition, as of the LCA Test Date), reasonably expect such acquisition or other purchase to result in a Default or an Event of Default under Section 8.1(c), at any time during the term of this Agreement, as a result of a breach of any of the financial covenants set forth in Section 7.1;

(x) no Indebtedness is assumed or incurred in connection with any such purchase or acquisition other than Indebtedness permitted by the terms of Section 7.2(j);

(xi) such purchase or acquisition shall not constitute an Unfriendly Acquisition;

(xii) (A) the aggregate amount of the consideration (excluding Capital Stock of Holdings that is not Disqualified Stock, but including earn-out payments, seller debt payments or deferred purchase price payments unless repayable with Capital Stock of Holdings that is not Disqualified Stock) paid by such Group Member in connection with any particular Permitted Acquisition shall not exceed \$15,000,000, and (B) the aggregate amount of the consideration (excluding Capital Stock of Holdings that is not Disqualified Stock, but including earn-out payments, seller debt payments or deferred purchase price payments unless repayable with Capital Stock of Holdings that is not Disqualified Stock) paid by all Group Members in connection with all such Permitted Acquisitions, incurred when Liquidity is less than \$100,000,000, consummated from and after the Closing Date shall not exceed \$50,000,000 (it being agreed that if immediately after giving effect to the consummation of such acquisition, Liquidity is at least \$100,000,000, the limitations set forth in this clause (xii) shall not apply);

(xiii) each such purchase or acquisition is of a Person organized under the laws of the United States and engaged in business activities primarily conducted within the United States other

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than Permitted Acquisitions for which the aggregate amount of the consideration (excluding Capital Stock of Holdings that is not Disqualified Stock, but including earn-out payment, seller debt or deferred purchase price payments unless repaid with Capital Stock of Holdings that is not Disqualified Stock) paid by the Group Members is less than \$1,000,000; and

(xiv) the Borrower shall have delivered to the Administrative Agent, at least five Business Days prior to the date on which any such purchase or other acquisition is to be consummated (or such later date as is agreed by the Administrative Agent in its sole discretion), a certificate of a Responsible Officer of Holdings or the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, certifying that all of the requirements set forth in this definition have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition.

**7.9 ERISA.** The Borrower shall not, and shall not permit any of its ERISA Affiliates to: (a) terminate any Pension Plan so as to result in any material liability to the Borrower or any ERISA Affiliate, (b) permit to exist any ERISA Event, or any other event or condition, which presents the risk of a material liability to any ERISA Affiliate, (c) make a complete or partial withdrawal (within the meaning of ERISA Section 4201) from any Multiemployer Plan so as to result in any material liability to the Borrower or any ERISA Affiliate, (d) enter into any new Pension Plan or Multiemployer Plan or modify any existing Pension Plan or Multiemployer Plan so as to increase its obligations thereunder which could be reasonably likely to result in material liability to any ERISA Affiliate or permit the present value of all nonforfeitable accrued benefits under any Plan (using the actuarial assumptions utilized by the PBGC upon termination of a Plan) materially to exceed the fair market value of Plan assets allocable to such benefits, all determined as of the most recent valuation date for each such Plan, or (e) engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by the Administrative Agent or any Lender of any of its rights under this Agreement, any Note or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under Section 406 of ERISA or Section 4975 of the Code with respect to a Plan.

**7.10 Optional Payments and Modifications of Certain Preferred Stock and Debt Instruments.** (a) Amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Preferred Stock (i) that would move to an earlier date the scheduled redemption date (but only to the extent that moving any such scheduled redemption date would result in the redemption to be prior to ninety-one (91) days after the Revolving Termination Date) or increase the amount of any scheduled redemption payment or increase the rate or move to an earlier date any date for payment of dividends thereon or (ii) that could reasonably be expected to be otherwise materially adverse to any Lender or any other Secured Party; or (b) other than pursuant to any refinancing or replacement of Indebtedness permitted by Section 7.2, amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of any Indebtedness permitted by Section 7.2 (other than Indebtedness pursuant to any Loan Document and Subordinated Indebtedness which is addressed in Section 7.22) that would shorten the maturity (but only to the extent such shortening, would result in the maturity of such Indebtedness to be prior to ninety-one (91) days after the Revolving Termination Date) or increase the amount of any payment of principal thereof or the rate of interest thereon or shorten any date for payment of interest thereon or that could reasonably be expected to be otherwise materially adverse to any Lender or any other Secured Party.

**7.11 Transactions with Affiliates.** Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than any other Loan Party) unless such transaction is (a) (i) otherwise permitted under this Agreement and (ii) upon fair and reasonable terms no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate, (b) a Restricted Payment permitted by Section 7.6, (c) reasonable and customary indemnification

arrangements, employee benefits, compensation arrangements (including equity-based compensation and bonuses), and reimbursement of expenses of employees, consultants, officers, and directors, in each case, approved by the board of directors or management of Holdings or its Subsidiaries, or (d) equity (other than Disqualified Stock) or debt financings with the Borrower's investors so long as any such debt financings constitute Subordinated Indebtedness and such Indebtedness is permitted by Section 7.2.

**7.12 Sale Leaseback Transactions.** Enter into any Sale Leaseback Transaction, except in connection with transactions that would be permitted under Sections 7.2(e) and 7.3(g).

**7.13 Swap Agreements.** Enter into any Swap Agreement, except Swap Agreements which are entered into by a Group Member to (a) hedge or mitigate risks to which such Group Member has actual exposure, or (b) effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of such Group Member.

**7.14 Accounting Changes.** Make any change in its (a) accounting policies or reporting practices, except as required by GAAP, or (b) fiscal year.

**7.15 Negative Pledge Clauses.** Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, to secure its Obligations under the Loan Documents to which it is a party, other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby), (c) customary restrictions on the assignment of leases, licenses and other agreements, (d) any agreement in effect at the time any Subsidiary becomes a Subsidiary of a Loan Party, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary or, in any such case, that is set forth in any agreement evidencing any amendments, restatements, supplements, modifications, extensions, renewals and replacements of the foregoing, so long as such amendment, restatement, supplement, modification, extension, renewal or replacement applies only to such Subsidiary and does not otherwise expand in any material respect the scope of any restriction or condition contained therein, and (e) any restriction pursuant to any document, agreement or instrument governing or relating to any Lien permitted under Sections 7.3(c), (d), (f), (g), (l), (m), (n), (o), (s) and (t) or any agreement or option to Dispose any asset of any Group Member, the Disposition of which is permitted by any other provision of this Agreements (in each case, provided that any such restriction relates only to the assets or property subject to such Lien or being Disposed).

**7.16 Clauses Restricting Subsidiary Distributions.** Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of Holdings to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or to pay any Indebtedness owed to, any other Group Member, (b) make loans or advances to, or other Investments in, any other Group Member, or (c) transfer any of its assets to any other Group Member, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents, (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with a Disposition permitted hereby of all or substantially all of the Capital Stock or assets of such Subsidiary, (iii) customary restrictions on the assignment of leases, licenses and other agreements, (iv) restrictions of the nature referred to in clause (c) above under agreements governing purchase money liens or Capital Lease Obligations otherwise permitted hereby which restrictions are only effective against the assets financed thereby, (v) any agreement in effect at the time any Subsidiary becomes a Subsidiary of a Borrower, so long as such agreement applies only to such Subsidiary, was not entered into solely in contemplation of such Person becoming a Subsidiary or, in each case that is set forth in any

agreement evidencing any amendments, restatements, supplements, modifications, extensions, renewals and replacements of the foregoing, so long as such amendment, restatement, supplement, modification, extension, renewal or replacement is not as a whole materially less favorable to such Subsidiary, (vi) restrictions under any Subordinated Debt Documents, (vii) restrictions on the transfer of any asset pending the close of the sale of such asset and customary restrictions contained in purchase agreements and acquisition agreements (including by way of merger, acquisition or consolidation), to the extent in effect pending the consummation of such transaction, (viii) customary net worth provisions or similar financial maintenance provisions contained in real property leases entered into by a Foreign Subsidiary, so long as the Borrower has determined in good faith that such net worth provisions could not reasonably be expected to impair the ability of Holdings and its Subsidiaries to meet their ongoing obligations under the Loan Documents, (ix) applicable law, (x) restrictions on cash or other deposits or net worth imposed under agreements entered into in the ordinary course of business, (xi) provisions in joint venture agreements and other similar agreements (including equity holder agreements) relating to such joint venture or its members or entered into in the ordinary course of business or (xii) any restriction pursuant to any document, agreement or instrument governing or relating to any Lien permitted under Sections 7.3(c),(d),(f),(g),(l),(m),(n),(o),(s) and (t) (provided that any such restriction relates only to the assets or property subject to such Lien or being Disposed).

**7.17 Lines of Business.** Enter into any business, either directly or through any Subsidiary, except for those businesses in which Holdings and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related, ancillary or incidental thereto.

**7.18 Designation of other Indebtedness.** Designate any Indebtedness or indebtedness other than the Obligations as “Designated Senior Indebtedness” or a similar concept thereto, if applicable.

**7.19 [Reserved].**

**7.20 Amendments to Organizational Agreements .** Amend or permit any amendments to any Loan Party’s organizational documents, if such amendment could reasonably be expected to be materially adverse to Administrative Agent or the Lenders.

**7.21 Use of Proceeds.** Use the proceeds of any Loan or extension of credit hereunder, whether directly or indirectly, (a) to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board; (b) to finance an Unfriendly Acquisition; (c) to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swingline Lender, or otherwise) of Sanctions (or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity in violation of the foregoing); or (d) for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or other similar legislation in other jurisdictions.

**7.22 Subordinated Indebtedness.**

(a) Amendments. Amend, modify, supplement, waive compliance with, or consent to noncompliance with, any Subordinated Debt Document (if any), unless the amendment, modification, supplement, waiver or consent is in compliance with the subordination provisions therein and any subordination agreement with respect thereto in favor of the Administrative Agent and the Lenders.

(b) Payments. Make any payment, prepayment or repayment on, redemption, exchange or acquisition for value of, or any sinking fund or similar payment with respect to, any Subordinated Indebtedness, except as expressly permitted by the subordination provisions in the applicable Subordinated Debt Documents and any subordination agreement with respect thereto in favor of the Administrative Agent and the Lenders; provided that the foregoing limitation shall not apply if immediately after giving effect to such payment Liquidity is at least \$150,000,000 or if in connection with a refinancing of any such Subordinated Indebtedness with the proceeds of the issuance of Subordinated Indebtedness or equity (other than Disqualified Stock).

**7.23 Anti-Terrorism Laws.** Conduct, deal in or engage in or permit any Affiliate or agent of any Loan Party within its control to conduct, deal in or engage in any of the following activities: (a) conduct any business or engage in any transaction or dealing with any person blocked pursuant to Executive Order No. 13224 (a "**Blocked Person**"), including the making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person; (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the Patriot Act.

## SECTION 8 EVENTS OF DEFAULT

**8.1 Events of Default.** The occurrence of any of the following shall constitute an Event of Default:

(a) the Borrower shall fail to pay any amount of principal of any Loan when due in accordance with the terms hereof; or the Borrower shall fail to pay any amount of interest on any Loan, or any other amount payable hereunder or under any other Loan Document, within three (3) Business Days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document (i) if qualified by materiality, shall be incorrect or misleading when made or deemed made, or (ii) if not qualified by materiality, shall be incorrect or misleading in any material respect when made or deemed made; or

(c) any Loan Party shall default in the observance or performance of any agreement contained in, Section 5.3, Section 6.1, Section 6.2, Section 6.3, clause (i) or (ii) of Section 6.5(a), Section 6.6(b), Section 6.8(a), Section 6.10, Section 6.16 or Section 7 of this Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days thereafter; or

(e) (i) any Group Member shall (A) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans) on the scheduled or original due date with respect thereto; (B) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; (C) default in making any payment or delivery under any such Indebtedness

constituting a Swap Agreement beyond the period of grace, if any, provided in such Swap Agreement; or (D) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to (1) cause, or to permit the holder or beneficiary of, or, in the case of any such Indebtedness constituting a Swap Agreement, counterparty under, such Indebtedness (or a trustee or agent on behalf of such holder, beneficiary, or counterparty) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable or (in the case of any such Indebtedness constituting a Swap Agreement) to be terminated, or (2) to cause, with the giving of notice if required, any Group Member to purchase, redeem, mandatorily prepay or make an offer to purchase, redeem or mandatorily prepay such Indebtedness prior to its stated maturity; provided that this clause (D) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness; provided further, that a default, event or condition described in clauses (i)(A), (B), (C), or (D) of this Section 8.1(e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in any of clauses (i)(A), (B), (C), or (D) of this Section 8.1(e) shall have occurred with respect to Indebtedness, the outstanding principal amount (and, in the case of Swap Agreements, the Swap Termination Value) of which, individually or in the aggregate for all such Indebtedness, exceeds \$5,000,000; or (ii) any default or event of default (however designated) shall occur with respect to any Subordinated Indebtedness of any Group Member; or

(f) (i) any Group Member shall commence any case, proceeding or other action (a) under any Debtor Relief Law seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (b) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Group Member shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Group Member any case, proceeding or other action of a nature referred to in clause (i) above that (x) results in the entry of an order for relief or any such adjudication or appointment or (y) remains undismissed, undischarged or unbonded for a period of 60 days (provided that, during such 60 day period, no Loan shall be advanced or Letters of Credit issued hereunder); or (iii) there shall be commenced against any Group Member any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof (provided that, during such 60 day period, no Loan shall be advanced or Letters of Credit issued hereunder); or (iv) any Group Member shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Group Member shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) there shall occur one or more ERISA Events which individually or in the aggregate results in or otherwise is associated with liability of any Loan Party or any ERISA Affiliate thereof in excess of \$5,000,000 during the term of this Agreement; or there exists an amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate for all Pension Plans (excluding for purposes of such computation any Pension Plans with respect to which assets exceed benefit liabilities) which exceeds \$5,000,000; or

(h) there is entered against any Group Member (i) one or more final judgments or orders for the payment of money involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of \$5,000,000 or more,

or (ii) one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 45 days from the entry thereof; or

(i) (i) any of the Security Documents shall cease, for any reason, to be in full force and effect (other than pursuant to the terms thereof), or any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(ii) any court order enjoins, restrains or prevents a Loan Party from conducting all or any material part of its business; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party shall so assert; or

(k) a Change of Control shall occur; or

(l) Holdings shall (i) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of its Subsidiaries, (ii) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (x) nonconsensual obligations imposed by operation of law, (y) obligations pursuant to the Loan Documents to which it is a party, and (z) obligations with respect to its Capital Stock or other Indebtedness permitted hereunder, or (iii) own, lease, manage or otherwise operate any properties or assets other than the ownership of shares of Capital Stock of its Subsidiaries; or

(m) any of the Governmental Approvals necessary for any of the Group Members to operate its respective business shall have been (i) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (ii) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of the Governmental Approvals or that could result in the Governmental Authority taking any of the actions described in clause (i) above, and such decision or such revocation, rescission, suspension, modification or nonrenewal (x) has, or could reasonably be expected to have, a Material Adverse Effect, or (y) materially adversely affects the legal qualifications of any Group Member to hold any material Governmental Approval in any applicable jurisdiction and such materially adverse effect on the legal qualifications of any such Group Member to hold any material Governmental Approval in any applicable jurisdiction could reasonably be expected to have a Material Adverse Effect; or

(n) any Loan Document (including the subordination provisions of any subordination agreement or intercreditor agreement governing Subordinated Indebtedness) not otherwise referenced in Section 8.1(i) or (j), at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or the Discharge of Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any liability or obligation under any Loan Document to which it is a party, or purports to revoke, terminate or rescind any such Loan Document.

**8.2 Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) of Section 8.1 with respect to the Borrower, the Commitments shall immediately terminate automatically and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents shall automatically immediately become due and payable, and

(b) if such event is any other Event of Default, any of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments, the Swingline Commitments and the L/C Commitments to be terminated forthwith, whereupon the Revolving Commitments, the Swingline Commitments and the L/C Commitments shall immediately terminate; (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable; (iii) any Cash Management Bank may terminate any Cash Management Agreement then outstanding and declare all Obligations then owing by the Loan Parties under any such Cash Management Agreements then outstanding to be due and payable forthwith, whereupon the same shall immediately become due and payable; and (iv) the Administrative Agent may exercise on behalf of itself, any Cash Management Bank, the Lenders and the Issuing Lender all rights and remedies available to it, any such Cash Management Bank, the Lenders and the Issuing Lender under the Loan Documents.

With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall Cash Collateralize an amount equal to 105% of the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts so Cash Collateralized shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other Obligations of the Borrower hereunder and under the other Loan Documents in accordance with Section 8.3.

In addition, (x) the Borrower shall also cash collateralize the full amount of any Swingline Loans then outstanding, and (y) to the extent elected by any applicable Cash Management Bank, the Borrower shall also Cash Collateralize the amount of any Obligations in respect of Cash Management Services then outstanding, which Cash Collateralized amounts shall be applied by the Administrative Agent to the payment of all such outstanding Cash Management Services, and any unused portion thereof remaining after all such Cash Management Services shall have been fully paid and satisfied in full shall be applied by the Administrative Agent to repay other Obligations of the Loan Parties hereunder and under the other Loan Documents in accordance with the terms of Section 8.3.

