

As confidentially submitted to the Securities and Exchange Commission on June 9, 2017.

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-

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

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

Stitch Fix, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

5961
(Primary Standard Industrial
Classification Code Number)

27-5026540
(I.R.S. Employer
Identification Number)

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San Francisco, California 94104
(415) 882-7765**
(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)

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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after 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 of 1933, check the following box.

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

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

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Class A common stock, par value \$0.00002 per share	\$	\$

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

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

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

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 _____, 2017

Shares



STITCH FIX

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Stitch Fix, Inc.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price will be between \$ _____ and \$ _____ per share. We intend to apply to list our Class A common stock on the _____ under the symbol “_____”.

Following this offering, we will have two classes of 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, conversion and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to _____ votes and is convertible at any time into one share of Class A common stock. All shares of our capital stock outstanding immediately prior to this offering, including all shares held by our executive officers, directors and their respective affiliates, and all shares issuable on the conversion of our outstanding preferred stock, will be reclassified into shares of our Class B common stock immediately prior to the completion of this offering. The holders of our outstanding Class B common stock will hold approximately _____ % of the voting power of our outstanding capital stock immediately following this offering.

We are an “emerging growth company” as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

See “[Risk Factors](#)” beginning on page 13 to read about factors you should consider before buying 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.

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

(1) See the section titled “Underwriting” for additional information regarding compensation payable to the underwriters.

To the extent that the underwriters sell more than _____ shares of Class A common stock, the underwriters have the option to purchase up to an additional _____ shares of Class A common stock from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2017.

Goldman Sachs & Co. LLC

J.P. Morgan

Prospectus dated _____, 2017.

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Through and including _____, 2017 (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.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. 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. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

For investors outside the United States: Neither we nor any of 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. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained 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,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, all references in this prospectus to “Stitch Fix,” the “company,” “we,” “our,” “us” or similar terms refer to Stitch Fix, Inc. and its subsidiaries. We use a 52 or 53 week fiscal year, with our fiscal year ending each year on the Saturday that is closest to July 31 of that year. Each fiscal year generally consists of four 13-week fiscal quarters, with each fiscal quarter ending on the Saturday that is closest to the last day of the last month of the quarter. The year ended July 30, 2016 included 52 weeks of operations. The year ending July 29, 2017 will also have 52 weeks of operations. Throughout this prospectus, all references to quarters and years are to our fiscal quarters and fiscal years unless otherwise noted.

Overview

Stitch Fix is transforming the way people find what they love, one client at a time and one Fix at a time.

Stitch Fix was inspired by the vision of a client-first, client-centric new way of retail. What people buy and wear matters. When we serve our clients well, we help them discover and define their styles, we find jeans that fit and flatter their bodies, we reduce their anxiety and stress when getting ready in the morning, we give them confidence in job interviews and on first dates and we give them time back in their lives to invest in themselves or spend with their families. Most of all, we are fortunate to play a small part in our clients looking, feeling and ultimately being their best selves.

We are reinventing the shopping experience by delivering one-to-one personalization to our clients through the combination of data science and human judgment. This combination drives a better client experience and a more powerful business model than either element could deliver independently.

Since our founding in 2011, we have helped millions of clients discover and buy what they love through personalized shipments of apparel, shoes and accessories, hand-selected by Stitch Fix stylists and delivered to our clients’ homes. We call each of these shipments a Fix. Clients can choose to schedule automatic shipments or order a Fix on-demand after they fill out a style profile on our website or mobile app. For each Fix, we charge clients a styling fee that is credited toward items they purchase. After receiving a Fix, our clients purchase the items they want to keep and return the other items, if any, at no additional charge.

Stitch Fix was founded with a focus on Women’s apparel. In our first few years, we were able to gain a deep understanding of our clients and merchandise and build the capability to listen to our clients, respond to feedback and deliver the experience of personalization. More recently, we have extended those capabilities into Petite, Maternity, Men’s and Plus apparel, as well as shoes and accessories. Our stylists leverage our data science and apply their own judgment to hand select apparel, shoes and accessories for our clients from a broad selection of merchandise.

We are successful when we are able to help clients find what they love again and again, creating long-term, trusted relationships. Our clients share personal information with us, including detailed style, size, fit and price preferences, as well as unique inputs, such as how often they dress for certain occasions or which parts of their bodies they like to flaunt or cover up. Our clients are motivated to share these personal details with us and provide us with ongoing feedback because they recognize that doing so will result in more personalized and successful experiences. This feedback also creates a valuable network effect by helping us to better serve other clients.

The very human experience that we deliver is powered by data science. Our data science capabilities consist of our rich data set and our proprietary algorithms, which fuel our business by enhancing the client experience and driving business model efficiencies. The vast majority of our client data is provided directly and explicitly by the client, rather than inferred, scraped or obtained from other sources. We also gather extensive merchandise data, such as inseam, pocket shape, silhouette and fit. This large and growing data set provides the foundation for proprietary algorithms that we use throughout our business, including those that predict purchase behavior, forecast demand, optimize inventory and enable us to design new apparel. We believe our data science capabilities give us a significant competitive advantage, and as our data set grows, our algorithms become more powerful.

Our stylists leverage our data science through a custom-built, web-based styling application that provides recommendations from our broad selection of merchandise. Our stylists then apply their judgment to select what they believe to be the best items for each Fix. Our stylists provide a personal touch, offer styling advice and context to each item selected and help us develop long-term relationships with our clients.

We offer merchandise across multiple price points and styles from over 500 brands, including established and emerging brands, as well as our own private labels, which we call Exclusive Brands. Many of our brand partners also design and supply items exclusively for our clients. In 2016, sales of merchandise from our brand partners made up the majority of our revenue.

We have scaled our business rapidly, profitably and in a capital-efficient manner, having raised only \$42.5 million of equity capital since inception. We have been net income positive on an annual basis since 2015, while continuing to make meaningful investments to drive growth. In 2015 and 2016, we reported \$342.8 million and \$730.3 million in revenue, respectively, representing year-over-year growth of 113.0%. In 2015 and 2016, we reported \$20.9 million and \$33.2 million in net income, respectively, representing year-over-year growth of 58.5%. In 2015 and 2016, we reported \$42.1 million and \$72.6 million in adjusted EBITDA, respectively, representing year-over-year growth of 72.3%. See the section titled “Selected Consolidated Financial Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and its reconciliation to net income (loss) determined in accordance with U.S. generally accepted accounting principles, or GAAP.

Industry Overview

Technology is Driving Transformation Across Industries

Technological innovation has profoundly impacted how consumers discover and purchase products, forcing businesses to adapt to engage effectively with consumers. We believe that new business models that embrace these changes and truly focus on the consumer will be the winners in this changing environment.

The Apparel, Shoes and Accessories Market is Massive but Retailers have Failed to Adapt to Changing Consumer Behavior

The U.S. apparel, shoes and accessories market is large, but brick-and-mortar retailers have failed to adapt to evolving consumer preferences. Euromonitor, a consumer market research company, estimated that the U.S. apparel, footwear and accessories market was \$353 billion in calendar 2016. Euromonitor expects this market to grow to \$421 billion by calendar 2021, a compound annual growth rate, or CAGR, of 3.6%.

Historically, brick-and-mortar retailers have been the primary source of apparel, shoes and accessories sales in the United States. Over time, brick-and-mortar retail has changed and the era of salespersons who know each customer on a personal level has passed. Many of today’s consumers view the traditional retail experience as impersonal, time-consuming and inconvenient. This has led to financial difficulties, bankruptcies and store closures for many major department stores, specialty retailers and retail chains. For example, Macy’s, one of the

largest department stores in the United States, announced in August 2016 its intent to close approximately 100, or 11%, of its stores and Michael Kors, a specialty retailer, announced in May 2017 its intent to close at least 100, or 12%, of its stores. The struggles of traditional retailers are also reflected in broader market data. According to the U.S. Census Bureau, average monthly department store sales declined \$6.4 billion, or 33%, from calendar 2000 to calendar 2016.

eCommerce is Growing, but has Further Depersonalized the Shopping Experience

The internet has created new opportunities for consumers to shop for apparel. eCommerce continues to take market share from brick-and-mortar retail. Euromonitor estimated that the eCommerce portion of the U.S. apparel, footwear and accessories market was \$55 billion in calendar 2016. Euromonitor expects the eCommerce portion of this market to grow to \$94 billion by calendar 2021, a CAGR of 11.4%. This represents an expansion of eCommerce penetration of the U.S. apparel, footwear and accessories market from 15.5% of \$353 billion in calendar 2016 to 22.3% of \$421 billion in calendar 2021.

The first wave of eCommerce companies prioritized low price and fast delivery. This transaction-focused model is well-suited for commoditized products and when consumers already know what they want. However, eCommerce companies often fall short when consumers do not know what they want and price and delivery speed are not the primary decision drivers. There is an overwhelming selection of apparel, shoes and accessories available to consumers online, and searches and filters are poor tools when it comes to finding items that fit one's style, figure and occasion. eCommerce companies also lack the critical personal touchpoints necessary to help consumers find what they love, further depersonalizing the shopping experience.

Personalization is the Next Wave

To be relevant today, retailers must find a way to connect with consumers on a personal level and fit conveniently into their lifestyles. Personalization in retail can be difficult and nuanced, as consumers consider many factors that can be difficult to articulate, including style, size, fit, feel and occasion. We believe that an intelligent combination of data science and human judgment is required to deliver the personalized retail experience that consumers seek.

Our Offering

Stitch Fix combines data science and human judgment to deliver one-to-one personalization to our clients at scale. We help millions of clients discover and buy what they love through data-driven, personalized, hand-selected shipments of apparel, shoes and accessories.

Our Data Science Advantage

Our data science capabilities fuel our business. These capabilities consist of our rich and growing set of detailed client and merchandise data and our proprietary algorithms. We use data science throughout our business, including to style our clients, predict purchase behavior, forecast demand, optimize inventory and design new apparel.

Our data set is particularly powerful because:

- the vast majority of our client data is provided directly and explicitly by the client, rather than inferred, scraped or obtained from other sources;
- our clients are motivated to provide us with relevant personal data, both at initial signup and over time as they use our service, because they trust it will improve their Fixes; and

- our merchandise data tracks dimensions that enable us to predict purchase behavior and deliver more personalized Fixes.

On average, each client directly provides us with over 90 meaningful data points through his or her style profile, including detailed style, size, fit and price preferences, as well as unique inputs such as how often he or she dresses for certain occasions or which parts of his or her body the client likes to flaunt or cover up. Over time, through their feedback on Fixes they receive, clients share additional information about their preferences as well as detailed data about both the merchandise they keep and return. Historically, over 85% of our shipments have resulted in direct client feedback. This feedback loop drives important network effects, as our client-provided data informs not only our personalization capabilities for the specific client, but also helps us better serve other clients.