(c) After all such Letters of Credit and Cash Management Agreements shall have been terminated, expired or fully drawn upon, as applicable, and all amounts drawn under any such Letters of Credit shall have been reimbursed in full and all other Obligations of the Borrower and the other Loan Parties (including any such Obligations arising in connection with Cash Management Services) shall have been paid in full, the balance, if any, of the funds having been so Cash Collateralized shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

**8.3 Application of Funds.** After the exercise of remedies provided for in Section 8.2, any amounts received by the Administrative Agent on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to the payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest but including any Collateral-Related Expenses, fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Sections 2.19, 2.20 and 2.21 (including interest thereon)) payable to the Administrative Agent, in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest, and Letter of Credit Fees) payable to the Lenders, the Issuing Lender (including any Letter of Credit Fronting Fees and Issuing Lender Fees), and any Qualified Counterparty and any applicable Cash Management Bank (in its respective capacity as a provider of Cash Management Services), and the reasonable and documented out-of-pocket fees, charges and disbursements of counsel to the respective Lenders and the Issuing Lender, and amounts payable under Sections 2.19, 2.20 and 2.21, in each case, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to the extent that the Swingline Lender has advanced any Swingline Loans that have not been refunded by each Lender's Swingline Participation Amount, payment to the Swingline Lender of that portion of the Obligations constituting the unpaid principal of and interest upon the Swingline Loans advanced by the Swingline Lender;

Fourth, to the payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest in respect of any Cash Management Services and on the Loans and L/C Disbursements which have not yet been converted into Revolving Loans, and to payment of premiums and other fees (including any interest thereon) under any Specified Swap Agreements and any Cash Management Agreements, in each case, ratably among the Lenders, any applicable Cash Management Bank (in its respective capacity as a provider of Cash Management Services), and any Qualified Counterparties, in each case, ratably among them in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, L/C Disbursements which have not yet been converted into Revolving Loans, and settlement amounts, payment amounts and other termination payment obligations under any Specified Swap Agreements and Cash Management Agreements, in each case, ratably among the Lenders, any applicable Cash Management Bank (in its respective capacity as a provider of Cash Management Services), and any applicable Qualified Counterparties, in each case, ratably among them in proportion to the respective amounts described in this clause Fifth and payable to them;

Sixth, to the Administrative Agent for the account of the Issuing Lender, to Cash Collateralize that portion of the L/C Exposure comprised of the aggregate undrawn amount of Letters of Credit pursuant to Section 3.10;

Seventh, for the account of any applicable Qualified Counterparty and any applicable Cash Management Bank, to any settlement amounts, payment amounts and other termination payment obligations under any Specified Swap Agreements and Cash Management Agreements not paid pursuant to clause Fifth and to cash collateralize Obligations arising under any then outstanding Specified Swap Agreements and Cash Management Services, in each case, ratably among them in proportion to the respective amounts described in this clause Seventh payable to them;

Eight, to the payment of all other Obligations of the Loan Parties that are then due and payable to the Administrative Agent and the other Secured Parties on such date, in each case, ratably among

them in proportion to the respective aggregate amounts of all such Obligations described in this clause Eight and payable to them;

Last, the balance, if any, after the Discharge of Obligations, to the Borrower or as otherwise required by Law.

Subject to Sections 2.24(a), 3.4, 3.5 and 3.10, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Sixth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral for Letters of Credit after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, no Excluded Swap Obligation of any Guarantor shall be paid with amounts received from such Guarantor or from any Collateral in which such Guarantor has granted to the Administrative Agent a Lien (for the benefit of the Secured Parties) pursuant to the Guarantee and Collateral Agreement; provided, however, that each party to this Agreement hereby acknowledges and agrees that appropriate adjustments shall be made by the Administrative Agent (which adjustments shall be controlling in the absence of manifest error) with respect to payments received from other Loan Parties to preserve the allocation of such payments to the satisfaction of the Obligations in the order otherwise contemplated in this Section 8.3.

## SECTION 9 THE ADMINISTRATIVE AGENT

### 9.1 Appointment and Authority.

(a) Each of the Lenders hereby irrevocably appoints SVB to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

(b) The provisions of Section 9 are solely for the benefit of the Administrative Agent, the Lenders, the Issuing Lender, and the Swingline Lender, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or obligations, except those expressly set forth herein and in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(c) The Administrative Agent shall also act as the collateral agent under the Loan Documents, and each of the Lenders (in their respective capacities as a Lender and, as applicable, Qualified Counterparty and provider of Cash Management Services) hereby irrevocably (i) authorizes the Administrative Agent to enter into all other Loan Documents, as applicable, including the Guarantee and

Collateral Agreement and any Subordination Agreements, and (ii) appoints and authorizes the Administrative Agent to act as the agent of the Secured Parties for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. The Administrative Agent, as collateral agent and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.2 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Section 9 and Section 10 (including Section 9.7, as though such co-agents, sub-agents and attorneys-in-fact were the collateral agent under the Loan Documents) as if set forth in full herein with respect thereto. Without limiting the generality of the foregoing, the Administrative Agent is further authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time to take any action, or permit the any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent to take any action, with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the Liens upon any Collateral granted pursuant to any Loan Document.

**9.2 Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Facilities provided for herein as well as activities as the Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with bad faith, gross negligence or willful misconduct in the selection of such sub agents.

**9.3 Exculpatory Provisions.** The Administrative Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent shall not:

- (a) be subject to any fiduciary or other implied duties, regardless of whether any Default or any Event of Default has occurred and is continuing;
- (b) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), as applicable; provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and
- (c) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and the Administrative Agent shall not be liable for the failure to disclose, any information

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relating to the Borrower or any of its Affiliates that is communicated to or obtained by any Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.2 and 10.1), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 5.1, Section 5.2 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

**9.4 Reliance by Administrative Agent.** The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for any of the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or such other number or percentage of Lenders as shall be provided for herein or in the other Loan Documents) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or such other number or percentage of Lenders as shall be provided for herein or in the other Loan Documents), and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and all future holders of the Loans.

**9.5 Notice of Default.** The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice in writing from a Lender, Holdings, or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “**notice of default**.” In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the



Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action or refrain from taking such action with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

**9.6 Non-Reliance on Administrative Agent and Other Lenders.** Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of a Group Member or any Affiliate of a Group Member, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Group Members and their Affiliates and made its own credit analysis and decision to make its Loans hereunder and enter into this Agreement. Each Lender also agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, the other Loan Documents or any related agreement or any document furnished hereunder or thereunder, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Group Members and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Group Member or any Affiliate of a Group Member that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or affiliates.

**9.7 Indemnification.** Each of the Lenders agrees to indemnify each of the Administrative Agent, the Issuing Lender and the Swingline Lender and each of its Related Parties in its capacity as such (to the extent not reimbursed by Holdings, the Borrower or any other Loan Party and without limiting the obligation of Holdings, the Borrower or any other Loan Party to do so) according to its Aggregate Exposure Percentage in effect on the date on which indemnification is sought under this Section 9.7 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, in accordance with its Aggregate Exposure Percentage immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent or such other Person in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent or such other Person under or in connection with any of the foregoing and any other amounts not reimbursed by Holdings, the Borrower or such other Loan Party; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted primarily from the Administrative Agent's or such other Person's bad faith, gross negligence or willful misconduct, and that with respect to such unpaid amounts owed to any Issuing Lender or Swingline Lender solely in its capacity as such, only the Revolving Lenders shall be required to

pay such unpaid amounts, such payment to be made severally among them based on such Revolving Lenders' Revolving Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought). The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

**9.8 Agent in Its Individual Capacity.** The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower, Holdings or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

**9.9 Successor Administrative Agent.**

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "**Resignation Effective Date**"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Secured Parties under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed and such collateral security is assigned to such successor Administrative Agent) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already

discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of Section 9 and Section 10.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as the Administrative Agent.

#### **9.10 Collateral and Guaranty Matters.**

(a) The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(i) to release any Lien on any Collateral or other property granted to or held by the Administrative Agent under any Loan Document (i) upon the Discharge of Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable Issuing Lender shall have been made), (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.1, if approved, authorized or ratified in writing by the Required Lenders;

(ii) to subordinate any Lien on any Collateral or other property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Sections 7.3(g) and (i); and

(iii) to release any Guarantor from its obligations under the Guarantee and Collateral Agreement if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the guaranty pursuant to this Section 9.10.

(b) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

(c) Notwithstanding anything contained in any Loan Document, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any guaranty of the Obligations (including any such guaranty provided by the Guarantors pursuant to the Guarantee and Collateral Agreement), it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Secured Parties in accordance with the terms thereof; provided that, for the avoidance of doubt, in no event shall a Secured Party be restricted hereunder from filing a proof of claim on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law or any other judicial proceeding. In the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Secured Party may be the purchaser or

licensor of any or all of such Collateral at any such sale or other disposition, and the Administrative Agent, as agent for and representative of such Secured Party (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Administrative Agent on behalf of the Secured Parties at such sale or other disposition. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral and of the guarantees of the Obligations provided by the Loan Parties under the Guarantee and Collateral Agreement, to have agreed to the foregoing provisions. In furtherance of the foregoing, and not in limitation thereof, no Specified Swap Agreement and no Cash Management Agreement, the Obligations under which constitute Obligations, will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the Obligations of any Loan Party under any Loan Document except as expressly provided herein or in the Guarantee and Collateral Agreement. By accepting the benefits of the Collateral and of the guarantees of the Obligations provided by the Loan Parties under the Guarantee and Collateral Agreement, any Secured Party that is a Cash Management Bank or a Qualified Counterparty shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and to have agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

**9.11 Administrative Agent May File Proofs of Claim.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or Obligation in respect of any Letter of Credit shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated), by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Obligations in respect of any Letter of Credit and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.9 and 10.5) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.9 and 10.5.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

**9.12 No Other Duties, etc.** Anything herein to the contrary notwithstanding, the Lead Arranger listed on the cover page hereof shall not have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender, the Issuing Lender or the Swingline Lender hereunder.

**9.13 Cash Management Bank and Qualified Counterparty Reports.** Each Cash Management Bank and each Qualified Counterparty agrees to furnish to the Administrative Agent, as frequently as the Administrative Agent may reasonably request, with a summary of all Obligations in respect of Cash Management Services and/or Specified Swap Agreements, as applicable, due or to become due to such Cash Management Bank or Qualified Counterparty, as applicable. In connection with any distributions to be made hereunder, the Administrative Agent shall be entitled to assume that no amounts are due to any Cash Management Bank or Qualified Counterparty (in its capacity as a Cash Management Bank or Qualified Counterparty and not in its capacity as a Lender) unless the Administrative Agent has received written notice thereof from such Cash Management Bank or Qualified Counterparty and if such notice is received, the Administrative Agent shall be entitled to assume that the only amounts due to such Cash Management Bank or Qualified Counterparty on account of Cash Management Services or Specified Swap Agreements are set forth in such notice.

**9.14 Survival.** This Section 9 shall survive the Discharge of Obligations.

## SECTION 10 MISCELLANEOUS

### 10.1 Amendments and Waivers.

(a) Neither this Agreement, any other Loan Document (other than any L/C Related Document), nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except that no amendment or modification of defined terms used in the financial covenants in this Agreement or waiver of any Default or Event of Default or the right to receive the Default Rate shall constitute a reduction in the rate of interest or fees for purposes of this clause (A)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment, in each case, without the written consent of each Lender directly affected thereby (except that no waiver of any Overadvance repayment shall be considered such an extension); (B) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all the value of the guarantees (taken as a whole) of the Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case without the written consent of all Lenders; (D) (i) amend, modify or waive the *pro rata* requirements of Section 2.18 or any other provision of the Loan Documents requiring *pro rata* treatment of the Lenders in a manner that

adversely affects Revolving Lenders without the written consent of each Revolving Lender or (ii) amend, modify or waive the *pro rata* requirements of Section 2.18 or any other provision of the Loan Documents requiring *pro rata* treatment of the Lenders in a manner that adversely affects the L/C Lenders without the written consent of each L/C Lender; (E) amend or otherwise modify the definition of the term “Borrowing Base” or any component definition thereof if, as a result thereof, the amounts available to be borrowed by the Borrower would be increased, without the written consent of all Lenders; (F) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent; (G) amend, modify or waive any provision of Section 2.6 or 2.7 without the written consent of the Swingline Lender; (H) amend, modify or waive any provision of Section 3 without the written consent of the Issuing Lender; or (I) (i) amend or modify the application of payments set forth in Section 8.3 in a manner that adversely affects Revolving Lenders without the written consent of each affected Revolving Lender, (ii) amend or modify the application of payments set forth in Section 8.3 in a manner that adversely affects L/C Lenders without the written consent of the L/C Lenders, or (iii) amend or modify the application of payments provisions set forth in Section 8.3 in a manner that adversely affects the Issuing Lender, any Cash Management Bank or any Qualified Counterparty, as applicable, without the written consent of the Issuing Lender, such Cash Management Bank or any such Qualified Counterparty, as applicable. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent, the Issuing Lender, each Cash Management Bank, each Qualified Counterparty, and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured during the period such waiver is effective; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. Notwithstanding the foregoing, the Issuing Lender may amend any of the L/C Documents without the consent of the Administrative Agent or any other Lender and the Issuing Lender, Administrative Agent and the Borrower may make customary technical amendments if any Letter of Credit shall be issued hereunder in a currency other than U.S. Dollars. Notwithstanding the foregoing, the Issuing Lender may amend any of the L/C-Related Documents without the consent of the Administrative Agent or any other Lender. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Revolving Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(b) Notwithstanding anything to the contrary contained in Section 10.1(a) above, in the event that the Borrower requests that this Agreement or any of the other Loan Documents be amended or otherwise modified in a manner which would require the consent of all of the Lenders and such amendment or other modification is agreed to by the Borrower, the Required Lenders and the Administrative Agent, then, with the consent of the Borrower, the Administrative Agent and the Required Lenders, this Agreement or such other Loan Document may be amended without the consent of the Lender or Lenders who are unwilling to agree to such amendment or other modification (each, a “**Minority Lender**”), to provide for:

(i) the termination of the Commitment of each such Minority Lender;

(ii) the assumption of the Loans and Commitment of each such Minority Lender by one or more Replacement Lenders pursuant to the provisions of Section 2.23; and

(iii) the payment of all interest, fees and other obligations payable or accrued in favor of each Minority Lender and such other modifications to this Agreement or to such Loan Documents as the Borrower, the Administrative Agent and the Required Lenders may determine to be appropriate in connection therewith.

(c) Notwithstanding any provision herein to the contrary, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, and the Borrower, (i) to add one or more additional credit or term loan facilities to this Agreement and to permit all such additional extensions of credit and all related obligations and liabilities arising in connection therewith and from time to time outstanding thereunder to share ratably (or on a basis subordinated to the existing facilities hereunder) in the benefits of this Agreement and the other Loan Documents with the obligations and liabilities from time to time outstanding in respect of the existing facilities hereunder, and (ii) in connection with the foregoing, to permit, as deemed appropriate by the Administrative Agent and approved by the Required Lenders, the Lenders providing such additional credit facilities to participate in any required vote or action required to be approved by the Required Lenders.

(d) Notwithstanding any provision herein to the contrary, any Cash Management Agreement may be amended or otherwise modified by the parties thereto in accordance with the terms thereof without the consent of the Administrative Agent or any Lender.

(e) Notwithstanding any provision herein or in any other Loan Document to the contrary, no Cash Management Bank and no Qualified Counterparty shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of Cash Management Services or Specified Swap Agreements or Obligations owing thereunder, nor shall the consent of any such Cash Management Bank or Qualified Counterparty, as applicable, be required for any matter, other than in their capacities as Lenders, to the extent applicable.

(f) Notwithstanding any other provision, no consent of any Lender (or other Secured Party other than the Administrative Agent) shall be required to effectuate any amendment to implement any Increase permitted by Section 2.27.

(g) The Administrative Agent may, with the consent of the Loan Parties only, amend, modify or supplement this Agreement or any of the Loan Documents to cure any omission, mistake or defect.

**10.2 Notices.** All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile or electronic mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of facsimile or electronic mail notice, when received, addressed as follows in the case of the Borrower, Holdings and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower/Holdings:	c/o CrowdStrike Holdings, Inc. 15440 Laguna Canyon Road, Suite 250 Irvine, CA 92618 Attention: Legal Department and CFO Telephone No.: (888) 512-8906 E-Mail: legal@crowdstrike.com
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with a copy to:

David Polk & Wardwell LLP  
1600 El Camino Real  
Attention: Alan Denenberg  
E-Mail: adenenberg@davispolk.com

Administrative Agent:

Silicon Valley Bank  
505 Howard St Floor 3,  
San Francisco, CA 94105  
Attn: Kyle Larrabee  
E-Mail: KLarrabee@svb.com  
Group E-Mail:

with a copy (which shall not constitute  
notice) to:

Morrison & Foerster LLP  
200 Clarendon Street  
Boston, Massachusetts 02116  
Attention: Charles W. Stavros, Esq.  
E-Mail: Cstavros@mfo.com

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

(a) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications (including email and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment); and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(b) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(c) (i) Each Loan Party agrees that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Issuing Lender and the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “**Agent Parties**”) have any liability to the Borrower or the other Loan Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s, any Loan Party’s or the Administrative Agent’s transmission of communications through the Platform. “**Communications**” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Administrative Agent, any Lender or the Issuing Lender by means of electronic communications pursuant to this Section, including through the Platform.

**10.3 No Waiver; Cumulative Remedies.** No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

**10.4 Survival of Representations and Warranties.** All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

**10.5 Expenses; Indemnity; Damage Waiver.**

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent (and of such other counsel in the event of a conflict and, if reasonably necessary, one local counsel in any relevant jurisdiction)), in connection with the syndication of the Facilities, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender (including the fees, charges and disbursements of one counsel for the Administrative Agent and the Lenders and, if reasonably necessary, one local counsel for the Administrative Agent and the Lenders in any relevant jurisdiction (and of such other counsel in the event of a conflict)), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued or participated in hereunder, including all such documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender (including the Issuing Lender), and each Related Party of any of the foregoing Persons (each such Person being called an “**Indemnitee**”) against,

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and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Materials of Environmental Concern on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 10.5(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails indefeasibly to pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Lender, the Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Lender, the Swingline Lender or such Related Party, as the case may be, such Lender’s *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender’s share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that with respect to such unpaid amounts owed to the Issuing Lender or the Swingline Lender solely in its capacity as such, only the Revolving Lenders shall be required to pay such unpaid amounts, such payment to be made severally among them based on such Revolving Lenders’ Revolving Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); provided further, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Issuing Lender or the Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Issuing Lender or the Swingline Lender in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Sections 2.1, 2.4 and 2.20(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information



or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the Discharge of Obligations.

#### **10.6 Successors and Assigns; Participations and Assignments.**

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (which, for purposes of this Section 10.6, shall include any Cash Management Bank and any Qualified Counterparty, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of Section 10.6(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.6(e) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Revolving Facility if such assignment is to a Person that is not a Lender with a Revolving Commitment; and

(C) the consent of the Issuing Lender and the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent any such administrative questionnaire as the Administrative Agent may request.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust established for, or owned and operated for the primary benefit of, a natural Person).

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lender, the Swingline Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and

participations in Letters of Credit and Swingline Loans in accordance with its Revolving Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.19, 2.20, 2.21 and 10.5 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in California a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, a holding company, investment vehicle or trust established for, or owned and operated for the primary benefit of, a natural Person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Issuing Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnities under Sections 2.20(e) and 9.7 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver which affects such Participant and for which the consent of such Lender is required (as described in Section 10.1). The Borrower agrees that each Participant shall be entitled to the benefits

of Sections 2.19, 2.20 and 2.21 (subject to the requirements and limitations therein, including the requirements under Section 2.20(f) (it being understood that the documentation required under Section 2.20(f) shall be delivered by such Participant to the Lender granting such participation)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.6(b); provided that such Participant (A) agrees to be subject to the provisions of Sections 2.23 as if it were an assignee under Section 10.6(b); and (B) shall not be entitled to receive any greater payment under Sections 2.19 or 2.20, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in any Requirement of Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.23 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.18(k) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) **Notes.** The Borrower, upon receipt by the Borrower of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in Section 10.6.