We believe our proprietary merchandise data set is differentiated from other retailers. We encode each of our SKUs with many information attributes to help our algorithms make better recommendations for our clients. The information we store for each SKU includes:

- basic data, such as brand, size, color, pattern, silhouette and material;
- item measurements, such as length, width, diameter of sleeve opening and distance from collar to first button;
- nuanced descriptors, such as how appropriate the piece is for a client that prefers preppy clothing or whether it is appropriate for a formal event; and
- client feedback, such as how the item fit a 5'10" client or how popular the piece is with young mothers.

Our algorithms use our data set to match merchandise to each of our clients. For every combination of client and merchandise, we compute the probability the client will keep that item based on her and other clients' preferences and purchase history as well as the attributes and past performance of the merchandise. For example, our Delila embroidery neckline knit top is purchased 52% of the time it is included in a Fix. However, for a particular client for whom it is well suited, our algorithms may predict she is 80% likely to purchase the item if it were included in her Fix. This allows us to more efficiently tailor every Fix to each client's specific preferences.

Pairing Data Science with Human Judgment

The combination of data science and human judgment drives a better client experience and a more powerful business model than either element could deliver independently. Our advanced data science capabilities harness the power of our data for our stylists by generating predictive recommendations to streamline our stylists' individualized curation process. Stylists add a critical layer of contextual, human decision making that augments and improves our algorithms' selections and ultimately produces a better, more personalized Fix for each client.

Our Differentiated Value Proposition

Our Value Proposition to Clients

Our clients love our service for many reasons. We help clients find apparel, shoes and accessories that they love in a way that is convenient and fun. We save our clients time by doing the shopping, delivering Fixes right to their homes, allowing them to try on merchandise in the comfort of their homes and in the context of their own closets and making the return process simple. Our expert styling service connects each client to a professional who will understand her fashion needs, hand select items personalized to her and offer her ongoing style advice. Clients also value the quality and diversity of our merchandise as we deliver the familiar brands they know, offer

items they can't find anywhere else and expand their fashion palette by exposing them to new brands and styles they might not have tried if they shopped for themselves. We often hear from clients that we have helped them find the perfect pair of jeans or discover a dress silhouette they never would have selected for themselves. In these situations, not only is our service more convenient, it is in fact more effective at helping clients find what they love. We proudly style men and women across ages, sizes, tastes, geographies and price preferences.

Our Value Proposition to Brand Partners

We believe that we are a preferred channel and a powerful growth opportunity for our brand partners. Unlike many sales channels, we do not rely on discounts or promotions. Also, by introducing our clients to brands they may not have shopped for, we help our brand partners reach clients they may not have otherwise reached. Further, we provide our brand partners with insights based on client feedback that help our brand partners improve and evolve their merchandise to better meet consumer demand.

Our Strengths

Since we were founded in 2011, we have shipped millions of Fixes to clients throughout the United States. We have achieved this success due to our following key strengths:

- our rich client and merchandise data;
- our expert data science team and proprietary and predictive algorithms;
- our 3,300+ stylist organization;
- our unique combination of data science and human judgment; and
- our superior business model.

Our Strategy

We aim to transform the way people find what they love. We plan to achieve this goal by continuing to:

- expand our relationships with existing clients;
- acquire new clients; and
- expand our addressable market.

Risk Factors Summary

Investing in our common stock involves substantial risk. The risks described in the section titled "Risk Factors" immediately following this summary may cause us to not realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges include the following:

- we have a short operating history in an evolving industry and, as a result, our past results may not be indicative of future operating performance;
- if we fail to effectively manage our growth, our business, financial condition and operating results could be harmed;

- our continued growth depends on attracting new clients;
- we expect to increase our paid marketing to help grow our business, but these efforts may not be successful or cost-effective;
- we may be unable to maintain a high level of engagement with our clients and increase their spending with us, which could harm our business, financial condition or operating results;
- we must successfully gauge apparel trends and changing consumer preferences;
- if we are unable to manage our inventory effectively, our operating results could be adversely affected;
- our inability to develop and introduce new merchandise offerings in a timely and cost-effective manner may damage our business, financial condition and operating results;
- our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected; and
- the dual class structure of our common stock and the existing ownership of capital stock by our executive officers, directors and their affiliates will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence corporate matters.

Corporate Information

We were incorporated in 2011 as rack habit inc., a Delaware corporation, and changed our name to Stitch Fix, Inc. in October 2011. Our principal executive offices are located at 1 Montgomery Street, Suite 1500, San Francisco, California 94104, and our telephone number is (415) 882-7765. Our website address is www.stitchfix.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

“Stitch Fix®,” “Fix®” and our other registered and common law trade names, trademarks and service marks are the property of Stitch Fix, Inc. or our subsidiaries. Other trade names, trademarks and service marks used in this prospectus are the property of their respective owners.

Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002, or 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 non-binding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an emerging growth company, whichever is earlier. In addition, the JOBS Act provides that an “emerging growth company” can delay adopting new or revised accounting standards until those standards apply to private companies. We have not elected to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

The Offering

Class A common stock offered by us	shares
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	shares
Total Class A common stock and Class B common stock to be outstanding after this offering	shares
Option to purchase additional shares of Class A common stock offered by us	shares

Use of proceeds

We estimate that our net proceeds from the sale of our Class A common stock that we are 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), assuming an initial public offering price of \$ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. See the section titled "Use of Proceeds" for additional information.