(g) **Representations and Warranties of Lenders.** Each Lender, upon execution and delivery hereof or upon succeeding to an interest in the Commitments or Loans, as the case may be, represents and warrants as of the Closing Date or as of the effective date of the applicable Assignment and Assumption that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making of or investing in commitments, loans or investments such as the Commitments and Loans; and (iii) it will make or invest in its Commitments and Loans for its own account in the ordinary course of its business and without a view to distribution of such Commitments and Loans within the meaning of the Securities Act or the Exchange Act, or other federal securities laws (it being understood that, subject to the provisions of this Section 10.6, the disposition of such Commitments and Loans or any interests therein shall at all times remain within its exclusive control).

## 10.7 Adjustments; Set-off.

(a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a “**Benefitted Lender**”) shall receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8.1(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) Upon (i) the occurrence and during the continuance of any Event of Default and (ii) obtaining the prior written consent of the Administrative Agent, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, without prior notice to Holdings, the Borrower or any other Loan Party, any such notice being expressly waived by Holdings, the Borrower and each Loan Party, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, at any time held or owing, and any other credits, indebtedness, claims or obligations, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, its Affiliates or any branch or agency thereof to or for the credit or the account of Holdings, the Borrower or any other Loan Party, as the case may be, against any and all of the obligations of Holdings, the Borrower or such other Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or its Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of Holdings, the Borrower or such other Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender or any of its Affiliates shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.23 and, pending such payment, shall be segregated by such Defaulting Lender or Affiliate thereof from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender or Affiliate thereof as to which it exercised such right of setoff. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application made by such Lender or any of its Affiliates; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender and its Affiliates under this Section 10.7 are in addition to other rights and remedies (including other rights of set-off) which such Lender or its Affiliates may have.

**10.8 Payments Set Aside.** To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived

and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the Discharge of Obligations.

**10.9 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the “**Maximum Rate**”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**10.10 Counterparts; Electronic Execution of Assignments.**

(a) This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic mail transmission shall be effective as delivery of an original executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

(b) The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

**10.11 Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.11, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited under or in connection with any Insolvency Proceeding, as determined in good faith by the Administrative Agent or the Issuing Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**10.12 Integration.** This Agreement and the other Loan Documents represent the entire agreement of Holdings, the Borrower, the other Loan Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

**10.13 GOVERNING LAW. THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, AND ANY CLAIM, CONTROVERSY, DISPUTE, CAUSE OF ACTION, OR PROCEEDING (WHETHER BASED IN CONTRACT, TORT, OR OTHERWISE) BASED UPON, ARISING OUT OF, CONNECTED WITH, OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO AND THERETO, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.** This Section 10.13 shall survive the Discharge of Obligations.

**10.14 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:**

(a) agrees that all disputes, controversies, claims, actions and other proceedings involving, directly or indirectly, any matter in any way arising out of, related to, or connected with, this Agreement, any other Loan Document, any contemplated transactions related hereto or thereto, or the relationship between any Loan Party, on the one hand, and the Administrative Agent or any Lender or any other Secured Party, on the other hand, and any and all other claims of the Borrower or any other Group Member against the Administrative Agent or any Lender or any other Secured Party of any kind, shall be brought only in a state court located in the Borough of Manhattan, or, to the extent permitted by law, in a federal court sitting in the Borough of Manhattan; provided that nothing in this Agreement shall be deemed to operate to preclude the Administrative Agent or any Lender or any other Secured Party from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Administrative Agent or such Lender or any other Secured Party, to the extent permitted by law. Holdings and the Borrower, on behalf of themselves and each other Loan Party (i) expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court and to the selection of any referee referred to below, (ii) hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court, and (iii) agrees that it shall not file any motion or other application seeking to change the venue of any such suit or other action. Holdings and the Borrower, on behalf of themselves and each other Loan Party, hereby waives personal service of any summons, complaints, and other process issued in any such action or suit and agrees that service of any such summons, complaints, and other process may be made by registered or certified mail addressed to the Borrower at the address set forth in Section 10.2 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of the Borrower's actual receipt thereof or three days after deposit in the U.S. mails, proper postage prepaid;

(b) **WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ITS RIGHT TO A JURY TRIAL OF ANY CLAIM, CAUSE OF ACTION, OR PROCEEDING (WHETHER BASED IN CONTRACT, TORT, OR OTHERWISE) BASED UPON, ARISING OUT OF, CONNECTED WITH, OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY AND THEREBY, AMONG ANY OF THE PARTIES HERETO AND THERETO. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. HOLDINGS AND THE BORROWER HAS REVIEWED THIS WAIVER WITH ITS COUNSEL; and**

(c) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

This Section 10.14 shall survive the Discharge of Obligations.

**10.15 Acknowledgements.** Each of Holdings and the Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) none of the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Group Member arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and Lenders, on one hand, and the Group Members, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Group Members and the Lenders.

**10.16 Releases of Guarantees and Liens.**

(a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (1) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (2) under the circumstances described in Section 10.16(b) below.

(b) Upon the Discharge of Obligations, the Collateral (other than any cash collateral securing any Specified Swap Agreements, any Cash Management Services or outstanding Letters of Credit) shall be released from the Liens created by the Security Documents and Cash Management Agreements (other than any Cash Management Agreements used to Cash Collateralize any Obligations arising in connection with Cash Management Agreements), and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents and Cash Management Agreements (other than any Cash Management Agreements used to cash collateralize any Obligations arising in connection with Cash Management Agreements) shall terminate, all without delivery of any instrument or performance of any act by any Person.

**10.17 Treatment of Certain Information; Confidentiality.** Each of the Administrative Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments

are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Facilities or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Facilities; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower. In addition, the Administrative Agent, the Lenders, and any of their respective Related Parties, may (A) disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent or the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments; and (B) use any information (not constituting Information subject to the foregoing confidentiality restrictions) related to the syndication and arrangement of the credit facilities contemplated by this Agreement in connection with marketing, press releases, or other transactional announcements or updates provided to investor or trade publications, including the placement of “tombstone” advertisements in publications of its choice at its own expense.

Notwithstanding anything herein to the contrary, any party to this Agreement (and any employee, representative, or other agent of any party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent necessary to comply with any applicable federal or state securities laws, rules, and regulations.

For purposes of this Section, “**Information**” means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

**10.18 Automatic Debits.** With respect to any principal, interest, fee, or any other cost or expense (including attorney costs of the Administrative Agent or any Lender payable by the Borrower hereunder) due and payable to the Administrative Agent or any Lender under the Loan Documents, the Borrower hereby irrevocably authorizes the Administrative Agent to debit any deposit account of the Borrower maintained with the Administrative Agent in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such principal, interest, fee or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount then due, such debits will be reversed (in whole or in part, in the Administrative Agent’s sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section 10.18 shall be deemed a set-off.

**10.19 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower and each other Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under any other Loan Document shall, notwithstanding any judgment in a currency (the “**Judgment Currency**”)

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other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “**Agreement Currency**”), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Borrower or any other Loan Party in the Agreement Currency, such Borrower and each other Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Borrower or other Loan Party, as applicable (or to any other Person who may be entitled thereto under applicable law).

**10.20 Patriot Act.** Each Lender and the Administrative Agent (for itself and not on behalf of any other party) hereby notifies Holdings and the Borrower and each other Loan Party that, pursuant to the requirements of “know your customer” and anti-money-laundering rules and regulations, including the Patriot Act, it is required to obtain, verify and record information that identifies Holdings and the Borrower and each other Loan Party, which information includes the names and addresses and other information that will allow such Lender or the Administrative Agent, as applicable, to identify Holdings and the Borrower and each other Loan Party in accordance with such rules and regulations. Each of Holdings and the Borrower and each other Loan Party will, and will cause each of its respective Subsidiaries to, provide such information and take such actions as are reasonably requested by the Administrative Agent or any Lender to assist the Administrative Agent or any such Lender in maintaining compliance with such applicable rules and regulations.

**10.21 Acknowledgement and Consent to Bail-In of EEA Financial Institutions.**

Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution;

(b) a conversion of all, or a portion of, such liability into Capital Stock in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such Capital Stock will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(c) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Remainder of page left blank intentionally]

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**HOLDINGS:**

**CROWDSTRIKE HOLDINGS, INC.**

By: /s/ Burt Podbere

Name: Burt Podbere

Title: Chief Financial Officer

**BORROWERS:**

**CROWDSTRIKE, INC.**

By: /s/ Burt Podbere

Name: Burt Podbere

Title: Assistant Secretary

**CROWDSTRIKE SERVICES, INC.**

By: /s/ Burt Podbere

Name: Burt Podbere

Title: Assistant Secretary

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**ADMINISTRATIVE AGENT:**

**SILICON VALLEY BANK**

By: /s/ Kyle Larrabee

Name: Kyle Larrabee

Title: Vice President

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**LENDERS:**

**SILICON VALLEY BANK,**

as Issuing Lender, Swingline Lender and as a Lender

By: /s/ Kyle Larrabee

Name: Kyle Larrabee

Title: Vice President

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**COMERICA BANK**

By: /s/ Robert Shutt

Name: Robert Shutt

Title: SVP

**CANADIAN IMPERIAL BANK OF COMMERCE**

By: /s/ Mark McQueen

Name: Mark McQueen

Title: President & Executive Managing Director

CIBC Innovation Banking

**KEYBANK NATIONAL ASSOCIATION**

By: /s/ David A. Wild

Name: David A. Wild

Title: Senior Vice President

**SUNTRUST BANK**

By: /s/ Brian M. Lewis

Name: Brian M. Lewis

Title: Managing Director

**SCHEDULE 1.1A**

**COMMITMENTS  
AND AGGREGATE EXPOSURE PERCENTAGES**

**REVOLVING COMMITMENTS**

<u>Lender</u>	<u>Revolving Commitment</u>	<u>Revolving Percentage</u>
Silicon Valley Bank	\$ 50,000,000	33.3333333333%
Comerica Bank	\$ 30,000,000	20.0000000000%
Canadian Imperial Bank of Commerce	\$ 25,000,000	16.6666666667%
KeyBank National Association	\$ 25,000,000	16.6666666667%
SunTrust Bank	\$ 20,000,000	13.3333333333%
Total	\$ 150,000,000	100.0000000000%

**L/C COMMITMENT**

<u>Lender</u>	<u>L/C Commitment</u>	<u>L/C Percentage</u>
Silicon Valley Bank	\$ 3,333,333.33	33.3333333333%
Comerica Bank	\$ 2,000,000.00	20.0000000000%
Canadian Imperial Bank of Commerce	\$ 1,666,666.67	16.6666666667%
KeyBank National Association	\$ 1,666,666.67	16.6666666667%
SunTrust Bank	\$ 1,333,333.33	13.3333333333%
Total	\$ 10,000,000	100.0000000000%

**SWINGLINE COMMITMENT**

<u>Lender</u>	<u>Swingline Commitment</u>	<u>Exposure Percentage</u>
Silicon Valley Bank	\$ 10,000,000	100.0000000000%
Total	\$ 10,000,000	100.0000000000%

**EXHIBIT A**

**FORM OF GUARANTEE AND COLLATERAL AGREEMENT**

*(Please see attached form)*

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**GUARANTEE AND COLLATERAL AGREEMENT**

Dated as of April 19, 2019

made by

**CROWDSTRIKE HOLDINGS, INC.,**

**CROWDSTRIKE, INC.,**

**CROWDSTRIKE SERVICES, INC.**

and the other Grantors referred to herein,

in favor of

**SILICON VALLEY BANK,**  
as Administrative Agent

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**GUARANTEE AND COLLATERAL AGREEMENT**

This GUARANTEE AND COLLATERAL AGREEMENT (this “**Agreement**”), dated as of April 19, 2019, is made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, each a “**Grantor**” and, collectively, the “**Grantors**”), in favor of SILICON VALLEY BANK, as administrative agent (together with its successors, in such capacity, the “**Administrative Agent**”) for the banks and other financial institutions or entities (each a “**Lender**” and, collectively, the “**Lenders**”) from time to time parties to that certain Credit Agreement, dated as of the date hereof (as amended, amended and restated, supplemented, restructured or otherwise modified, renewed or replaced from time to time, the “**Credit Agreement**”), among CROWDSTRIKE HOLDINGS, INC., a Delaware corporation (“**Holdings**”), CROWDSTRIKE, INC., a Delaware corporation (“**CrowdStrike**”), CROWDSTRIKE SERVICES, INC., a Delaware corporation (“**CrowdStrike Services**” and together with CrowdStrike, individually or collectively as the context requires, jointly and severally, the “**Borrower**”), the Lenders party thereto and the Administrative Agent.

**INTRODUCTORY STATEMENTS**

WHEREAS, Holdings and each other Grantor are members of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective business;

WHEREAS, certain of the Qualified Counterparties may enter into Specified Swap Agreements with the Grantors;

WHEREAS, the Cash Management Banks may enter into Cash Management Agreements with the Grantors;

WHEREAS, Holdings, the Borrower and the other Grantors are engaged in related businesses, and each Grantor derives substantial direct and indirect benefit from the extensions of credit under the Credit Agreement, the Cash Management Agreements, and from the Specified Swap Agreements; and

WHEREAS, it is a condition precedent to the Closing Date that the Grantors shall have executed and delivered this Agreement in favor of the Administrative Agent for the ratable benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the above premises, the parties hereto hereby agree as follows:

**SECTION 1. Defined Terms.**

1.1 Definitions.

(a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the respective meanings given to such terms in the Credit Agreement, and the following terms are used herein as defined in the UCC: Account, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Document, Equipment, Farm Products, Fixtures, General Intangible, Goods, Instrument, Inventory, Letter-of-Credit Rights, Money, Securities Account and Supporting Obligation.

(b) The following terms shall have the following meanings:

**“Agreement”**: as defined in the preamble hereto.

**“Books”**: all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for any Grantor in connection with the ownership of its assets or the conduct of its business or evidencing or containing information relating to the Collateral, including: (a) ledgers; (b) records indicating, summarizing, or evidencing such Grantor’s assets (including Inventory and Rights to Payment), business operations or financial condition; (c) computer programs and software; (d) computer discs, tapes, files, manuals, spreadsheets; (e) computer printouts and output of whatever kind; (f) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (g) any and all other rights now or hereafter arising out of any contract or agreement between such Grantor and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of such Grantor’s books or records or with credit reporting, including with regard to any of such Grantor’s Accounts.

**“Borrower”**: as defined in the preamble hereto.

**“Collateral”**: as defined in [Section 3.1](#).

**“Collateral Account”**: any collateral account established by the Administrative Agent as provided in [Section 6.1](#) or [6.4](#).

**“Collateral Disclosure Letter”**: the disclosure letter, dated as of the date hereof, delivered by the Grantors to Administrative Agent for the benefit of the Lenders.

**“Copyright License”**: any written agreement which (a) names a Grantor as licensor or licensee (including those listed on [Schedule 6](#) to the Collateral Disclosure Letter), or (b) grants any right under any Copyright to a Grantor, including any rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

**“Copyrights”**: (a) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, together with the underlying works of authorship (including titles), whether registered or unregistered and whether published or unpublished (including those listed on [Schedule 6](#) to the Collateral Disclosure Letter), all computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating any copyrights, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (b) the right to obtain any renewals thereof.

**“Deposit Account”**: as defined in the Uniform Commercial Code of any applicable jurisdiction and, in any event, including any demand, time, savings, passbook or like account maintained with a depository institution.

**“Excluded Account”**: any Deposit Account or Securities Account (a) the sole purpose of which is for funding payroll, workers’ compensation claims, 401(k) benefits, health care benefits, retirement benefits or other employee benefits, or which is a withholding tax or fiduciary account or similar operational disbursement account, (b) the sole purpose of which is for funding escrow arrangements or holding funds owned by persons other than a Group Member, (c) which is a zero-balance account, (d) any account that, when combined with the account balance of all other accounts (other than Deposit Accounts and Securities Accounts described in clauses (a) and (b) above) over which the Administrative Agent does not have “control” (within the meanings of Section 8-106 and 9-106 of the UCC), has a balance of

less than \$250,000 or (e) Deposit Accounts or Securities Accounts, established as security for Permitted Indebtedness secured by a Lien permitted under Section 7.3(l)(i) of the Credit Agreement.

**“Excluded Assets”**: collectively,

- (a) Equipment owned by any Grantor on the date hereof or hereafter acquired that is subject to a Lien securing a purchase money obligation or Capital Lease Obligation not prohibited by the terms of the Credit Agreement if the contract or other agreement pursuant to which such Lien is granted (or the documentation providing for such purchase money obligation or Capital Lease Obligation) validly prohibits the creation of any other Lien on such Equipment and proceeds of such Equipment;
- (b) any Collateral with respect to which the Administrative Agent has determined, in consultation with the Borrower, that the costs of obtaining a security interest in such Collateral are excessive in relation to the benefits provided to the Secured Parties by such security interest;
- (c) any real property leasehold interests of any Grantor;
- (d) margin stock (within the meaning of Regulation U issued by the Board) to the extent the creation of a security interest therein in favor of the Administrative Agent (for the ratable benefit of the Secured Parties) will result in a violation of Regulation U issued by the Board;
- (d) any Capital Stock (other than Capital Stock of a Subsidiary) if the granting of a security interest in such Capital Stock is prohibited by the applicable joint venture, shareholder, stock purchase or similar agreement (after giving effect to the UCC or any other applicable law (including the Bankruptcy Code) or principles of equity);
- (e) motor vehicles and other equipment covered by certificates of title;
- (f) Excluded Accounts;
- (g) capital stock of any direct Foreign Subsidiary or direct Foreign Subsidiary Holding Company (other than Capital Stock representing up to 65% of the total outstanding voting Capital Stock and 100% of the non-voting Capital Stock of any such Foreign Subsidiary or Foreign Subsidiary Holding Company) if pledging 100% of the Capital Stock of any such Subsidiary would reasonably be expected to result in adverse tax consequences; and
- (h) Capital Stock of any Immaterial Subsidiary that is not a Guarantor.

provided, however, that any Proceeds, substitutions or replacements of any Excluded Assets shall not be Excluded Assets (unless such Proceeds, substitutions or replacements are otherwise, in and of themselves, Excluded Assets).

**“Grantor”**: as defined in the preamble hereto.

**“Guarantor”**: as defined in Section 2.1(a).

**“Investment Account”**: any of a Securities Account, a Commodity Account or a Deposit Account.

**“Investment Property”**: the collective reference to (a) all “investment property” as such term is defined in Section 9-102(a)(49) of the UCC (other than Excluded Assets), and (b) whether or not constituting “investment property” as so defined, all Pledged Notes and all Pledged Collateral.

**“Issuer”**: with respect to any Investment Property, the issuer of such Investment Property.

**“Patent License”**: any written agreement which (a) names a Grantor as licensor or licensee and (b) grants to such Grantor any right under a Patent, including the right to manufacture, use or sell any invention covered in whole or in part by such Patent, including any such agreements referred to on Schedule 6 to the Collateral Disclosure Letter.

**“Patents”**: (a) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, any of the foregoing referred to on Schedule 6 to the Collateral Disclosure Letter, (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to on Schedule 6 to the Collateral Disclosure Letter, and (c) all rights to obtain any reissues or extensions of the foregoing.

**“Pledged Collateral”**: (a) any and all Pledged Stock; (b) all other Investment Property of any Grantor; (c) all warrants, options or other rights entitling any Grantor to acquire any interest in Capital Stock or other securities of the direct or indirect Subsidiaries of such Grantor or of any other Person; (d) all Instruments; (e) all securities, property, interest, dividends and other payments and distributions issued as an addition to, in redemption of, in renewal or exchange for, in substitution or upon conversion of, or otherwise on account of, any of the foregoing; (f) all certificates and instruments now or hereafter representing or evidencing any of the foregoing; (g) all rights, interests and claims with respect to the foregoing, including under any and all related agreements, instruments and other documents, and (h) all cash and non-cash proceeds of any of the foregoing, in each case whether presently existing or owned or hereafter arising or acquired and wherever located, and as from time to time received or receivable by, or otherwise paid or distributed to or acquired by, any Grantor; provided that Pledged Collateral shall not include Excluded Assets.

**“Pledged Collateral Agreements”**: as defined in Section 5.23.

**“Pledged Notes”**: all promissory notes listed on Schedule 2 to the Collateral Disclosure Letter and all other promissory notes issued to or held by any Grantor.

**“Pledged Stock”**: all of the issued and outstanding shares of Capital Stock, whether certificated or uncertificated, of any Grantor’s direct Subsidiaries now or hereafter owned by any such Grantor and including the Capital Stock listed on Schedule 2 to the Collateral Disclosure Letter (as amended or supplemented from time to time); provided that in no event shall Pledged Stock include any Excluded Assets.

**“Proceeds”**: all “proceeds” as such term is defined in Section 9-102(a)(64) of the UCC and, in any event, shall include, without limitation, all dividends or other income from any Investment Property constituting Collateral and all collections thereon or distributions or payments with respect thereto.

**“Receivable”**: any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including any Account).

**“Rights to Payment”**: any and all of any Grantor’s Accounts and any and all of any Grantor’s rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under or with respect to its Chattel Paper, Documents, General Intangibles, Instruments, Investment Property, Letter-of-Credit Rights, Proceeds and Supporting Obligations.

“**Secured Obligations**”: collectively, the “Obligations”, as such term is defined in the Credit Agreement.

“**Secured Parties**” means the Administrative Agent, the Issuing Lender, the Swing Line Lender, each Lender, each Cash Management Bank, and any Qualified Counterparty with whom a Loan Party enters into a Specified Swap Agreement.

“**Trademark License**”: any written agreement which (a) names a Grantor as licensor or licensee and (b) grants to such Grantor any right to use any Trademark, including any such agreement referred to on Schedule 6 to the Collateral Disclosure Letter.

“**Trademarks**”: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, Internet domain names and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to on Schedule 6 to the Collateral Disclosure Letter, and (b) the right to obtain all renewals thereof.

1.2 Other Definitional Provisions. The rules of interpretation set forth in Section 1.2 of the Credit Agreement are by this reference incorporated herein, *mutatis mutandis*, as if set forth herein in full.

## SECTION 2. **Guarantee.**

### 2.1 Guarantee.

(a) Each Grantor who has executed this Agreement as of the date hereof, together with each Subsidiary of any Grantor who accedes to this Agreement as a Grantor after the date hereof pursuant to Section 6.12 of the Credit Agreement (each a “**Guarantor**” and, collectively, the “**Guarantors**”), hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower and the other Loan Parties when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations. In furtherance of the foregoing, and without limiting the generality thereof, each Guarantor agrees as follows:

(i) each Guarantor’s liability hereunder shall be the immediate, direct, and primary obligation of such Guarantor and shall not be contingent upon the Administrative Agent’s or any Secured Party’s exercise or enforcement of any remedy it or they may have against the Borrower, any Guarantor, any other Person, or all or any portion of the Collateral; and

(ii) the Administrative Agent may enforce this guaranty notwithstanding the existence of any dispute between any of the Secured Parties and the Borrower or any other Guarantor with respect to the existence of any Event of Default.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Secured Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Administrative Agent or any other Secured Party hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until the Discharge of Obligations, notwithstanding that from time to time during the term of the Credit Agreement the outstanding amount of the Secured Obligations may be zero.

(e) No payment made by the Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any other Secured Party from the Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in payment of the Secured Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Secured Obligations or any payment received or collected from such Guarantor in respect of the Secured Obligations), remain liable for the Secured Obligations up to the maximum liability of such Guarantor hereunder until the Discharge of Obligations.

2.2 Right of Contribution. If in connection with any payment made by any Guarantor hereunder any rights of contribution arise in favor of such Guarantor against one or more other Guarantors, such rights of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the other Secured Parties, and each Guarantor shall remain liable to the Administrative Agent and the other Secured Parties for the full amount guaranteed by such Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any setoff or application of funds of any Guarantor by the Administrative Agent or any other Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any other Secured Party against the Borrower or any other Guarantor or any Collateral or guarantee or right of offset held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, in each case, until the Discharge of Obligations. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time prior to the Discharge of Obligations, such amount shall be held by such Guarantor in trust for the Administrative Agent and the other Secured Parties, shall be segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied in such order as set forth in Section 6.5 hereof irrespective of the occurrence or the continuance of any Event of Default.

2.4 Amendments, etc. with respect to the Secured Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Secured Obligations made by the Administrative Agent or any other Secured Party may be rescinded by the Administrative Agent or such Secured Party and any of the Secured Obligations continued, and the Secured Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any other Secured Party, and the Credit Agreement, the other Loan Documents, the Specified Swap Agreements, the Cash Management Agreements and any other

documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all of the Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional; Guarantor Waivers; Guarantor Consents. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Secured Obligations and notice of or proof of reliance by the Administrative Agent or any other Secured Party upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor further waives:

(a) diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the other Guarantors with respect to the Secured Obligations;

(b) any right to require any Secured Party to marshal assets in favor of the Borrower, such Guarantor, any other Guarantor or any other Person, to proceed against the Borrower, any other Guarantor or any other Person, to proceed against or exhaust any of the Collateral, to give notice of the terms, time and place of any public or private sale of personal property security constituting the Collateral or other collateral for the Secured Obligations or to comply with any other provisions of Section 9-611 of the UCC (or any equivalent provision of any other applicable law) or to pursue any other right, remedy, power or privilege of any Secured Party whatsoever;

(c) the defense of the statute of limitations in any action hereunder or for the collection or performance of the Secured Obligations;

(d) any defense arising by reason of any lack of corporate or other authority or any other defense of the Borrower, such Guarantor or any other Person;

(e) any defense based upon the Administrative Agent's or any Secured Party's errors or omissions in the administration of the Secured Obligations;

(f) any rights to set-offs and counterclaims; and

(g) without limiting the generality of the foregoing, to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by applicable law that limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Agreement, including all rights and defenses (i) arising out of an election of remedies by any Secured Party, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Guarantor's rights of subrogation and reimbursement against any applicable Loan Party by the operation of Section 580 or 726 of the California Code of Civil Procedure or otherwise, and (ii) relating to any suretyship defenses available to it under the California UCC or any other applicable law, including any rights and defenses which are or may become available to

such Guarantor by reason of California Civil Code Sections 1432, 2787 through 2855, 2899, and 3433 or California Code of Civil Procedure Sections 580 or 726.

Each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (1) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Secured Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any other Secured Party, (2) any defense, setoff or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Administrative Agent or any other Secured Party, (3) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower and the Guarantors for the Secured Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance, (4) any Insolvency Proceeding with respect to the Borrower, any Guarantor or any other Person, (5) any merger, acquisition, consolidation or change in structure of the Borrower, any Guarantor or any other Person, or any sale, lease, transfer or other disposition of any or all of the assets or Capital Stock of the Borrower, any Guarantor or any other Person, (6) any assignment or other transfer, in whole or in part, of any Secured Party's interests in and rights under this Agreement or the other Loan Documents, including any Secured Party's right to receive payment of the Secured Obligations, or any assignment or other transfer, in whole or in part, of any Secured Party's interests in and to any of the Collateral, (7) any Secured Party's vote, claim, distribution, election, acceptance, action or inaction in any Insolvency Proceeding related to any of the Secured Obligations, and (8) any other guaranty, whether by such Guarantor or any other Person, of all or any part of the Secured Obligations or any other indebtedness, obligations or liabilities of any Guarantor to any Secured Party.

When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any other Secured Party may, but shall be under no obligation to make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto. Any failure by the Administrative Agent or any other Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any other Secured Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

Each Guarantor further unconditionally consents and agrees that, without notice to or further assent from any Guarantor: (A) the principal amount of the Secured Obligations may be increased or decreased and additional indebtedness or obligations of the Borrower or any other Persons under the Loan Documents may be incurred, by one or more amendments, modifications, renewals or extensions of any Loan Document or otherwise; (B) the time, manner, place or terms of any payment under any Loan Document may be extended or changed, including by an increase or decrease in the interest rate on any Secured Obligation or any fee or other amount payable under such Loan Document, by an amendment, modification or renewal of any Loan Document or otherwise; (C) the time for the Borrower's (or any other Loan Party's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Loan Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner

and upon such terms as the Administrative Agent may deem proper; (D) in addition to the Collateral, the Secured Parties may take and hold other security (legal or equitable) of any kind, at any time, as collateral for the Secured Obligations, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof; (E) any Secured Party may discharge or release, in whole or in part, any other Guarantor or any other Loan Party or other Person liable for the payment and performance of all or any part of the Secured Obligations, and may permit or consent to any such action or any result of such action, and shall not be obligated to demand or enforce payment upon any of the Collateral, nor shall any Secured Party be liable to any Guarantor for any failure to collect or enforce payment or performance of the Secured Obligations from any Person or to realize upon the Collateral, and (F) the Secured Parties may request and accept other guaranties of the Secured Obligations and any other indebtedness, obligations or liabilities of the Borrower or any other Loan Party to any Secured Party and may, from time to time, in whole or in part, surrender, release, subordinate, modify, waive, rescind, compromise or extend any such guaranty and may permit or consent to any such action or the result of any such action; in each case of clauses (A) through (F), as the Secured Parties may deem advisable, and without impairing, abridging, releasing or affecting this Agreement.

2.6 Reinstatement. The guaranty contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Secured Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any such Guarantor or any substantial part of its respective property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without setoff or counterclaim in Dollars at the Funding Office.

2.8 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Agreement in respect of Secured Obligations under Specified Swap Agreements (provided that, each Qualified ECP Guarantor shall only be liable under this Section 2.8 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 2.8 or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 2.8 shall remain in full force and effect until the Discharge of Obligations. Each Qualified ECP Guarantor intends that this Section 2.8 constitute, and this Section 2.8 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A) (v)(II) of the Commodity Exchange Act.”

### SECTION 3. GRANT OF SECURITY INTEREST

3.1 Grant of Security Interests. Each Grantor hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest and wherever located (collectively, the “Collateral”), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations (whether now existing or arising hereafter):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Commercial Tort Claims (including as set forth on Schedule 8 to the Collateral Disclosure Letter);
- (d) all Deposit Accounts and all Securities Accounts (other than Excluded Accounts);
- (e) all Documents;
- (f) all Equipment;
- (g) all Fixtures;
- (h) all General Intangibles;
- (i) all Goods;
- (j) all Instruments;
- (k) all Intellectual Property;
- (l) all Inventory;
- (m) all Investment Property (including all Pledged Collateral);
- (n) all Letter-of-Credit Rights; Letters of Credit (as defined in the UCC), Promissory Notes (as defined in the UCC), and Drafts (as defined in the UCC);
- (o) all Money;
- (p) all Books and records pertaining to the Collateral
- (q) all other property not otherwise described above; and

(r) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing; provided, however, that notwithstanding anything to the contrary contained in clauses (a) through (q) above, the security interests created by this Agreement shall not extend to, and the term "Collateral" (including all of the individual items comprising Collateral) shall not include, any Excluded Assets.

Notwithstanding any of the other provisions set forth in this Section 3, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any Requirement of Law of a Governmental Authority or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, except (i) to the extent that the terms in such contract, license, instrument or other document providing for such prohibition, breach, default or termination, or requiring such consent are not permitted under the terms and conditions of the Credit Agreement or (ii) to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document providing for such prohibition, breach,

default or termination or requiring such consent is ineffective under Section 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity; provided, however, that such security interest shall attach immediately at such time as such Requirement of Law is not effective or applicable, or such prohibition, breach, default or termination is no longer applicable or is waived, and to the extent severable, shall attach immediately to any portion of the Collateral that does not result in such consequences; and provided, further, that no United States intent-to-use trademark or service mark application shall be included in the Collateral to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark or service mark application under Federal law. After such period, each Grantor acknowledges that such interest in such trademark or service mark application shall be subject to a security interest in favor of the Administrative Agent and shall be included in the Collateral.

3.2 Grantors Remains Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Administrative Agent of any of the rights granted to the Administrative Agent hereunder shall not release any Grantor from any of its duties or obligations under any such contracts, agreements and other documents included in the Collateral, and (c) neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any such contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Administrative Agent or any other Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

### 3.3 Perfection and Priority.

(a) Financing Statements. Pursuant to any applicable law, each Grantor authorizes the Administrative Agent (and its counsel and its agents) to file or record at any time and from time to time any financing statements and other filing or recording documents or instruments with respect to the Collateral and each Grantor shall execute and deliver to the Administrative Agent and each Grantor hereby authorizes the Administrative Agent (and its counsel and its agents) to file (with or without the signature of such Grantor) at any time and from time to time, all amendments to financing statements, continuation financing statements, termination statements, security agreements relating to the Intellectual Property, assignments, fixture filings, affidavits, reports notices and all other documents and instruments, in such form and in such offices as the Administrative Agent or the Required Lenders determine appropriate to perfect and continue perfected, maintain the priority of or provide notice of the Administrative Agent's security interest in the Collateral under and to accomplish the purposes of this Agreement. Each Grantor authorizes the Administrative Agent to use the collateral description "all personal property, whether now owned or hereafter

acquired” or any other similar collateral description in any such financing statements. Each Grantor hereby ratifies and authorizes the filing by the Administrative Agent (and its counsel and its agents) of any financing statement with respect to the Collateral made prior to the date hereof.

(b) Filing of Financing Statements. Each Grantor shall deliver to the Administrative Agent, from time to time, such completed UCC-1 financing statements for filing or recording in the appropriate filing offices as may be reasonably requested by the Administrative Agent.

(c) Transfer of Security Interest Other Than by Delivery. If for any reason Pledged Collateral cannot be delivered to or for the account of the Administrative Agent as provided in Section 5.6(b), each applicable Grantor shall promptly take such other steps as may be necessary or as shall be reasonably requested from time to time by the Administrative Agent to perfect a first priority

security interest in and pledge of the Pledged Collateral to the Administrative Agent for itself and on behalf of and for the ratable benefit of the other Secured Parties pursuant to the UCC. To the extent practicable, each such Grantor shall thereafter deliver the Pledged Collateral to or for the account of the Administrative Agent as provided in Section 5.6(b).

(d) Intellectual Property. (i) Each Grantor shall, in addition to executing and delivering this Agreement, take such other action as may be necessary, or as the Administrative Agent may reasonably request, to perfect the Administrative Agent's security interest in the Intellectual Property.

(ii) Concurrently with the delivery of each Compliance Certificate, following the creation or other acquisition of any Intellectual Property by any Grantor after the date hereof which is registered or becomes registered or the subject of an application for registration with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, such Grantor shall modify this Agreement by amending Schedule 6 to the Collateral Disclosure Letter to include any Intellectual Property which becomes part of the Collateral and which was not included on Schedule 6 to the Collateral Disclosure Letter as of the date hereof and record an amendment to an existing Intellectual Property Security Agreement with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, and take such other action as may be necessary, or as the Administrative Agent or the Required Lenders may reasonably request, to perfect the Administrative Agent's security interest in such Intellectual Property.

(e) Bailees. Any Person (other than the Administrative Agent) at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Administrative Agent. At any time and from time to time, the Administrative Agent may give notice to any such Person holding all or any portion of the Collateral that such Person is holding the Collateral as the agent and bailee of, and as pledge holder for, the Administrative Agent, and obtain such Person's written acknowledgment thereof. Without limiting the generality of the foregoing, each Grantor will join with the Administrative Agent in notifying any Person who has possession of any Collateral of the Administrative Agent's security interest therein and shall use commercially reasonable efforts to obtain an acknowledgment from such Person that it is holding the Collateral for the benefit of the Administrative Agent. Notwithstanding the foregoing, if no Event of Default exists, a Grantor shall not be required to obtain and deliver to the Administrative Agent acknowledgements from any such Person who has possession or control of Collateral, if such Person holds Collateral having a value not exceeding \$1,000,000.

(f) Control. Each Grantor will cooperate with the Administrative Agent in obtaining control (as defined in the UCC) of Collateral consisting of any Deposit Accounts (other than Excluded Accounts), Electronic Chattel Paper, Investment Property, Securities Accounts (other than Excluded Accounts) or Letter-of-Credit Rights with respect to Letters of Credit in excess of \$750,000 (and only upon request of the Administrative Agent), including delivery of control agreements, as the Administrative Agent may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the Administrative Agent's security interest in such Collateral.

(g) Additional Subsidiaries. To the extent required by Section 6.12 of the Credit Agreement, in the event that any Grantor acquires rights in any Subsidiary (other than an Immaterial Subsidiary that is not a Guarantor) after the date hereof, it shall deliver to the Administrative Agent a completed pledge supplement, substantially in the form of Annex 2 (the "**Pledge Supplement**"), together with all schedules thereto, reflecting the pledge of the Capital Stock of such Subsidiary (except to the extent such Capital Stock consists of Excluded Assets). Notwithstanding the foregoing, it is understood and agreed that the security interest of the Administrative Agent shall attach to the Pledged Collateral related to such Subsidiary immediately upon any Grantor's acquisition of rights therein and shall not be affected by the failure of any Grantor to deliver a Pledge Supplement.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In addition to the representations and warranties of the Grantors set forth in the Credit Agreement, which are incorporated herein by this reference, and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Administrative Agent and each other Secured Party that:

4.1 Title; No Other Liens. No financing statement, fixture filing or other public notice with respect to all or any part of the Collateral is on file or of record or will be filed in any public office, except such as have been filed as permitted by the Credit Agreement.