Voting rights

We will have two classes of common stock: Class A common stock and Class B common stock. Class A common stock is entitled to one vote per share and Class B common stock is entitled to votes per share.

Holders of Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation that will be in effect on the completion of this offering. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding shares following this offering and will have the ability to control 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. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.

Concentration of ownership

Once this offering is completed, the holders of our outstanding Class B common stock will beneficially own approximately % of our outstanding shares and control approximately % of the voting power of our outstanding shares and our executive officers, directors and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will beneficially own, in the aggregate, approximately % of our outstanding shares and control approximately % of the voting power of our outstanding shares.

Proposed trading symbol

“ ”

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 86,650,565 shares of Class B common stock outstanding as of January 28, 2017, and excludes:

- 7,556,131 shares of Class B common stock issuable on the exercise of stock options outstanding as of January 28, 2017 under our 2011 Equity Incentive Plan, or 2011 Plan, with a weighted-average exercise price of \$2.25 per share;
- 517,400 shares of Class B common stock issuable upon the exercise of outstanding stock options issued after January 28, 2017 pursuant to our 2011 Plan with a weighted-average exercise price of \$7.38 per share;
- shares of Class A common stock reserved for future issuance under our 2017 Incentive Plan, or 2017 Plan, which became effective on , 2017, as well as any future increases, including annual automatic increases, in the number of shares of Class A common stock reserved for issuance under our 2017 Plan and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled “Executive Compensation—Employee Benefit Plans”; and
- shares of Class A common stock reserved for issuance under our 2017 Employee Stock Purchase Plan, or ESPP, which will become effective on the date immediately prior to the date of the underwriting agreement related to this offering, as well as any future increases, including annual

automatic increases, in the number of shares of Class A common stock reserved for future issuance under our ESPP.

In addition, unless we specifically state otherwise, the information in this prospectus assumes:

- the filing of our amended and restated certificate of incorporation, which will be in effect on the completion of this offering;
- the reclassification of our outstanding common stock into an equal number of shares of our Class B common stock and the authorization of our Class A common stock, which will occur immediately on the completion of this offering;
- the conversion of all outstanding shares of preferred stock into an aggregate of 59,511,055 shares of Class B common stock in connection with this offering;
- the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering; and
- no exercise of the underwriters' option to purchase up to an additional shares of Class A common stock from us in this offering.

Summary Consolidated Financial Data

The summary consolidated statement of operations data for 2016 has been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for 2014 and 2015 have been derived from our consolidated financial statements that are not included in this prospectus. The summary consolidated statements of operations data for the first half of 2016 and 2017 and the summary consolidated balance sheet data as of January 28, 2017 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for the full year or any other period in the future.

	2014	2015	2016	First Half	
				2016	2017
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Revenue, net	\$73,227	\$342,803	\$730,313	\$331,765	\$473,779
Cost of goods sold	47,425	198,054	407,064	187,283	256,979
Gross profit	25,802	144,749	323,249	144,482	216,800
Selling, general and administrative expenses ^{(1) (2)}	30,242	108,562	259,021	106,298	189,385
Operating income (loss)	(4,440)	36,187	64,228	38,184	27,415
Remeasurement of preferred stock warrant liability	1,534	2,938	3,019	2,053	2,649
Other (income) expense, net	336	(2)	(13)	(2)	(13)
Income (loss) before income taxes	(6,310)	33,251	61,222	36,133	24,779
Provision for income taxes	23	12,322	28,041	15,185	11,303
Net income (loss)	<u>\$ (6,333)</u>	<u>\$ 20,929</u>	<u>\$ 33,181</u>	<u>\$ 20,948</u>	<u>\$ 13,476</u>
Net income (loss) attributable to common stockholders ⁽³⁾					
Basic	<u>\$ (6,333)</u>	<u>\$ 4,573</u>	<u>\$ 8,211</u>	<u>\$ 5,112</u>	<u>\$ 3,505</u>
Diluted	<u>\$ (6,333)</u>	<u>\$ 5,318</u>	<u>\$ 9,496</u>	<u>\$ 5,971</u>	<u>\$ 3,948</u>
Earnings (loss) per share attributable to common stockholders ⁽³⁾					
Basic	<u>\$ (0.34)</u>	<u>\$ 0.22</u>	<u>\$ 0.36</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>
Diluted	<u>\$ (0.34)</u>	<u>\$ 0.21</u>	<u>\$ 0.34</u>	<u>\$ 0.22</u>	<u>\$ 0.14</u>

	2014	2015	2016	2016	2017
	(in thousands, except share and per share data)				
Shares used to compute earnings (loss) per share attributable to common stockholders⁽³⁾					
Basic	<u>18,893,197</u>	<u>20,705,313</u>	<u>22,729,890</u>	<u>21,972,866</u>	<u>24,546,556</u>
Diluted	<u>18,893,197</u>	<u>25,452,912</u>	<u>27,882,844</u>	<u>27,274,831</u>	<u>29,134,729</u>
Pro forma earnings per share attributable to common stockholders⁽³⁾					
Basic			<u>\$ 0.41</u>		<u>\$ 0.17</u>
Diluted			<u>\$ 0.38</u>		<u>\$ 0.16</u>
Shares used in computing pro forma earnings per share attributable to common stockholders⁽³⁾					
Basic			<u>83,307,170</u>		<u>85,123,836</u>
Diluted			<u>88,460,124</u>		<u>89,712,009</u>
Other Financial Data:					
Adjusted EBITDA ⁽⁴⁾	\$ (3,791)	\$ 42,126	\$ 72,582	\$ 39,383	\$ 52,083
Non-GAAP net income (loss) ⁽⁴⁾	\$ (4,422)	\$ 29,033	\$ 41,010	\$ 23,001	\$ 28,518

- (1) Includes stock-based compensation expense of \$241,000, \$743,000 and \$1,850,000 for 2014, 2015 and 2016, respectively, and \$876,000 and \$1,362,000 for the first half of 2016 and the first half of 2017, respectively.
- (2) Includes compensation expense related to certain stock sales by current and former employees of \$4,810,000 and \$21,283,000 for 2016 and the first half of 2017, respectively.
- (3) See Note 11 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted earnings (loss) per share attributable to common stockholders, pro forma earnings per share and the weighted average number of shares used in the computation of the per share amounts.
- (4) See the section titled “Selected Consolidated Financial Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and non-GAAP net income (loss), and their reconciliation to net income (loss) determined in accordance with GAAP.

	January 28, 2017		
	Actual	Pro Forma ⁽¹⁾	Pro Forma As Adjusted ⁽²⁾⁽³⁾
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash	\$127,672	\$127,672	\$
Total assets	250,752	250,752	
Working capital	79,794	90,241	
Convertible preferred stock	42,222	—	
Total stockholders' equity	72,052	124,721	

- (1) The pro forma consolidated balance sheet data gives effect to (i) the reclassification of our outstanding common stock into Class B common stock, (ii) the automatic conversion of all of our outstanding shares of

convertible preferred stock into 59,511,055 shares of Class B common stock in connection with this offering, (iii) the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering and (iv) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect on the completion of this offering.

- (2) The pro forma as adjusted consolidated balance sheet data reflects (i) the items described in footnote (1) above and (ii) our receipt of estimated net proceeds from the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of \$ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.
- (3) A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of cash, total assets, working capital 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, and after deducting the estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) each of cash, total assets, working capital and total stockholders' equity by \$ million, assuming the assumed initial public offering price of \$ per share of Class A common stock remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose all or part of your original investment. This prospectus also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

Risks Relating to Our Business

We have a short operating history in an evolving industry and, as a result, our past results may not be indicative of future operating performance.

We have a short operating history in a rapidly evolving industry that may not develop in a manner favorable to our business. Our relatively short operating history makes it difficult to assess our future performance. You should consider our business and prospects in light of the risks and difficulties we may encounter.

Our future success will depend in large part upon our ability to, among other things:

- cost-effectively acquire new clients and engage with existing clients;
- increase consumer awareness of our brand;
- anticipate and respond to changing style trends and consumer preferences;
- manage our inventory effectively;
- successfully expand our offering and geographic reach;
- compete effectively;
- anticipate and respond to macroeconomic changes;
- effectively manage our growth;
- continue to enhance our personalization capabilities;
- hire, integrate and retain talented people at all levels of our organization;
- avoid interruptions in our business from information technology downtime, cybersecurity breaches or labor stoppages;
- maintain the quality of our technology infrastructure;
- develop new features to enhance the client experience; and
- retain our existing merchandise vendors and attract new vendors.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business and our operating results will be adversely affected.

If we fail to effectively manage our growth, our business, financial condition and operating results could be harmed.

To effectively manage our growth, we must continue to implement our operational plans and strategies, improve and expand our infrastructure of people and information systems and expand, train and manage our employee base. Since our inception, we have rapidly increased our employee headcount to support the growth of our business. The number of our employees increased from over 3,700 as of January 30, 2016 to over 5,500 as of January 28, 2017. We expect to add a significant number of employees during the remainder of 2017 and 2018. We have expanded across all areas of our business. To support continued growth, we must effectively integrate, develop and motivate a large number of new employees while maintaining our corporate culture. We face significant competition for personnel, particularly in the San Francisco Bay Area where our headquarters are located. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees. We may also need to increase our employee compensation levels in response to competition. The risks associated with a rapidly growing workforce will be particularly acute if we choose to expand into new merchandise categories and internationally. Additionally, we may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and our employee morale, productivity and retention could suffer, which may have an adverse effect on our business, financial condition and operating results.

We are also required to manage numerous relationships with various vendors and other third parties. Further growth of our operations, vendor base, fulfillment centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage the growth of our organization effectively, our business, financial condition and operating results may be adversely affected.

Our continued growth depends on attracting new clients.

Our success depends on our ability to attract new clients in a cost-effective manner. To expand our client base, we must appeal to and acquire clients who have historically used other means to purchase apparel, shoes and accessories, such as traditional brick-and-mortar apparel retailers or the websites of our competitors. We reach new clients through paid marketing, referral programs, organic word of mouth and other methods of discovery, such as mentions in the press or internet search engine results. We recently increased our paid marketing expenses by investing more in digital marketing and launching our first television advertising campaign. We expect to increase our spending on these and other paid marketing channels in the future and cannot be certain that these efforts will yield more clients or be cost-effective. Moreover, new clients may not purchase from us as frequently or spend as much with us as existing clients, and the revenue generated from new clients may not be as high as the revenue generated from our existing clients. These factors may harm our growth prospects and our business could be adversely affected.

We expect to increase our paid marketing to help grow our business, but these efforts may not be successful or cost-effective.