4.2 Perfected Liens. The security interests granted to the Administrative Agent pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 to the Collateral Disclosure Letter (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Administrative Agent in completed and duly (if applicable) executed form [except as set forth in Section 5.3 of the Credit Agreement]) will constitute valid perfected security interests in all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof against any creditors of any Grantor and any Persons purporting to purchase any Collateral from any Grantor, and (ii) are prior to all other Liens on the Collateral in existence on the date hereof except for Liens permitted by the Credit Agreement which have priority over the Liens of the Administrative Agent on the Collateral (for the ratable benefit of the Secured Parties) by operation of law, and in the case of Collateral other than Pledged Collateral, Liens permitted by Section 7.3 of the Credit Agreement.

4.3 Jurisdiction of Organization; Chief Executive Office and Locations of Books. On the date hereof, such Grantor's jurisdiction of organization, identification number from the jurisdiction of organization (if any), and the location of such Grantor's chief executive office or sole place of business, as the case may be, are specified on Schedule 4 to the Collateral Disclosure Letter. All locations where Books pertaining to the Rights to Payment of such Grantor are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for such Grantor, are set forth in Schedule 4 to the Collateral Disclosure Letter.

4.4 Inventory and Equipment. On the date hereof (a) the Inventory and (b) the Equipment (other than mobile goods) are kept at the locations listed on Schedule 5 to the Collateral Disclosure Letter.

4.5 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.6 Pledged Collateral. (a) All of the Pledged Stock held by such Grantor has been duly and validly issued, and is fully paid and non-assessable (to the extent applicable in the relevant jurisdiction), subject in the case of Pledged Stock constituting partnership interests or limited liability company membership interests to future assessments required under applicable law and any applicable partnership or operating agreement, (b) such Grantor is or, in the case of any such additional Pledged Collateral will be, the legal record and beneficial owner thereof, (c) in the case of Pledged Stock of a Subsidiary of such Grantor or Pledged Collateral of such Grantor constituting Instruments issued by a Subsidiary of such Grantor, there are no restrictions on the transferability of such Pledged Collateral or such additional Pledged Collateral to the Administrative Agent or with respect to the foreclosure, transfer or disposition thereof by the Administrative Agent, except as provided under applicable securities or "Blue Sky" laws, (d) the Pledged Stock pledged by such Grantor constitutes all of the issued and outstanding shares of Capital Stock of each Issuer owned by such Grantor (except for Excluded Assets), and such Grantor owns no securities convertible into or exchangeable for any shares of Capital Stock of any such Issuer that do

not constitute Pledged Stock (except for Excluded Assets) hereunder, (e) any and all Pledged Collateral Agreements which affect or relate to the voting or giving of written consents with respect to any of the Pledged Stock pledged by such Grantor have been disclosed to the Administrative Agent, and (f) as to each such Pledged Collateral Agreement relating to the Pledged Stock pledged by such Grantor, (i) to the best knowledge of such Grantor, such Pledged Collateral Agreement contains the entire agreement between the parties thereto with respect to the subject matter thereof and is in full force and effect in accordance with its terms, (ii) to the best knowledge of such Grantor party thereto, there exists no material violation or material default under any such Pledged Collateral Agreement by such Grantor or the other parties thereto, and (iii) such Grantor has not knowingly waived or released any of its material rights under or otherwise consented to a material departure from the terms and provisions of any such Pledged Collateral Agreement.

4.7 Investment Accounts. Schedule 2 to the Collateral Disclosure Letter sets forth under the headings “Securities Accounts” and “Commodity Accounts”, respectively, all of the Securities Accounts and Commodity Accounts in which such Grantor has an interest as of the date hereof. Except as disclosed to the Administrative Agent, such Grantor is the sole entitlement holder of each such Securities Account and Commodity Account, and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Administrative Agent) having “control” (within the meanings of Sections 8-106 and 9-106 of the UCC) over, or any other interest in, any such Securities Account or Commodity Account or any securities or other property credited thereto;

(a) Schedule 2 to the Collateral Disclosure Letter sets forth under the heading “Deposit Accounts” all of the Deposit Accounts in which such Grantor has an interest as of the date hereof and, except as otherwise disclosed to the Administrative Agent, such Grantor is the sole account holder of each such Deposit Account and such Grantor has not consented to, and is not otherwise aware of, any Person (other than the Administrative Agent) having either sole dominion and control (within the meaning of common law) or “control” (within the meaning of Section 9-104 of the UCC) over, or any other interest in, any such Deposit Account or any money or other property deposited therein, except for Excluded Accounts; and

(b) Except as otherwise permitted under Section 5.3 of the Credit Agreement, in each case to the extent requested by the Administrative Agent and to the extent the following property constitutes Collateral, such Grantor has taken all actions necessary or desirable to: (i) establish the Administrative Agent’s “control” (within the meanings of Sections 8-106 and 9-106 of the UCC) over any Certificated Securities (as defined in Section 9-102 of the UCC); (ii) establish the Administrative Agent’s “control” (within the meanings of Sections 8-106 and 9-106 of the UCC) over any portion of the Investment Accounts constituting Securities Accounts, Commodity Accounts, Securities Entitlements or Uncertificated Securities (each as defined in Section 9-102 of the UCC); (iii) establish the Administrative Agent’s “control” (within the meaning of Section 9-104 of the UCC) over all Deposit Accounts (except for Excluded Accounts); and (iv) deliver all Instruments (as defined in Section 9-102 of the UCC) to the Administrative Agent to the extent required hereunder.

4.8 Receivables. No amount payable to such Grantor under or in connection with any Receivable or other Right to Payment is evidenced by any Instrument (other than checks, drafts or other Instruments that will be promptly deposited in an Investment Account) or Chattel Paper which has not been delivered to the Administrative Agent; provided that no Grantor shall be required to deliver any Instrument in an amount less than \$750,000. None of the account debtors or other obligors in respect of any Receivable in excess of \$750,000 in the aggregate is the government of the United States or any agency or instrumentality thereof.

4.9 Intellectual Property. Schedule 6 to the Collateral Disclosure Letter lists all registrations and applications for Intellectual Property (including registered Copyrights, Patents, Trademarks and all

applications therefor) as well as all Copyright Licenses, Patent Licenses and Trademark Licenses, in each case owned by such Grantor in its own name on the date hereof. Except as set forth in Schedule 6 to the Collateral Disclosure Letter, on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor except non-exclusive licenses in the ordinary course of business.

4.10 Instruments. (i) Such Grantor has not previously assigned any interest in any Instruments (including but not limited to the Pledged Notes) held by such Grantor (other than such interests as will be released on or before the date hereof), and (ii) no Person other than such Grantor owns an interest in such Instruments (whether as joint holders, participants or otherwise).

4.11 Letter of Credit Rights. Such Grantor does not have any Letter-of-Credit Rights having a potential value in excess of \$750,000 except as set forth in Schedule 7 to the Collateral Disclosure Letter or as have been notified to the Administrative Agent in accordance with Section 5.22.

4.12 Commercial Tort Claims. Such Grantor does not have any Commercial Tort Claims having a potential value in excess of \$750,000 except as set forth in Schedule 8 to the Collateral Disclosure Letter or as have been notified to the Administrative Agent in accordance with Section 5.21.

## SECTION 5. COVENANTS

In addition to the covenants of the Grantors set forth in the Credit Agreement, which are incorporated herein by this reference, each Grantor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement until the Discharge of Obligations:

5.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument (other than checks, drafts or other Instruments that will be promptly deposited in an Investment Account), Certificated Security or Chattel Paper evidencing an amount in excess of \$750,000, such Instrument, Certificated Security or Chattel Paper shall be promptly delivered to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

### 5.2 Maintenance of Insurance.

(a) The Grantors shall maintain insurance as required pursuant to Section 6.6 of the Credit Agreement.

(b) All such insurance policies shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (ii) name the Administrative Agent as an additional insured party or lender's loss payee, as applicable, and (iii) to the extent available on commercially reasonable terms, and if reasonably requested by the Administrative Agent, include a breach of warranty clause and (iv) be reasonably satisfactory in all other respects to the Administrative Agent.

### 5.3 Maintenance of Perfected Security Interest; Further Documentation.

(a) Such Grantor shall maintain the security interests of the Administrative Agent (for the benefit of the Secured Parties) created by this Agreement as perfected security interests having at least the priority described in Section 4.2 and shall defend such security interests against the claims and

demands of all Persons whomsoever, subject to the rights of such Grantor under the Loan Documents to dispose of the Collateral and subject to the rights of a holder of Permitted Liens.

(b) Such Grantor will furnish to the Administrative Agent from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Administrative Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Investment Property, Investment Accounts, Letter-of-Credit Rights and any other relevant Collateral, taking any actions necessary to enable the Administrative Agent to obtain "control" (within the meaning of the UCC) with respect thereto to the extent required hereunder.

5.4 Changes in Locations, Name, Etc. Such Grantor will not, except upon 15 days' (or such shorter period as may be agreed to by the Administrative Agent) prior written notice to the Administrative Agent and delivery to the Administrative Agent of (a) all additional executed financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein, and (b) if applicable, a written supplement to Schedule 4 to the Collateral Disclosure Letter showing the relevant new jurisdiction of organization, location of chief executive office or sole place of business, as appropriate:

(i) change its jurisdiction of organization, identification number from the jurisdiction of organization (if any) or the location of its chief executive office or sole place of business, as appropriate, from that referred to in Section 4.3;

(ii) change its name; or

(iii) unless Grantor notifies Lender within 30 days, locate any Collateral in any state or other jurisdiction other than those in which such Grantor operates as of the Closing Date other than (A) mobile goods, (B) Equipment and Inventory out for repair, in transit, at other locations in connection with repair or refurbishment thereof in the ordinary course of business or in the possession of employees of the Grantors in the ordinary course of business, (C) the movement of Collateral as part of such Grantor's supply chain and in the ordinary course of such Grantor's business, (D) other dispositions permitted by Section 7.5 of the Credit Agreement, (E) movement of Collateral from one disclosed location to another disclosed location; and (F) Equipment and Inventory having a fair market value in the aggregate of less than \$500,000.

5.5 Notices. Such Grantor will advise the Administrative Agent promptly, in reasonable detail, of:

(a) any Lien (other than Liens permitted under Section 7.3 of the Credit Agreement) on any of the Collateral; and

(b) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

(a) Upon the request of the Administrative Agent, such Grantor will (i) immediately deliver to the Administrative Agent, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all Instruments, Documents, Chattel Paper and certificated securities with respect to any Investment Property held by such Grantor, all letters of credit of such Grantor, and all other Rights to Payment held by such Grantor at any time evidenced by promissory notes, trade acceptances or other instruments, in each case having a face value in excess of \$750,000, and (ii) provide such notice, obtain such acknowledgments and take all such other action, with respect to any Chattel Paper, Documents and Letter-of-Credit Rights held by such Grantor, as the Administrative Agent shall reasonably specify to perfect a security interest therein.

(b) If such Grantor shall become entitled to receive or shall receive any certificate (including any certificate representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any Pledged Collateral, or otherwise in respect thereof, and such Grantor would have been required to take actions with respect to such property under Section 5.6(a) if it had been obtained by other means, then such Grantor shall accept the same as the agent of the Administrative Agent and the other Secured Parties, hold the same in trust for the Administrative Agent and the other Secured Parties and deliver the same forthwith to the Administrative Agent in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Administrative Agent so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations; provided that in no event shall this Section 5.6(b) apply to any Excluded Assets. Any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent (including by way of being deposited in a Deposit Account or Securities Account that is subject to a perfected security interest in favor of the Administrative Agent), be paid over to the Administrative Agent to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent (including by way of being deposited in a Deposit Account or Securities Account that is subject to a perfected security interest in favor of the Administrative Agent), be delivered to the Administrative Agent to be held by it hereunder as additional collateral security for the Secured Obligations. If any sums of money or property so paid or distributed in respect of such Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Administrative Agent, unless otherwise subject to a perfected security interest in favor of the Administrative Agent (including by way of being deposited in a Deposit Account or Securities Account that is subject to a perfected security interest in favor of the Administrative Agent), hold such money or property in trust for the Administrative Agent and the other Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Secured Obligations.

(c) In the case of any Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Capital Stock issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly (to the extent any action would be required to be taken in response to such events under Sections 5.6(a) and (b)) in writing of the occurrence of any of the events described in Section 5.6(a) and (b) with respect to

the Pledged Collateral issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, *mutatis mutandis*, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Capital Stock issued by it.

5.7 Securities Accounts; Deposit Accounts.

(a) With respect to any Securities Account that is not an Excluded Account, such Grantor shall cause such securities intermediary to enter into an agreement in form and substance satisfactory to the Administrative Agent with respect to such Securities Account pursuant to which such securities intermediary shall agree to comply with the Administrative Agent's "entitlement orders" without further consent by such Grantor; and

(b) with respect to any Deposit Account that is not an Excluded Account, such Grantor shall enter into and shall cause the depository institution maintaining such account to enter into an agreement in form and substance reasonably satisfactory to the Administrative Agent pursuant to which the Administrative Agent shall be granted "control" (within the meaning of Section 9104 of the UCC) over such Deposit Account.

(c) The Administrative Agent agrees that it will only communicate "entitlement orders" or "notices of exclusive control" or similar instructions with respect to the Deposit Accounts and Securities Accounts of the Grantors after the occurrence and during the continuance of an Event of Default.

(d) Such Grantor shall give the Administrative Agent immediate notice of the establishment of any new Deposit Account and of any new Securities Account established by such Grantor (in each case, that is not an Excluded Account) with respect to any Investment Property held by such Grantor.

5.8 Intellectual Property. In each case, unless it is permitted by the Credit Agreement to do otherwise:

(a) Such Grantor will, and will use commercially reasonable efforts to, cause its licensees to (i) continue to use each material Trademark in order to maintain such material Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under each such material Trademark, (iii) use each such material Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, and (iv) not (and not knowingly permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any such material Trademark may become invalidated or impaired in any way.

(b) Such Grantor will, and will use commercially reasonable efforts to cause its licensees to, not do any act, or omit to do any act, whereby any material Patent owned by such Grantor may become forfeited, abandoned or dedicated to the public.

(c) Such Grantor will not (and will use commercially reasonable efforts to not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any such material Copyrights may become invalidated or otherwise impaired. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of such Copyrights may fall into the public domain.

(d) Such Grantor (either itself or through licensees) will, and will use commercially reasonable efforts to cause its licensees to, not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Such Grantor will notify the Administrative Agent promptly if it knows that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any material adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or political subdivision thereof, such Grantor shall report (i) the initial application to and (ii) the corresponding grant, if any, of the Patent or Trademark from the United States Patent and Trademark Office to the Administrative Agent at the times specified in Section 6.2 of the Credit Agreement. Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Copyright with the United States Copyright Office, such Grantor shall report the filing of the initial application to the Administrative Agent at the times specified in Section 6.2(b) of the Credit Agreement. Upon request of the Administrative Agent, other than in respect of intent-to-use trademark or service mark applications, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will use commercially reasonable efforts, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each material application (and to obtain the relevant registration) and to maintain each registration of the material U.S. Intellectual Property, including filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property.

5.9 Receivables. Other than in the ordinary course of business consistent with its past practice or as permitted by the Credit Agreement, such Grantor will not (a) grant any extension of the time of payment of any Receivable, (b) compromise or settle any Receivable for less than the full amount thereof, (c) release, wholly or partially, any Person liable for the payment of any Receivable, (d) allow any credit or discount whatsoever on any Receivable or (e) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof.

5.10 Defense of Collateral. Grantors will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Administrative Agent's right or interest in, any material portion of the Collateral.

5.11 Preservation of Collateral. Grantors will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral other than any Disposition that is permitted by Section 7.5 of the Credit Agreement.

5.12 Compliance with Laws, Etc. Such Grantor will comply in all material respects with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral.

5.13 Location of Books and Chief Executive Office. Such Grantor will: (a) keep all Books pertaining to the Rights to Payment of such Grantor at the locations set forth in Schedule 4 to the Collateral Disclosure Letter; and (b) give at least 15 days' prior written notice to the Administrative Agent of any changes in any location where Books pertaining to the Rights to Payment of such Grantor are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining any such Books or collecting Rights to Payment for such Grantor.

5.14 Location of Collateral. Such Grantor will: (a) keep the Collateral held by such Grantor at the locations set forth in Schedule 5 to the Collateral Disclosure Letter or at such other locations as may be disclosed in writing to the Administrative Agent pursuant to clause (b) and will not remove any such Collateral from such locations (other than in connection with sales of Inventory in the ordinary course of such Grantor's business, the movement of Collateral as part of such Grantor's supply chain and in the ordinary course of such Grantor's business, other dispositions permitted by Section 5.13 and Section 7.5 of the Credit Agreement and movements of Collateral from one disclosed location to another disclosed location within the United States), except upon at least 15 days' prior written notice of any removal to the Administrative Agent; and (b) give the Administrative Agent at least 15 days' prior written notice of any change in the locations set forth in Schedule 5 to the Collateral Disclosure Letter.

5.15 Maintenance of Records. Such Grantor will keep separate and complete Books with respect to Collateral held by such Grantor, that are accurate in all material respects and disclosing the Administrative Agent's security interest hereunder.

5.16 [Reserved].

5.17 [Reserved].

5.18 Expenses. Such Grantor will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral held by such Grantor, to the extent the failure to pay any such expenses could reasonably be expected to materially and adversely affect the value of the Collateral.

5.19 [Reserved].

5.20 Chattel Paper. Such Grantor will not create any Chattel Paper with a face amount in excess of \$750,000 without placing a legend on such Chattel Paper acceptable to the Administrative Agent indicating that the Administrative Agent has a security interest in such Chattel Paper. Such Grantor will give the Administrative Agent immediate notice if such Grantor at any time holds or acquires an interest in any Chattel Paper with a face amount in excess of \$750,000 including any Electronic Chattel Paper and shall comply, in all respects, with the provisions of Section 5.1 hereof.

5.21 Commercial Tort Claims. Such Grantor will give the Administrative Agent prompt notice if such Grantor shall at any time hold or acquire any Commercial Tort Claim with a potential value in excess of \$750,000.

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5.22 Letter-of-Credit Rights. Such Grantor will give the Administrative Agent prompt notice if such Grantor shall at any time hold or acquire any Letter-of-Credit Rights with a potential value in excess of \$750,000.