Promoting awareness of our service is important to our ability to grow our business, drive client engagement and to attract new clients. We believe that much of the growth in our client base during our first five years was originated from referrals, organic word of mouth and other methods of discovery, as our marketing efforts and expenditures were relatively limited. Recently, we increased our paid marketing initiatives and intend to continue to do so. Our marketing efforts currently include client referrals, affiliate programs, partnerships, display advertising, television, print, radio, video, content, direct mail, social media, email, mobile “push” communications, search engine optimization and keyword search campaigns. We have limited experience marketing our services using some of these methods. Our marketing initiatives may become increasingly expensive and generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur.

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We currently obtain a significant number of visits to our websites via organic search engine results. Search engines frequently change the algorithms that determine the ranking and display of results of a user's search, which could reduce the number of organic visits to our websites, in turn reducing new client acquisition and adversely affecting our operating results.

Social networks are important as a source of new clients and as a means by which to connect with current clients, and such importance may be increasing. We may be unable to effectively maintain a presence within these networks, which could lead to lower than anticipated brand affinity and awareness, and in turn could adversely affect our operating results.

With respect to our email marketing efforts, if we are unable to successfully deliver emails to our clients or if clients do not engage with our emails, whether out of choice, because those emails are marked as low priority or spam or for other reasons, our business could be adversely affected.

If our marketing efforts are not successful in promoting awareness of our services, driving client engagement or attracting new clients, or if we are not able to cost-effectively manage our marketing expenses, our operating results will be adversely affected.

We may be unable to maintain a high level of engagement with our clients and increase their spending with us, which could harm our business, financial condition or operating results.

A high proportion of our revenue comes from repeat purchases by existing clients. If existing clients no longer find our service and merchandise appealing, they may make fewer purchases and may stop using our service. Even if our existing clients find our service and merchandise appealing, they may decide to receive fewer Fixes and purchase less merchandise over time as their demand for new apparel declines. A decrease in the number of our clients or a decrease in their spending on the merchandise we offer could negatively impact our operating results. Further, we believe that our future success will depend in part on our ability to increase sales to our existing clients over time and, if we are unable to do so, our business may suffer.

We must successfully gauge apparel trends and changing consumer preferences.

Our success is, in large part, dependent upon our ability to identify apparel trends, predict and gauge the tastes of our clients and provide merchandise that satisfies client demand in a timely manner. However, lead times for many of our purchasing decisions may make it difficult for us to respond rapidly to new or changing apparel trends or client acceptance of merchandise chosen by our merchandising buyers. We generally enter into purchase contracts significantly in advance of anticipated sales and frequently before apparel trends are confirmed by client purchases. In the past, we have not always predicted our clients' preferences and acceptance levels of our merchandise with accuracy. Further, we use our data science to predict our clients' preferences and gauge demand for our merchandise, and there is no guarantee that our data science and algorithms will accurately anticipate client demand and tastes. To the extent we misjudge the market for the merchandise we offer or fail to execute on trends and deliver attractive merchandise to clients, our sales will decline and our operating results will be adversely affected.

If we are unable to manage our inventory effectively, our operating results could be adversely affected.

To ensure timely delivery of merchandise, we generally enter into purchase contracts well in advance of a particular season and frequently before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. In the past, we have not always predicted our clients' preferences and acceptance levels of our trend items with accuracy, which has resulted in significant inventory write offs and lower gross margins. We rely on our merchandising team to order styles and products that our clients will purchase and we rely on our data science to inform the levels of inventory we purchase, including when to reorder items that are selling well and when to

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write off items that are not selling well. If our merchandise team does not predict client demand and tastes well or if our algorithms do not help us reorder the right products or write off the right products timely, we may not effectively manage our inventory and our operating results could be adversely affected.

Our inability to develop and introduce new merchandise offerings in a timely and cost-effective manner may damage our business, financial condition and operating results.

The largest portion of our revenue today comes from the sale of Women's apparel. From 2015 to 2017, we expanded our merchandise offering into categories including Petite, Maternity, Men's and Plus, began offering different product types including shoes and accessories and expanded the number of brands we offer. We continue to explore additional offerings to serve our existing clients and to attract new clients. If the merchandise we offer is not accepted by our clients or does not attract new clients, our sales may fall short of expectations, our brand and reputation could be adversely affected and we may incur expenses that are not offset by sales. If the launch of a new category requires investments greater than we expect, our operating results could be adversely affected. Also, our business may be adversely affected if we are unable to attract brands and other merchandise vendors that produce sufficient high quality, appropriately priced and on-trend merchandise. Our current merchandise offerings have a range of margin profiles and we believe new offerings will also have a broad range of margin profiles that will affect our operating results. For example, to date, our Exclusive Brands have generally contributed higher margins and shoes, Men's and Plus have generally contributed lower margins. Additionally, as we enter into new categories, we may not have as high of purchasing power as we do in our current offerings, which could increase our costs of goods sold and further reduce our margins. Expansion of our merchandise offerings may also strain our management and operational resources, specifically the need to hire and manage additional merchandise buyers to source new merchandise and to allocate new categories across our distribution network. We may also face greater competition in specific categories from companies that are more focused on these new areas. If any of these were to occur, it could damage our reputation, limit our growth and have an adverse effect on our operating results.

Our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected.

The retail apparel industry is highly competitive. We compete with department stores, specialty retailers, discount chains, independent retail stores, the online offerings of these traditional retail competitors and eCommerce companies that market the same or similar merchandise and services that we offer. We believe our ability to compete depends on many factors within and beyond our control, including:

- attracting new clients and engaging with existing clients;
- our direct relationships with our clients and their willingness to share personal information with us;
- further developing our data science capabilities;
- maintaining favorable brand recognition and effectively marketing our services to clients;
- delivering merchandise that each client perceives as personalized to him or her;
- the amount, diversity and quality of brands and merchandise that we or our competitors offer;
- our ability to expand and maintain appealing Exclusive Brands and exclusive to Stitch Fix merchandise;
- the price at which we are able to offer our merchandise;
- the speed and cost at which we can deliver merchandise to our clients and the ease with which they can use our services to return merchandise; and
- anticipating and quickly responding to changing apparel trends and consumer shopping preferences.

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Many of our current competitors have, and potential competitors may have, longer operating histories, larger fulfillment infrastructures, greater technical capabilities, faster shipping times, lower-cost shipping, larger databases, greater financial, marketing, institutional and other resources and larger customer bases than we do. These factors may allow our competitors to derive greater revenue and profits from their existing customer bases, acquire customers at lower costs or respond more quickly than we can to new or emerging technologies and changes in apparel trends and consumer shopping behavior. These competitors may engage in more extensive research and development efforts, enter or expand their presence in the personalized retail market, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their existing customer bases more effectively than we do. If we fail to execute on any of the above better than our competitors, our operating results may be adversely affected.

Our business depends on a strong brand and we may not be able to maintain our brand and reputation.

We believe that maintaining the Stitch Fix brand and reputation is critical to driving client engagement and attracting clients and merchandise vendors. Building our brand will depend largely on our ability to continue to provide our clients with valued personal styling services and high quality merchandise, which we may not do successfully. Client complaints or negative publicity about our styling services, merchandise, delivery times or client support, especially on social media platforms, could harm our reputation and diminish client use of our services, the trust that our clients place in Stitch Fix and vendor confidence in us.

Our brand depends in part on effective client support, which requires significant personnel expense. Failure to manage or train our client support representatives properly or inability to handle client complaints effectively could negatively affect our brand, reputation and operating results.

If we fail to cost-effectively promote and maintain the Stitch Fix brand, our business, financial condition and operating results may be adversely affected.

We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.

Our business and operating results are subject to global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment, higher consumer debt levels, reductions in net worth and declines in asset values and related market uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence.

Adverse economic changes could reduce consumer confidence, and thereby could negatively affect our operating results. In challenging and uncertain economic environments, we cannot predict when macroeconomic uncertainty may arise, whether or when such circumstances may improve or worsen or what impact such circumstances could have on our business.

If we fail to attract and retain key personnel, or effectively manage succession, our business, financial condition and operating results could be adversely affected.

Our success, including our ability to anticipate and effectively respond to changing style trends and deliver a personalized styling experience, depends in part on our ability to attract and retain key personnel on our executive team and in our merchandising, algorithms, engineering, marketing, styling and other organizations. Competition for key personnel is strong, especially in the San Francisco Bay Area where our headquarters are

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located, and we cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in the future, or that the compensation costs of doing so will not adversely affect our operating results. We do not have long-term employment or non-competition agreements with any of our personnel. Senior employees have left Stitch Fix in the past and others may in the future, which we cannot necessarily anticipate and may not be able to promptly replace. If we are unable to retain, attract and motivate talented employees with the appropriate skills at cost-effective compensation levels, or if changes to our business adversely affect morale or retention, we may not achieve our objectives and our business and operating results could be adversely affected. In addition, the loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business. In particular, our Founder and Chief Executive Officer has unique and valuable experience leading our company from its inception through today. If she were to depart or otherwise reduce her focus on Stitch Fix, our business may be disrupted. We do not currently maintain key-person life insurance policies on any member of our senior management team and other key employees.

We may not be able to sustain our revenue growth rate or profitability in the future.

Our recent revenue growth and past profitability should not be considered indicative of our future performance. As we grow our business, we expect our revenue growth rates to slow in future periods due to a number of reasons, which may include slowing demand for our merchandise and service, increasing competition, a decrease in the growth of our overall market, our failure to capitalize on growth opportunities or the maturation of our business.

We expect expenses to increase substantially in the near term, particularly as we make significant investments in our marketing initiatives, expand our operations and infrastructure, develop and introduce new merchandise offerings and hire additional personnel. As an investor in our Class A common stock, you should recognize that we may not always pursue short-term profits but are often focused on long-term growth and this may impact the return on your investment. In addition, in connection with operating as a public company, we will incur additional significant legal, accounting and other expenses that we did not incur as a private company. If our revenue does not increase to offset these increases in our operating expenses, we may not be profitable in future periods.

Compromises of our data security could cause us to incur unexpected expenses and may materially harm our reputation and operating results.

In the ordinary course of our business, we and our vendors collect, process and store certain personal information and other data relating to individuals, such as our clients and employees, including client payment card information. We rely substantially on commercially available systems, software, tools and monitoring to provide security for our processing, transmission and storage of personal information and other confidential information. There can be no assurance, however, that we or our vendors will not suffer a data compromise, that hackers or other unauthorized parties will not gain access to personal information or other data, including payment card data or confidential business information or that any such data compromise or access will be discovered in a timely fashion. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, and we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, our employees, contractors, vendors or other third parties with whom we do business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information or other data, or may inadvertently release or compromise such data.

Compromise of our data security or of third parties with whom we do business, failure to prevent or mitigate the loss of personal or business information and delays in detecting or providing prompt notice of any such compromise or loss could disrupt our operations, damage our reputation and subject us to litigation, government action or other additional costs and liabilities that could adversely affect our business, financial condition and operating results.