5.23 Shareholder Agreements and Other Agreements.

(a) Such Grantor shall comply with all of its obligations under any shareholders agreement, operating agreement, partnership agreement, voting trust, proxy agreement or other written agreement or written understanding (collectively, the "**Pledged Collateral Agreements**") to which it is a party and shall enforce all of its rights thereunder, except, with respect to any such Pledged Collateral Agreement relating to any Pledged Collateral issued by a Person other than a Subsidiary of a Grantor, to the extent the failure to enforce any such rights could not reasonably be expected to materially and adversely affect the value of the Pledged Collateral to which any such Pledged Collateral Agreement relates.

(b) Such Grantor agrees that no Pledged Stock (i) shall be dealt in or traded on any securities exchange or in any securities market, (ii) shall constitute an investment company security, or (iii) shall be held by such Grantor in a Securities Account.

(c) Subject to the terms and conditions of the Credit Agreement, including Sections 7.3 and 7.5 thereof, such Grantor shall not vote to enable or take any other action to amend or terminate, or waive compliance with any of the terms of, any such Pledged Collateral Agreement, certificate or articles of incorporation, bylaws or other organizational documents in any way that materially and adversely affects the validity, perfection or priority of the Administrative Agent's security interest therein.

5.24 Government Receivables. Such Grantor will notify the Administrative Agent of any Accounts in excess of \$750,000 in the aggregate in which the Account Debtor is a United States government entity or any department, agency or instrumentality thereof, and, if reasonably requested by the Administrative Agent, Grantors shall submit the documentation required under the Assignment of Claims Act to the government of the United States seeking approval of the novation or assignment of each contract relating to such Accounts and deliver to the Administrative Agent such documentation reasonably necessary to comply with the Assignment of Claims Act with respect to the assignment of the right of payment in respect of all contracts relating to such Accounts.

## SECTION 6. REMEDIAL PROVISIONS

Each Grantor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement until the Discharge of Obligations:

6.1 Certain Matters Relating to Receivables.

(a) The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be

forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent if required, in a Collateral Account over which the Administrative Agent has control, subject to withdrawal by the Administrative Agent for the account of the Secured Parties only as provided in Section 6.5, and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the other Secured Parties, segregated from other funds of such Grantor. After

the occurrence and during the continuance of an Event of Default, each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(b) At the Administrative Agent's request, after the occurrence of an Event of Default, each Grantor shall deliver to the Administrative Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

6.2 Communications with Obligors; Grantors Remain Liable.

(a) The Administrative Agent in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables.

(b) Upon the request of the Administrative Agent, at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables that a security interest in the Receivables has been granted to the Administrative Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Administrative Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each agreement giving rise to the Receivables and observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any agreement giving rise to any Receivable by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Lender of any payment relating thereto, nor shall the Administrative Agent nor any other Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any agreement giving rise to any Receivable, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Investment Property.

(a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given written notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Collateral and all payments made in respect of the Pledged Notes to the extent not prohibited by the Credit Agreement, and to exercise all voting and corporate or other organizational rights with respect to the Investment Property of such Grantor; provided, however, that no vote shall be cast or corporate or other organizational right exercised or other action taken which, in the Administrative Agent's reasonable discretion, would materially impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Administrative Agent shall have the right (A) to receive any and all cash dividends, payments or other Proceeds paid in respect of the Investment Property (including the Pledged Collateral) of any or all of the

Grantors and make application thereof to the Secured Obligations in the order set forth in Section 6.5, and (B) to exchange uncertificated Pledged Collateral for certificated Pledged Collateral and to exchange certificated Pledged Collateral for certificates of larger or smaller denominations, for any purpose consistent with this Agreement (in each case to the extent such exchanges are permitted under the applicable Pledged Collateral Agreements or otherwise agreed upon by the Issuer of such Pledged Collateral), and (ii) any and all of such Investment Property shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Investment Property at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of any such Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate or other organizational structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of such Investment Property with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Collateral or Pledged Notes pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Collateral or, as applicable, the Pledged Notes directly to the Administrative Agent.

(d) If an Event of Default shall have occurred and be continuing, the Administrative Agent shall have the right to apply the balance from any Deposit Account or Securities Account or instruct the bank or securities intermediary at which any Deposit Account or Securities Account is maintained to pay the balance of any Deposit Account or Securities Account to or for the benefit of the Administrative Agent; provided that Administrative Agent shall not have such right with respect to any Excluded Accounts.

6.4 Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Administrative Agent and the other Secured Parties specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks, Cash Equivalents and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the other Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account over which it maintains control, within the meaning of the UCC. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the other Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 6.5.

6.5 Application of Proceeds. If an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds constituting Collateral, whether or not held in any Collateral Account, in payment of the Secured Obligations in accordance with Section 8.3 of the Credit Agreement.

6.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, in accordance with the provisions of Section 6.5, only after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the other Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as is contemplated by Section 8.3 of the Credit Agreement, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including Section 9-615(a)(3) of the UCC, but only to the extent of the surplus, if any, owing to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any other Secured Party arising out of the exercise by any of them of any rights hereunder, except to the extent caused by the gross negligence or willful misconduct of the Administrative Agent or such Secured Party or their respective agents. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. If an Event of Default has occurred and is continuing, Administrative Agent may, in addition to other rights and remedies provided for herein, in the other Loan Documents, or otherwise available to it under applicable law and without the requirement of notice to or upon any Grantor or any other Person (which notice is hereby expressly waived to the maximum extent permitted by the Code or any other applicable law), (i) with respect to any Grantor's Deposit Accounts in which Administrative Agent's Liens are perfected by control under Section 9-104 or any other section of the UCC, instruct the bank maintaining such Deposit Account for the applicable Grantor to pay the balance of such Deposit Account to or for the benefit of the Administrative Agent, and (ii) with respect to any Grantor's Securities Accounts in which Administrative Agent's Liens are perfected by control under Section 9-106 or any other section of the UCC, instruct the securities intermediary maintaining such Securities Account for the applicable Grantor to (A) transfer any cash in such Securities Account to or for the benefit of Administrative Agent, or (B) liquidate any

financial assets in such Securities Account that are customarily sold on a recognized market and transfer the cash proceeds thereof to or for the benefit of Administrative Agent, in each case above, for application to and repayment of the Secured Obligations. Each Grantor hereby acknowledges that the Secured Obligations arise out of a commercial transaction, and agrees that if an Event of Default shall occur and be continuing Administrative Agent shall have the right to an immediate writ of possession without notice of a hearing. Administrative Agent shall have the right to the appointment of a receiver for the properties and assets of each Grantor, and each Grantor hereby consents to such rights and such appointment and hereby waives any objection such Grantor may have thereto or the right to have a bond or other security posted by Administrative Agent.

6.7 Registration Rights.

(a) If the Administrative Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 6.6, and if in the opinion of the Administrative Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor will cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the Administrative Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Each Grantor agrees to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Administrative Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. Subject to its compliance with state securities laws applicable to private sales, the Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use commercially reasonable efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 6.7 valid and binding and in compliance with any applicable Requirement of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Administrative Agent and the other Secured Parties, that the Administrative Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert

any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Credit Agreement.

6.8 Intellectual Property License. Solely for the purpose of enabling the Administrative Agent to exercise rights and remedies under this Section 6 and at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Administrative Agent, for the benefit of the Secured Parties, an irrevocable, non-exclusive, worldwide license (exercisable without payment of royalty or other compensation to such Grantor), subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of said Trademarks, to use, operate under, license, or sublicense any Intellectual Property now owned or hereafter acquired by the Grantors.

6.9 Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Secured Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any other Secured Party to collect such deficiency.

## SECTION 7. THE ADMINISTRATIVE AGENT

Each Grantor covenants and agrees with the Administrative Agent and the other Secured Parties that:

### 7.1 Administrative Agent's Appointment as Attorney-in-Fact, etc.

(a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Receivable or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Administrative Agent's and the other Secured Parties' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (B) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (E) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (G) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and (H) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the other Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due ABR Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any other Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the other Secured Parties hereunder are solely to protect the Administrative Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the

Administrative Agent or any other Secured Party to exercise any such powers. The Administrative Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7.3 Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

## SECTION 8. MISCELLANEOUS

8.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.1 of the Credit Agreement.

8.2 Notices. All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1 to the Collateral Disclosure Letter.

8.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any other Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default, as applicable. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any other Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any other Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such other Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

### 8.4 Enforcement Expenses; Indemnification.

(a) Each Guarantor agrees to pay or reimburse the Administrative Agent and each other Secured Party for all its documented out-of-pocket costs and expenses incurred in collecting against such Guarantor under the guaranty contained in Section 2 of this Agreement or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including the fees and disbursements of counsel to the Administrative Agent and of counsel to each other Secured Party.

(b) Each Grantor agrees to pay, and to save the Administrative Agent and each other Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying,

any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and each other Secured Party harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive the Discharge of Obligations.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and each other Secured Party and their respective permitted successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8.6 Set Off. Each Grantor hereby irrevocably authorizes the Administrative Agent and each other Secured Party and any Affiliate thereof at any time and from time to time after the occurrence and during the continuance of an Event of Default, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to setoff and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Administrative Agent or such Secured Party or such Affiliate to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Administrative Agent or such Secured Party may elect, against and on account of the Secured Obligations and liabilities of such Grantor to the Administrative Agent or such Secured Party hereunder and under the other Loan Documents and claims of every nature and description of the Administrative Agent or such Secured Party against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as the Administrative Agent or such Secured Party may elect, whether or not the Administrative Agent or any other Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The rights of the Administrative Agent and each other Secured Party under this Section 8.6 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Administrative Agent or such other Secured Party may have.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile and/or electronic mail), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Grantors, the Administrative Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any other Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

8.11 **GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY, DISPUTE, CAUSE OF ACTION, OR PROCEEDING (WHETHER BASED IN CONTRACT, TORT, OR OTHERWISE) BASED UPON, ARISING OUT OF, CONNECTED WITH, OR RELATING TO THIS AGREEMENT, AND THE TRANSACTIONS CONTEMPLATED HEREBY, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.** This Section 8.11 shall survive the Discharge of Obligations.

8.12 Submission to Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally agrees that the provisions of Sections 10.14(a) and (c) of the Credit Agreement (relating to submission to jurisdiction and waivers and the waiver of the right to claim or recover any special, exemplary, punitive or consequential damages) shall be incorporated herein, *mutatis mutandis*, as if set forth herein in full. This Section 8.12 shall survive the Discharge of Obligations.

8.13 Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Administrative Agent nor any other Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among any of the Secured Parties or among the Grantors and any of the Secured Parties.

8.14 Additional Grantors. Each Subsidiary of a Grantor that is required to become a party to this Agreement pursuant to Section 6.12 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

8.15 Releases.

(a) Upon the Discharge of Obligations, the Collateral shall be released from the Liens in favor of the Administrative Agent and the other Secured Parties created hereby, this Agreement shall terminate with respect to the Administrative Agent and the other Secured Parties, and all obligations (other than those expressly stated to survive such termination) of each Grantor to the Administrative Agent or any other Secured Party hereunder shall terminate, all without delivery of any instrument or performance of any act by any party. At the sole expense of any Grantor following any such termination, the Administrative Agent shall deliver such documents as such Grantor shall reasonably request to evidence such termination.

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(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by Section 7 of the Credit Agreement, the Liens on such Collateral shall be released, and the Administrative Agent, at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release or evidence of release of the Liens created hereby on such Collateral, as applicable. At the request and sole expense of the Borrower, a Guarantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Guarantor shall be sold, transferred or otherwise disposed of to a Person other than a Grantor in a transaction permitted by Section 7 of the Credit Agreement; provided that the Borrower shall have delivered to the Administrative Agent, at least ten days, or such shorter period as the Administrative Agent may agree, prior to the date of the proposed release, a written request for release identifying the relevant Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with terms and provisions of the Credit Agreement and the other Loan Documents.

8.16 **WAIVER OF JURY TRIAL. EACH GRANTOR AND THE ADMINISTRATIVE AGENT EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY (A) WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF, CONNECTED WITH, OR BASED UPON THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY; AND (B) AGREES, WITHOUT INTENDING IN ANY WAY TO LIMIT ITS AGREEMENT TO WAIVE ITS RIGHT TO A TRIAL BY JURY, THAT THE PROVISIONS OF SECTION 10.14(b) OF THE CREDIT AGREEMENT (RELATING TO THE WAIVER OF THE RIGHT TO JURY TRIAL) SHALL BE INCORPORATED HEREIN, MUTATIS MUTANDIS, AS IF SET FORTH HEREIN IN FULL. THIS WAIVER OF THE RIGHT TO JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT. EACH PARTY HERETO HAS REVIEWED THIS WAIVER WITH ITS COUNSEL. THIS SECTION 8.16 SHALL SURVIVE THE DISCHARGE OF OBLIGATIONS.**

8.17 Patriot Act. Each Lender and the Administrative Agent (for itself and not on behalf of any other party) hereby notifies each Grantor that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies such Grantor, which information includes the names and addresses and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Grantor in accordance with the Patriot Act. Each Grantor will, and will cause each of its Subsidiaries to, provide, to the extent commercially reasonable or required by any Requirement of Law, such information and take such actions as are reasonably requested by the Administrative Agent or any Lender to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

[remainder of page intentionally left blank]

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IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

**GRANTORS:**

**CROWDSTRIKE HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature Page to Guarantee and Collateral Agreement

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**ADMINISTRATIVE AGENT:**

**SILICON VALLEY BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature Page to Guarantee and Collateral Agreement

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ANNEX 1 TO  
GUARANTEE AND COLLATERAL AGREEMENT

FORM OF  
ASSUMPTION AGREEMENT

This ASSUMPTION AGREEMENT, dated as of [ ], is executed and delivered by [ ] (the “**Additional Grantor**”), in favor of SILICON VALLEY BANK, as administrative agent (in such capacity, the “**Administrative Agent**”) for the banks and other financial institutions or entities (the “**Lenders**”) from time to time parties to that certain Credit Agreement, dated as of April 19, 2019 (as amended, amended and restated, supplemented, restructured or otherwise modified, renewed or replaced from time to time, the “**Credit Agreement**”), among CROWDSTRIKE HOLDINGS, INC., a Delaware corporation (“**Holdings**”), CROWDSTRIKE, INC., a Delaware corporation (“**Crowdstrike**”), CROWDSTRIKE SERVICES, INC., a Delaware corporation (“**Crowdstrike Services**”) and together with Crowdstrike, individually and collectively as the context requires, jointly and severally, the “**Borrower**”), the Lenders party thereto and the Administrative Agent. All capitalized terms not defined herein shall have the respective meanings ascribed to such terms in such Credit Agreement.

WITNESSETH:

WHEREAS, in connection with the Credit Agreement, the Borrower and certain of its Affiliates (other than the Additional Grantor) have entered into that certain Guarantee and Collateral Agreement, dated as of April 19, 2019, in favor of the Administrative Agent for the benefit of the Secured Parties defined therein (the “**Guarantee and Collateral Agreement**”);

WHEREAS, the Borrower is required, pursuant to Section 6.12 of the Credit Agreement to cause the Additional Grantor to become a party to the Guarantee and Collateral Agreement in order to grant in favor of the Administrative Agent (for the ratable benefit of the Lenders) the Liens and security interests therein specified and provide its guarantee of the Obligations as therein contemplated; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Guarantee and Collateral Agreement, (a) hereby becomes a party to the Guarantee and Collateral Agreement as both a “Grantor” and a “Guarantor” thereunder with the same force and effect as if originally named therein as a Grantor and a Guarantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor and a Guarantor thereunder, and (b) hereby grants to the Administrative Agent, for the benefit of the Secured Parties, as security for the Secured Obligations, a security interest in all of the Additional Grantor’s right, title and interest in any and to all Collateral of the Additional Grantor, in each case whether now owned or hereafter acquired or in which the Additional Grantor now has or hereafter acquires an interest and wherever the same may be located, but subject in all respects to the terms, conditions and exclusions set forth in the Guarantee and Collateral Agreement. The information set forth in Schedule 1 hereto is hereby added to the information set forth in the Schedules to the Collateral Disclosure Letter (as defined in the Guarantee and Collateral Agreement). The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Section 4 of the Guarantee and Collateral Agreement (x) that is qualified by materiality is true and correct, and (y) that is not qualified by materiality, is true and correct in all material respects, in each case,

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on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date (except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty was true and correct in all material respects as of such earlier date).

2. Governing Law. **THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

3. Loan Document. This Assumption Agreement shall constitute a Loan Document under the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By:

\_\_\_\_\_  
Name:

Title:

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Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 3

Supplement to Schedule 4

Supplement to Schedule 5

Supplement to Schedule 6

Supplement to Schedule 7

Supplement to Schedule 8

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ANNEX 2 TO  
GUARANTEE AND COLLATERAL AGREEMENT

FORM OF  
PLEDGE SUPPLEMENT

To: Silicon Valley Bank, as Administrative Agent

Re: CrowdStrike, Inc.

Date:

Ladies and Gentlemen:

This Pledge Supplement (this "**Pledge Supplement**") is made and delivered pursuant to Section 3.3(g) of that certain Guarantee and Collateral Agreement, dated as of April 19, 2019 (as amended, modified, renewed or extended from time to time, the "**Guarantee and Collateral Agreement**"), among each Grantor party thereto (each a "**Grantor**" and collectively, the "**Grantors**"), and SILICON VALLEY BANK (the "**Administrative Agent**"). All capitalized terms used in this Pledge Supplement and not otherwise defined herein shall have the meanings assigned to them in either the Guarantee and Collateral Agreement or the Credit Agreement (as defined in the Guarantee and Collateral Agreement), as the context may require.

The undersigned, [insert name of Grantor], a [corporation, partnership, limited liability company, etc.], confirms and agrees that all Pledged Collateral of the undersigned, including the property described on the supplemental schedule attached hereto, shall be and become part of the Pledged Collateral and shall secure all Secured Obligations.

Schedule 2 to the Collateral Disclosure Letter is hereby amended by adding to such Schedule 2 the information set forth in the supplement attached hereto.

This Pledge Supplement shall constitute a Loan Document under the Credit Agreement.

**THIS PLEDGE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

IN WITNESS WHEREOF, the undersigned has executed this Pledge Supplement, as of the date first above written.

[NAME OF APPLICABLE GRANTOR]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SUPPLEMENT TO ANNEX 2  
TO THE GUARANTEE AND COLLATERAL AGREEMENT

Name of Subsidiary	Number of Units/Shares Owned	Certificate(s) Numbers	Date Issued	Class or Type of Units or Shares	Percentage of Subsidiary's Total Equity Interests Owned
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EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

Date: \_\_\_\_\_, 20

This Compliance Certificate is delivered pursuant to Section 6.2(b)(ii) of that certain Credit Agreement, dated as of April 19, 2019, among **CROWDSTRIKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender (as amended, restated, amended and restated, supplemented, restructured or otherwise modified from time to time, the "**Credit Agreement**"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The undersigned, a duly authorized and acting Responsible Officer of the Borrower, hereby certifies, in his/her capacity as an officer of the Borrower, and not in any personal capacity, as follows:

I have reviewed and am familiar with the contents of this Compliance Certificate.

I have reviewed the terms of the Credit Agreement and the other Loan Documents and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and condition of Holdings, the Borrower and their respective Subsidiaries during the accounting period covered by the financial statements attached hereto as Attachment 1 (the "**Financial Statements**"). Except as set forth on Attachment 2, such review did not disclose the existence during or at the end of the accounting period covered by the Financial Statements, and I have no knowledge of the existence as of the date of this Compliance Certificate, of any condition or event which constitutes a Default or an Event of Default.

To the extent required to be tested by the Credit Agreement, attached hereto as Attachment 3 are the computations showing compliance with the covenants set forth in Section 7.1 of the Credit Agreement.

[To the extent not previously disclosed to the Administrative Agent, attached hereto as Attachment 4 is a description of any change in the jurisdiction of organization of any Loan Party.]

[To the extent not previously disclosed to the Administrative Agent, attached hereto as Attachment 5 is a list of any registered Intellectual Property issued to, applied for, or acquired by any Loan Party since the [Closing Date] [date of the most recent report delivered].

*[Remainder of page intentionally left blank; signature page follows]*

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IN WITNESS WHEREOF, I have executed this Compliance Certificate as of the date first written above.

**CROWDSTRIKE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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[Attach Financial Statements]

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Except as set forth below, no Default or Event of Default has occurred. [If a Default or Event of Default has occurred, the following describes the nature of the Default or Event of Default in reasonable detail and the steps, if any, being taken or contemplated by the Borrower to be taken on account thereof.]

The information described herein is as of \_\_\_\_\_, (the "**Statement Date**"), and pertains to the period from \_\_\_\_\_, to \_\_\_\_\_, .

**I. Section 7.1(a) — Recurring Revenue**

- |    |  |  |
|----|--|--|
| A. | Subscription (platform) revenue of the Borrower from Eligible Customer Accounts received from the execution of monthly, quarterly, and annual customer contracts in the ordinary course of the Borrower’s business, in each case determined in accordance with GAAP and specifically excluding revenue or accounts received based on (a) sales of inventory, goods, or equipment, (b) transaction revenue not received in the ordinary course of business, (c) sales of services not in the ordinary course of business, (d) revenue received due to one-time, non-recurring transactions, installation and/or set-up fees, (e) add-on purchases by the Borrower’s existing clients not resulting in a continuing stream of revenue and (f) such other exclusions as the Administrative Agent shall determine, in its reasonable discretion, for the twelve month period ending as of the Statement Date:  | \$   |
| B. | Subscription (platform) revenue of the Borrower from Eligible Customer Accounts received from the execution of monthly, quarterly, and annual customer contracts in the ordinary course of the Borrower’s business, in each case determined in accordance with GAAP and specifically excluding revenue or accounts received based on (a) sales of inventory, goods, or equipment, (b) transaction revenue not received in the ordinary course of business, (c) sales of services not in the ordinary course of business, (d) revenue received due to one-time, non-recurring transactions, installation and/or set-up fees, (e) add-on purchases by the Borrower’s existing clients not resulting in a continuing stream of revenue and (f) such other exclusions as the Administrative Agent shall determine, in its reasonable discretion, for the same twelve month period ending as of the Statement Date of the immediately preceding year: | \$   |
| C. | I.A. minus I.B.:   | \$   |
| D. | I.C. divided by I.B. (expressed as a percentage):  | %  |
| E. | Minimum Required:  | %  |
|    | <i>Covenant compliance:</i>  | Yes <input type="checkbox"/> No <input type="checkbox"/> |

**II. Section 7.1(b) — Minimum Liquidity**

- A. Available Revolving Commitment as of the Statement Date:

1.	Total Revolving Commitments in effect as of the Statement Date	\$
2.	Borrowing Base as of the Statement Date:	\$
3.	Aggregate undrawn amount of all outstanding Letters of Credit as of the Statement Date:	\$
4.	Aggregate amount of all L/C Disbursements that have not yet been reimbursed or converted into Revolving Loans as of the Statement Date:	\$
5.	Aggregate principal balance of any Revolving Loans outstanding as of the Statement Date:	\$
6.	Available Revolving Commitment as of the Statement Date ((Lesser of Lines II.A.1 and II.A.2) <u>minus</u> II.A.3 <u>minus</u> II.A.4 <u>minus</u> II.A.5):	\$
B.	Aggregate amount of unrestricted cash and Cash Equivalents held by Holdings and its Subsidiaries in Deposit Accounts or Securities Accounts maintained with SVB or its Affiliates, in Deposit Accounts or Securities Accounts subject to Control Agreements in favor of the Administrative Agent or otherwise subject to a first priority Lien in favor of the Administrative Agent as of the Statement Date:	\$
C.	Minimum Liquidity as of the Statement Date: (Line II.A.6 + II.B):	\$
	<i>Minimum required:</i>	\$
	<i>Covenant compliance:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>

Attachment 4  
to Compliance Certificate

Change in the Jurisdiction of any Loan Party

Registered Intellectual Property issued to, applied for, or acquired by any Loan Party since the [Closing Date] [date of the most recent report delivered]

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## FORM OF [SECRETARY'S][MANAGING MEMBER'S] CERTIFICATE

[NAME OF APPLICABLE LOAN PARTY]

This Certificate is delivered pursuant to Section 5.1 of that certain Credit Agreement, dated as of April 19, 2019 among **CROWDSTRIKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**"), the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender (as amended, restated, amended and restated, supplemented, restructured or otherwise modified from time to time, the "**Credit Agreement**"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. The undersigned [Secretary][Managing Member] of [*insert the name of the certifying Loan Party*, a [ ] [corporation][limited liability company], the "**Certifying Loan Party**") hereby certifies as follows:

1. I am the duly elected and qualified [Secretary][Managing Member] of [the Certifying Loan Party].
  2. Attached hereto as Annex 1 is a true and complete copy of the resolutions duly adopted by the [Board of [Directors][Managers]] [Preferred Stockholders] of [the Certifying Loan Party] authorizing the execution, delivery and performance of the Loan Documents to which [the Certifying Loan Party] is a party and all other agreements, documents and instruments to be executed, delivered and performed in connection therewith. Such resolutions have not in any way been amended, modified, revoked or rescinded, and have been in full force and effect since their adoption up to and including the date hereof and are now in full force and effect.
  3. Attached hereto as Annex 2 is a true and complete copy of the [By-Laws][Operating Agreement] of [the Certifying Loan Party] as in effect on the date hereof.
  4. Attached hereto as Annex 3 is a true and complete copy of the Certificate of [Incorporation][Formation] of [the Certifying Loan Party] as in effect on the date hereof, along with a good-standing certificate for [the Certifying Loan Party] from the jurisdiction of its organization, together with copies of the certifications of qualification as a foreign entity issued by each jurisdiction in which the failure of [the Certifying Loan Party] to be so qualified could reasonably be expected to have a Material Adverse Effect.
  5. The following persons are now duly elected and qualified officers of [the Certifying Loan Party] holding the offices indicated next to their respective names below, and the signatures appearing opposite their respective names below are the true and genuine signatures of such officers, and each of such officers, acting alone, is duly authorized to execute and deliver on behalf of [the Certifying Loan Party] each of the Loan Documents to which it is a party and any certificate or other document to be delivered by [the Certifying Loan Party] pursuant to the Loan Documents to which it is a party:
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Name

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Office

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Signature

[ ]  
[ ]  
[ ]  
[ ]

[ ]  
[ ]  
[ ]  
[ ]

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[Signature page follows]

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IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth below.

Name: \_\_\_\_\_  
Title: SecretaryManaging Member

I, [ ], in my capacity as the [ ] of [the Certifying Loan Party], do hereby certify in the name and on behalf of [the Certifying Loan Party] that [ ] is the duly elected and qualified [Secretary][Managing Member] of [the Certifying Loan Party] and that the signature appearing above is [her][his] genuine signature.

Date: [ ]

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**RESOLUTIONS**

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[BY-LAWS][OPERATING AGREEMENT]

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**[CERTIFICATE OF INCORPORATION][CERTIFICATE OF FORMATION],  
GOOD-STANDING CERTIFICATE,  
AND  
CERTIFICATES OF FOREIGN QUALIFICATION**

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## FORM OF SOLVENCY CERTIFICATE

## CROWDSTRIKE HOLDINGS, INC.

Date: \_\_\_\_\_, 20

To the Administrative Agent,  
and each of the Lenders party  
to the Credit Agreement referred to below:

This **SOLVENCY CERTIFICATE** (this "**Certificate**") is delivered pursuant to Section 5.1(p) of that certain Credit Agreement, dated as of April 19, 2019, among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender (as amended, restated, amended and restated, supplemented, restructured or otherwise modified from time to time, the "**Credit Agreement**"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement. The undersigned Chief Financial Officer of Holdings, in such capacity only and not in her/his individual capacity, does hereby certify on behalf of each Loan Party as of the date hereof that:

1. After giving effect to the consummation of the Transactions, the initial borrowings on the Closing Date and the application of the proceeds thereof, it is my opinion that each Loan Party is and will continue to be Solvent.
2. The Borrower does not intend, in receiving the Loans to be made on the Closing Date and consummating the Transactions and the other transactions contemplated by the Loan Documents, to delay, hinder, or defraud either present or future creditors.

*(Signature page follows)*

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I represent the foregoing information to be, to the best of my knowledge and belief, true and correct and execute this Certificate as of the date first written above.

By: \_\_\_\_\_  
Name: \_\_\_\_\_

as Chief Financial Officer of:  
CrowdStrike Holdings, Inc., a Delaware corporation

**EXHIBIT E**

**FORM OF ASSIGNMENT AND ASSUMPTION**

**CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.**

This Assignment and Assumption Agreement (the “**Assignment Agreement**”) is dated as of the Assignment Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the “**Assignor**”) and the Assignee identified in item 2 below (the “**Assignee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Assignment Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letter of credit deposits, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the “**Assigned Interest**”). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by the Assignor.

1. Assignor:
2. Assignee:  
[for Assignee, if applicable, indicate [Affiliate][Approved Fund] of [identify Lender]]
3. Borrower: CROWDSTRIKE, INC., a Delaware corporation, and CROWDSTRIKE SERVICES, INC., a Delaware corporation, jointly and severally, individually and collectively
4. Administrative Agent: SILICON VALLEY BANK
5. Credit Agreement: Credit Agreement, dated as of April 19, 2019, among CROWDSTRIKE HOLDINGS, INC., a Delaware corporation, Borrower, the Lenders party

6. Assigned Interest[s]:

Assignor	Assignee	Aggregate Amount of Commitment / Loans for all Lenders <sup>1</sup>	Amount of Commitment / Loans Assigned <sup>2</sup>	Percentage Assigned of Commitment / Loans <sup>3</sup>	CUSIP Number
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

[7. Trade Date: \_\_\_\_\_ ]<sup>4</sup>

Assignment Effective Date: \_\_\_\_\_, 20 [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE ASSIGNMENT EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

[Signature pages follow]

<sup>1</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Assignment Effective Date.

<sup>2</sup> Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Assignment Effective Date.

<sup>3</sup> Set forth, to at least 9 decimals, as a percentage of the applicable Commitment/Loans of all Lenders thereunder.

<sup>4</sup> To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment Agreement are hereby agreed to:

ASSIGNOR<sup>1</sup>  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Name:  
Title:

ASSIGNEE<sup>2</sup>  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Name:  
Title:

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<sup>1</sup> Add additional signature blocks as needed.

<sup>2</sup> Add additional signature blocks as needed.

---

Consented to and Accepted:

SILICON VALLEY BANK,  
as Administrative Agent[, Issuing Lender, and Swingline Lender]

By \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>3</sup>

CROWDSTRIKE, INC., as Administrative Borrower

By \_\_\_\_\_  
Name:  
Title:]

<sup>3</sup> To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of any Loan Party, any of their respective Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by any Loan Party, any of their respective Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document or any other instrument or document furnished pursuant hereto or thereto.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an Assignee under Section 10.6(b) of the Credit Agreement (subject to such consents, if any, as may be required under Section 10.6(b)(iii) of the Credit Agreement), (iii) from and after the Assignment Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest, and (vii) if it is a Non-U.S. Lender, attached to the Assignment Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on any of the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Assignment Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Assignment Effective Date and to the Assignee for amounts which have accrued from and after the Assignment Effective Date.

3. General Provisions. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment Agreement by telecopy (or other electronic method of transmission) shall be effective as delivery of a manually executed counterpart of this Assignment Agreement. This Assignment Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

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**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**  
**(For Foreign Lenders That Are Not Partnerships for U.S. Federal Income Tax Purposes)**

[Date]

Reference is made to that certain Credit Agreement, dated as of April 19, 2019 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the "**Administrative Agent**"), and as Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered by its proper and duly authorized signatory as of the day and year first written above.

[Name of Lender]

By \_\_\_\_\_  
 Name:  
 Title:

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**  
**(For Foreign Participants That Are Not Partnerships for U.S. Federal Income Tax Purposes)**

[Date]

Reference is made to that certain Credit Agreement, dated as of April 19, 2019 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the "**Administrative Agent**"), and as Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form). By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered by its proper and duly authorized signatory as of the day and year first written above.

[Name of Participant]

By \_\_\_\_\_  
Name:  
Title:

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**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**  
**(For Foreign Participants That Are Partnerships for U.S. Federal Income Tax Purposes)**

[Date]

Reference is made to that certain Credit Agreement, dated as of April 19, 2019 (as amended, supplemented or otherwise modified from time to time, the “*Credit Agreement*”), among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation (“*Holdings*”), **CROWDSTRIKE, INC.**, a Delaware corporation (“*CrowdStrike*”), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation (“*CrowdStrike Services*”) and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the “*Borrower*”), the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the “*Administrative Agent*”), and as Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, , or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form), from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered by its proper and duly authorized signatory as of the day and year first written above.

[Name of Participant]

By \_\_\_\_\_

Name:

Title:

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE**  
**(For Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)**

[Date]

Reference is made to that certain Credit Agreement, dated as of April 19, 2019 (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the "**Administrative Agent**"), and as Issuing Lender and Swingline Lender.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or any successor form), from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has caused this certificate to be duly executed and delivered by its proper and duly authorized signatory as of the day and year first written above.

[Name of Lender]

By \_\_\_\_\_  
 Name:  
 Title:

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EXHIBIT G

[RESERVED]

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## FORM OF REVOLVING LOAN NOTE

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

THIS REVOLVING LOAN NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS REVOLVING LOAN NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REVOLVING LOAN REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

[\$ ]

Santa Clara, California  
[insert date]

FOR VALUE RECEIVED, the undersigned, CROWDSTRIKE, INC., a Delaware corporation, and CROWDSTRIKE SERVICES, INC., a Delaware corporation (jointly and severally, individually and collectively, the "**Borrower**"), hereby unconditionally promises to pay to [insert name of applicable Lender] (the "**Lender**") or its registered assigns at the Funding Office specified in the Credit Agreement (as hereinafter defined) in Dollars and in immediately available funds, on the Revolving Termination Date the principal amount of (a) [insert amount of applicable Lender's Revolving Commitment] (\$ [ ]), or, if less, (b) the aggregate unpaid principal amount of all Revolving Loans made by the Lender to the Borrower pursuant to Section 2.4 of the Credit Agreement referred to below. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in the Credit Agreement.

The holder of this Revolving Loan Note (this "**Note**") is authorized to indorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Revolving Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto. Each such indorsement shall constitute prima facie evidence of the accuracy of the information indorsed. The failure to make any such indorsement or any error in any such indorsement shall not affect the obligations of the Borrower in respect of any Revolving Loan.

This Note (a) is one of the Revolving Loan Notes referred to in the Credit Agreement, dated as of April 19, 2019, among the Borrower, CrowdStrike Holdings, Inc., the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured and guaranteed as provided in the Loan Documents. Reference is hereby made to the Loan Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuance of any one or more Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, indorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 10.6 OF THE CREDIT AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

*[signature page follows]*

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**CROWDSTRIKE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Schedule A  
to Revolving Loan Note

**LOANS, CONVERSIONS AND REPAYMENTS OF ABR LOANS**

<b>Date</b>	<b>Amount of ABR Loans</b>	<b>Amount Converted to ABR Loans</b>	<b>Amount of Principal of ABR Loans Repaid</b>	<b>Amount of ABR Loans Converted to Eurodollar Loans</b>	<b>Unpaid Principal Balance of ABR Loans</b>	<b>Notation Made By</b>
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LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to ABR Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made By
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EXHIBIT H-2

FORM OF SWINGLINE LOAN NOTE

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

THIS SWINGLINE LOAN NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS SWINGLINE LOAN NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REVOLVING LOAN REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

\$10,000,000.00

Santa Clara, California  
[insert date]

FOR VALUE RECEIVED, the undersigned, CROWDSTRIKE, INC., a Delaware corporation, and CROWDSTRIKE SERVICES, INC., a Delaware corporation (jointly and severally, individually and collectively, the “**Borrower**”), hereby unconditionally promises to pay to SILICON VALLEY BANK (the “**Lender**”) or its registered assigns at the Funding Office specified in the Credit Agreement (as hereinafter defined) in Dollars and in immediately available funds, on the Revolving Termination Date, the principal amount of (a) Ten Million Dollars (\$10,000,000.00), or, if less, (b) the aggregate unpaid principal amount of all Swingline Loans made by the Lender to the Borrower pursuant to Section 2.6 of the Credit Agreement referred to below. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in the Credit Agreement.

The holder of this Swingline Loan Note (this “**Note**”) is authorized to indorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date and amount of each Swingline Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof. Each such indorsement shall constitute prima facie evidence of the accuracy of the information indorsed. The failure to make any such indorsement or any error in any such indorsement shall not affect the obligations of the Borrower in respect of any Swingline Loan.

This Note (a) is the Swingline Loan Note referred to in the Credit Agreement, dated as of April 19, 2019, among the Borrower, CrowdStrike Holdings, Inc., the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent, Issuing Lender and Swingline Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured and guaranteed as provided in the Loan Documents. Reference is hereby made to the Loan Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuance of any one or more Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, indorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 10.6 OF THE CREDIT AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

*[signature page follows]*

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**CROWDSTRIKE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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LOANS AND REPAYMENTS

Date	Amount of Loans	Amount of Principal of ABR Loans Repaid	Unpaid Principal Balance of ABR Loans	Notation Made By

## FORM OF BORROWING BASE CERTIFICATE

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

Date: [        ], 20[    ]

CROWDSTRIKE, INC., a Delaware corporation (“*CrowdStrike*”), CROWDSTRIKE SERVICES, INC., a Delaware corporation (“*CrowdStrike Services*”) and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the “*Borrower*”), through the undersigned in [his][her] capacity as a duly authorized officer of such entity, and not individually, or an entity authorized to certify on such entity’s behalf, hereby certifies to the Administrative Agent and each Lender, in accordance with (i) the Credit Agreement, dated as of April 19, 2019 (as amended, restated, amended and restated, supplemented, restructured or otherwise modified from time to time, the “*Credit Agreement*”, the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Borrower, CrowdStrike Holdings, Inc., a Delaware corporation, the Lenders party thereto (the “*Lenders*”) and Silicon Valley Bank, as Administrative Agent for such Lenders, and as Issuing Lender and Swingline Lender, and (ii) each of the other Loan Documents, that:

A. Borrowing Base and Compliance

The amounts, calculations and representations set forth on Schedule 1 are true and correct in all material respects and were determined in accordance with the terms and definitions set forth in the Credit Agreement. All of the Accounts referred to in Schedule 1 (other than those Accounts designated as ineligible on Schedule 1) are Eligible Customer Accounts. Attached are the MRR, together with (i) accounts receivable agings, aged by invoice date, (ii) accounts payable agings, aged by invoice date, (iii) SaaS and recurring revenue metrics reports, and (iv) a deferred revenue schedule, together with, in each case, supporting detail and documentation with respect to the amounts, calculation and representations set forth on Schedule 1, all as reasonably requested by the Administrative Agent pursuant to the Credit Agreement.

B. General Certifications

The Borrower further certifies to the Administrative Agent and each Lender that the certifications, representations, calculations and statements herein are true and correct as of the date hereof.

[Signature page follows]

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IN WITNESS WHEREOF, the undersigned has caused this Borrowing Base Certificate to be executed as of the day first written above.

**CROWDSTRIKE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**SCHEDULE 1  
TO  
BORROWING BASE CERTIFICATE**

**[TO BE PROVIDED BY SVB]**

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**FORM OF COLLATERAL INFORMATION CERTIFICATE**

*(Please see attached form)*

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**COLLATERAL INFORMATION CERTIFICATE**

**CROWDSTRIKE HOLDINGS, INC.,**  
as a Guarantor

**CROWDSTRIKE, INC.**

and

**CROWDSTRIKE SERVICES, INC.,**  
individually and collectively, jointly and severally,  
as the Borrower

**Dated as of April 19, 2019**

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**COLLATERAL INFORMATION CERTIFICATE**

**To: Silicon Valley Bank, as Administrative Agent**

**THIS COLLATERAL INFORMATION CERTIFICATE** is being delivered pursuant to Section 5.1 of that certain Credit Agreement, dated as of April 19, 2019, (the “*Credit Agreement*”), among **CROWDSTRIKE HOLDINGS, INC.**, a Delaware corporation (“*Holdings*”), **CROWDSTRIKE, INC.**, a Delaware corporation (“*CrowdStrike*”), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation (“*CrowdStrike Services*” and together with CrowdStrike, individually or collectively as the context requires, jointly and severally, the “*Borrower*”), the several banks and other financial institutions or entities from time to time party thereto (the “*Lenders*”), and **SILICON VALLEY BANK**, as administrative agent and collateral agent for such Lenders (in such capacity, the “*Administrative Agent*”).

Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement or the other Loan Documents referenced therein. Other terms which are used but not otherwise defined herein but which are defined in Article 8 or Article 9 of the UCC shall have the respective meanings set forth in such applicable Article of the UCC.

The undersigned, being the duly appointed Responsible Officer of the Borrower, hereby certifies on behalf of each Loan Party that:

**NAMES:**

1. The exact legal name of the Borrower and each other Loan Party as it appears in its respective organizational papers, its respective jurisdiction of formation, its respective organizational identification number, its respective federal employer identification number, its respective date of formation, is as follows:

Name of Loan Party	Jurisdiction of Formation	Organizational Identification No.	Federal Employer Identification Number	Date of Formation

2. Set forth below is each other legal name that each Loan Party has had during the last five years, together with the date of the relevant change:

Loan Party	Prior Legal Name	Date of Name Change

3. Within the past five years, the following Persons have been merged into a Loan Party or such Loan Party has acquired all or a material portion of the assets of such Person (provide names, dates and brief description of transaction):

Loan Party	Name of Party Merged with or Acquired	Date of Merger or Asset Acquisition	Description of Transaction

4. The following is a list of all other names (including trade names or similar appellations) used by a Loan Party or any of its divisions or other business units at any time during the past five years:

Loan Party	Other Names Used Within Last Five Years

5. The following is a list of all the share or membership certificates evidencing equity interests (other than publicly traded equity interests) of each Loan Party, including the record owners, the certificate numbers, the certificate dates and the number of shares or percentage of membership interests represented by such certificates:

Loan Party	Certificate Number	Certificate Date	No. Shares or Ownership Percentage	Record Owner

6. No stock, debt instruments, cash collateral or other property of any Loan Party has been pledged to any Person, except as follows:

Loan Party	Description of Liens

**LOCATIONS:**

7. The chief executive office of each Loan Party is located at the addresses specified below:

Loan Party	Address of Chief Executive Office

8. The following is a list of all locations not identified in Item 7, above, where each Loan Party maintains its books and records relating to the Collateral:

Loan Party	Address where Books and Records are Maintained
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9. The following is a list of all locations where any of the Collateral comprising Goods, including Inventory, Equipment or Fixtures (other than motor vehicles and other mobile goods to the extent in transit from time to time), is located:

Loan Party	Locations
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10. The following is a list of all Loan Parties that have any employee(s) performing work in the State of California:

Loan Party
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11. The following is a list of all real property owned of record and beneficially by each Loan Party:

Loan Party	Description of Real Property
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12. The following is a list of all real property leased or subleased by or to each Loan Party, whether by way of a ground lease, a master lease, a standard site lease, license or otherwise (each a "Lease") (include the name of each of the parties to each Lease as it appears on the Lease, and the address of the relevant premises under such Lease).

Loan Party	Parties to Lease	Address of Leased Premises	Description of Lease
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13. Each of the following firms provides insurance services for the Loan Parties.

Loan Party	Name of Insurance Provider
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14. Each Loan Party maintains the following insurance with respect to itself and its properties:

Loan Party	Insurance Provider	Policy Type and Number	Description of Coverage Amounts
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**INFORMATION ABOUT COLLATERAL:**

**Material Contracts:**

15. The following is a list of all material licenses or sublicenses pursuant to which any third party licenses or sublicenses to a Loan Party the right to use any intellectual property rights, including any right to use any software or any patent, trademark or copyright exclusive or any mass market, non-customized licenses or sublicenses (collectively, the "Inbound Licenses"):

Loan Party	Licensor	Name and Date of License Agreement	Description of Licensed Intellectual Property Rights
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16. The following is a list of all material licenses or sublicenses pursuant to which each Loan Party licenses or sublicenses to any third party the right to use any intellectual property rights, including any right to use any software or any Patent, Trademark or Copyright (collectively, the "Outbound Licenses"):

Loan Party	Licensee	Name and Date of License Agreement	Description of Licensed Intellectual Property Rights
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17. The following is a list of (and the location of) all material equipment and other personal property leased or subleased by each Loan Party from any third party, whether leased individually or jointly with others (include the name of the lessor or sublessor as it appears on the lease or sublease, the title of the applicable lease or sublease as amended to date, including all schedules thereto, and a general description of leased equipment and other property, the address at which such equipment and other property is located (collectively, the “**Personal Property Leases**”)):

[NAME OF LOAN PARTY]

Loan Party	Lessor/Sublessor	Title of Lease/Sublease	Description of Leased/Subleased Equipment	Address where Leased/Subleased Equipment is Located
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18. The following is a list of all material contracts and agreements, including collective bargaining agreements, and employment agreements, to which each Loan Party is a party or in which it has an interest relating to material employees (collectively, the “**Employee Contracts**”):

Loan Party	Description of “Employee Contract”
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19. The following is a list of all other material contracts and agreements of any kind or nature (to the extent not otherwise previously listed in this Collateral Information Certificate) to which any Loan Party is a party or in which it has an interest (collectively, the “**Other Material Contracts**”):

Loan Party	Description of “Other Material Contract”
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**Government Licenses:**

20. The following is a list of all material federal, state and other governmental licenses or authorizations required or reasonably necessary to operate the each Loan Party’s business as currently conducted or as contemplated by such Loan Party to be operated immediately after the Closing Date (collectively, the “**Governmental Licenses**”):

Loan Party	Description of Governmental License/Authorization
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**Intellectual Property:**

21. The following is a list of domestic and foreign registered patents and patent applications owned, licensed or otherwise used by each Loan Party, whether individually or jointly with others:

Issued Patents

Loan Party	Jurisdiction	Patent No.	Issue Date	Inventor	Title
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Partnership Interests

<u>Loan Party</u>	<u>Issuer of Interests</u>	<u>Number of Units Owned</u>	<u>Date Units Issued</u>	<u>Percentage Ownership Interest</u>	<u>Type of Partnership Interest (GP/LP)</u>

Corporate Stock/Shares

<u>Loan Party</u>	<u>Issuer of Stock/Shares</u>	<u>Number of Shares Owned</u>	<u>Certificate Dates</u>	<u>Percentage Ownership Interest</u>	<u>Class of Stock/Shares Owned</u>

**Other Assets**

29. The Loan Parties own the following types of assets:

<u>Loan Party</u>	<u>Aircraft (Y/N)</u>	<u>Motor Vehicles (Y/N)</u>	<u>Vessels, Boats, Ships (Y/N)</u>	<u>Franchise Agreements (Y/N)</u>	<u>Commercial Tort Claims (Y/N)</u>

30. The Loan Parties' assets are encumbered by liens of third parties as follows:

[NAME OF LOAN PARTY]

<u>Loan Party</u>	<u>Name of Lienholder</u>	<u>Method of Lien Perfection (i.e. UCC Filing, Control, Possession, etc.)</u>	<u>UCC Filing Jurisdiction</u>	<u>UCC Filing Date and No.</u>	<u>Description of Collateral Covered by Lien</u>	<u>Description of Obligations Secured by Lien</u>

31. The following is a list of all letters of credit as to which any Loan Party is the beneficiary or otherwise has any right to payment or performance:

<u>Loan Party Beneficiary</u>	<u>Name of Issuer</u>	<u>Name of Account Party</u>	<u>Letter of Credit No. and Amount</u>	<u>Standby or Commercial Letter of Credit?</u>

**INFORMATION ABOUT THE LOAN PARTIES:**

32. Each Loan Party is qualified to do business in the following jurisdictions as of the Closing Date:

<u>Loan Party</u>	<u>Jurisdictions in which Qualified to do Business</u>

33. Each Loan Party has the following subsidiaries:

<u>Loan Party</u>	<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization or Formation</u>	<u>Organizational Identification Number</u>	<u>Percentage of Equity Interests Owned</u>

34. List all formation documents and material equity holders agreements pertaining to each Loan Party or to any Loan Party is a party, including operating agreements, partnership agreements, bylaws, certificates of formation, certificates or articles of organization, certificates or articles of incorporation, shareholder or other equityholders agreements, trust or voting rights agreements, registration rights agreements, warrants and warrant purchase agreements, convertible debt documents and options and other equity incentive plans. The undersigned certifies that each such agreement is in full force and effect, and has not been modified, amended, supplemented or restated except as listed.

<u>Loan Party</u>	<u>Description of Document/Agreement</u>

35. The following is a complete list of pending and threatened litigation or claims involving amounts claimed against any Loan Party in an indefinite amount or in an amount in excess of \$50,000:

<u>Loan Party</u>	<u>Description of Pending or Threatened Litigation</u>

36. Each Loan Party has directly or indirectly guaranteed the following obligations of third parties:

<u>Loan Party</u>	<u>Name of Principal Obligor</u>	<u>Description of Guaranteed Obligations</u>	<u>Maximum Amount of Guaranteed Obligations</u>	<u>Term of Guaranty</u>

**BENEFICIAL OWNERSHIP INFORMATION**

37. a. Is any Loan Party any of the following:
- (i) a public company or an issuer of securities that are registered with the Securities and Exchange Commission under Section 12 of the Securities Exchange Act of 1934 or that is required to file reports under Section 15(d) of that Act;
  - (ii) an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940;
  - (iii) an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940; or

(iv) a pooled investment vehicle operated or advised by a regulated financial institution (including an SEC-registered investment adviser)?

Yes  No

If yes, no further information is required for Sections 37(b), 37(c) or 37(d) below. If no, continue to Section 37(b).

b. Is any Loan Party a pooled investment vehicle that is **not** operated or advised by a regulated financial institution?

Yes  No

If yes, skip to Section 37(d) below. If no, continue to Section 37(c).

c. Does any **individual**, directly or indirectly (for example, if applicable, through such individual's equity interests in any Loan Party's parent entity), through any contract, arrangement, understanding, relationship or otherwise, **own 25% or more** of the equity interests of any Loan Party:

Yes  No

d. Identify one individual with significant responsibility for managing each Loan Party, i.e., an executive officer or senior manager (e.g., Chief Executive Officer, President, Vice President, Chief Financial Officer, Treasurer, Chief Operating Officer, Managing Member or General Partner) or any other individual who regularly performs similar functions. If appropriate, an individual listed in Section 37(c) above may also be listed here.

	Name	Date of birth	Residential address	For US Persons, Social Security Number: (non-US persons should provide SSN if available)	For Non-US Persons: Type of ID, ID number, country of issuance, expiration date
1					
2					

The Borrower undertakes to notify the Administrative Agent of any change or modification to any of the foregoing information occurring prior to the Closing Date.

[signature page follows]

The undersigned hereby certifies the foregoing information to be true and correct in all material respects and executes this Collateral Information Certificate as of the date first written above on behalf of the Borrower and each other Loan Party.

**CROWDSTRIKE HOLDINGS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CROWDSTRIKE SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signature Page to Collateral Information Certificate

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SCHEDULES TO THE COLLATERAL INFORMATION CERTIFICATE

(PLEASE SEE ATTACHED SCHEDULES)

EXHIBIT K

FORM OF NOTICE OF BORROWING

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

Date:

TO: **SILICON VALLEY BANK**  
3003 Tasman Drive  
Santa Clara, CA 95054  
Attention: Corporate Services Department

RE: Credit Agreement, dated as of April 19, 2019 (as amended, modified, supplemented or restated from time to time, the "**Credit Agreement**"), by and among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**" and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**"), the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the "**Administrative Agent**"), and as Issuing Lender and Swingline Lender. Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Credit Agreement.

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement and hereby gives you irrevocable notice, pursuant to Section [2.5] [2.7(a)] of the Credit Agreement, of the borrowing of a [Revolving Loan][Swingline Loan].

1. The requested Borrowing Date, which shall be a Business Day, is .
2. The aggregate amount of the requested Loan is \$ .
3. The requested Loan shall consist of \$ of ABR Loans and \$ of Eurodollar Loans.
4. The duration of the Interest Period for the Eurodollar Loans included in the requested Loan shall be [one][three][six] months.
5. [The undersigned hereby directs the Administrative Agent to disburse the proceeds from the Loans to be made on the Closing Date in accordance with the Sources and Uses/Funds Flow attached hereto]<sup>8</sup> [Insert instructions for remittance of the proceeds of the applicable Loans to be borrowed].<sup>9</sup>
6. The undersigned, in his/her capacity as a Responsible Officer of the Borrower and not in his/her individual capacity, hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Loan before and after giving effect thereto, and to the application of the proceeds therefrom, as applicable:

(a) each representation and warranty of each Loan Party contained in or pursuant to any Loan Document (i) to the extent qualified by materiality, is true and correct, and (ii) to the extent not qualified by materiality, is true and correct in all material respects, in each case, on and as of the date hereof as if

<sup>8</sup> For use on the Closing Date.

<sup>9</sup> For use after the Closing Date.

made on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date; [and]

(b) no Default or Event of Default exists or will occur after giving effect to the extensions of credit requested herein [; and]

(c) after giving effect to such Revolving Extension of Credit, the availability and borrowing limitations specified in Section 2.4 of the Credit Agreement will be satisfied.

*[Signature page follows]*

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IN WITNESS WHEREOF, the undersigned has caused this notice to be duly executed and delivered by its proper and duly authorized officer as of the day and year first written above.

**CROWDSTRIKE, INC.**, as Administrative Borrower

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*For internal Bank use only*

Eurodollar Pricing Date	Eurodollar Rate	Eurodollar Variance	%	Maturity Date

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## FORM OF NOTICE OF CONVERSION/CONTINUATION

CROWDSTRIKE, INC.  
CROWDSTRIKE SERVICES, INC.

Date:

TO: **SILICON VALLEY BANK**  
3003 Tasman Drive  
Santa Clara, CA 95054  
Attention: Corporate Services Department

RE: Credit Agreement, dated as of April 19, 2019 (as amended, modified, supplemented or restated from time to time, the "**Credit Agreement**"), by and among **CROWDSTRKE HOLDINGS, INC.**, a Delaware corporation ("**Holdings**"), **CROWDSTRIKE, INC.**, a Delaware corporation ("**CrowdStrike**"), **CROWDSTRIKE SERVICES, INC.**, a Delaware corporation ("**CrowdStrike Services**") and together with CrowdStrike, individually and collectively as the context requires, jointly and severally, the "**Borrower**", the Lenders party thereto and Silicon Valley Bank, as Administrative Agent for such Lenders (in such capacity; the "**Administrative Agent**"), and as Issuing Lender and Swingline Lender. Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Credit Agreement.

Ladies and Gentlemen:

The undersigned, in his/her capacity as a Responsible Officer of the Borrower and not in his/her individual capacity, refers to the Credit Agreement and hereby gives you irrevocable notice pursuant to Section [2.13(a)] [2.13(b)] of the Credit Agreement, of the [conversion] [continuation] of the Loans specified herein, that:

1. The date of the [conversion] [continuation] is .
2. The aggregate amount of the proposed Loans to be [converted] [continued] is \$
3. The Loans are to be [converted into] [continued as] [Eurodollar] [ABR] Loans.
4. The duration of the Interest Period for the Eurodollar Loans included in the [conversion] [continuation] shall be [one][three][six] months.
5. The undersigned on behalf of the Borrower, hereby certifies that no Event of Default exists or shall occur after giving effect to the [conversion] [continuation] requested to be made on such date.<sup>10</sup>

[Signature page follows]

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<sup>10</sup> Applicable for conversions to Eurodollar Loans or continuations of Eurodollar Loans

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IN WITNESS WHEREOF, the undersigned has caused this notice to be duly executed and delivered by its proper and duly authorized officer as of the day and year first written above.

**CROWDSTRIKE, INC.**, as Administrative Borrower

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*For internal Bank use only*

Eurodollar Pricing Date	Eurodollar Rate	Eurodollar Variance	Maturity Date
%			

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