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Our use of personal information and other data subjects us to privacy laws and obligations, and our failure to comply with such obligations could harm our business.

We collect and maintain significant amounts of personal information and other data relating to our clients and employees. Numerous laws, rules and regulations in the United States and internationally govern privacy and the collection, use and protection of personal information, the scope of which is continually changing. These laws, rules and regulations evolve frequently and may be inconsistent from one jurisdiction to another or may be interpreted to conflict with our practices. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules and regulations, or with other obligations to which we may be or may become subject, may result in actions against us by governmental entities, private claims and litigations, fines, penalties or other liabilities. Any such action would be expensive to defend, would damage our reputation and adversely affect our business and operating results.

System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business.

The satisfactory performance, reliability and availability of our website, mobile application, internal applications and technology infrastructure are critical to our business. We rely on our website and mobile application to engage with our clients and sell them merchandise. We also rely on a host of internal custom-built applications to run critical business functions, such as styling, merchandise purchasing, warehouse operations and order fulfillment. In addition, we rely on a variety of third party, cloud-based solution vendors for key elements of our technology infrastructure. These systems are vulnerable to damage or interruption and we have experienced interruptions in the past. For example, in February 2017, as a result of an outage with Amazon Web Services, where much of our technology infrastructure is hosted, we experienced disruptions in applications that support our warehouse operations and order fulfillment that caused a temporary slowdown in the number of Fix shipments we were able to make. Interruptions may be caused by a variety of incidents, including human error, our failures to update or improve our proprietary systems, cyber-attacks, fire, flood, power loss or telecommunications failures. Any failure or interruption of our website, mobile application, internal business applications or our technology infrastructure could harm our ability to serve our clients, which would adversely affect our business and operating results.

Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our financial statements.

In connection with the audit of our 2016 consolidated financial statements, we and our independent registered public accounting firm identified control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weakness identified in our internal control over financial reporting primarily related to our accounting and proprietary systems used in our financial reporting process not having the proper level of controls during 2016. As a result, journal entries were prepared and posted to our accounting system without an independent review. In addition, our proprietary systems lacked controls over access, program change management and computer operations that are needed to ensure access to financial data is adequately restricted to appropriate personnel. During 2017, we have taken, or plan to take, certain actions to remediate the material weakness, which include implementing an accounting system that has the ability to better manage segregation of duties and controls over the preparation and review of journal entries, and engaging external consultants to conduct a review of processes that involve financial data within our proprietary systems. This review includes the identification of potential risks, documentation of processes and recommendations for improvements. We are currently in the process of addressing the potential risks and improvement areas. However, we cannot assure you that the steps we are taking will be sufficient to remediate our material weakness or prevent future material weaknesses or significant deficiencies from occurring.

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If we identify future material weaknesses in our internal controls over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results or report them within the timeframes required by law or stock exchange regulations. Failure to comply with Section 404 of the Sarbanes-Oxley Act could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. If additional material weaknesses exist or are discovered in the future, and we are unable to remediate any such material weakness, our reputation, financial condition and operating results could suffer.

Expansion of our operations internationally will require management attention and resources, involves additional risks and may be unsuccessful.

We have no experience with operating internationally or selling our merchandise outside of the United States, and if we choose to expand internationally we would need to adapt to different local cultures, standards and policies. The business model we employ and the merchandise we currently offer may not appeal to consumers outside of the United States. Furthermore, to succeed with clients in international locations, it likely will be necessary to locate fulfillment centers in foreign markets and hire local employees in those international centers, and we may have to invest in these facilities before proving we can successfully run foreign operations. We may not be successful in expanding into international markets or in generating revenue from foreign operations for a variety of reasons, including:

- localization of our merchandise offerings, including translation into foreign languages and adaptation for local practices;
- different consumer demand dynamics, which may make our model and the merchandise we offer less successful compared to the United States;
- competition from local incumbents that understand the local market and may operate more effectively;
- regulatory requirements, taxes, trade laws, trade sanctions and economic embargoes, tariffs, export quotas, custom duties or other trade restrictions or any unexpected changes thereto;
- laws and regulations regarding anti-bribery and anti-corruption compliance;
- differing labor regulations where labor laws may be more advantageous to employees as compared to the United States and increased labor costs;
- more stringent regulations relating to privacy and data security and access to, or use of, commercial and personal information, particularly in Europe;
- changes in a specific country's or region's political or economic conditions; and
- risks resulting from changes in currency exchange rates.

If we invest substantial time and resources to establish and expand our operations internationally and are unable to do so successfully and in a timely manner, our operating results would suffer.

Our business, including our costs and supply chain, is subject to risks associated with sourcing and manufacturing.

We source all of the merchandise we offer from third-party vendors, and as a result we may be subject to price fluctuations or demand disruptions. Our operating results would be negatively impacted by increases in the prices of our merchandise, and we have no guarantees that prices will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher prices than we have historically seen in our current categories. We may not be able to pass increased prices on to clients, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the fabrics or raw materials used in the manufacture of the merchandise we

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offer, the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. For example, natural disasters have in the past increased raw material costs, impacting pricing with certain of our vendors, and caused shipping delays for certain of our merchandise. Any delays, interruption, damage to or increased costs in the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise or non-delivery of merchandise altogether, and could adversely affect our operating results.

If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed.

As of January 28, 2017, we offered merchandise from more than 500 established and emerging brands. In order to continue to attract and retain quality merchandise brands, we must help merchandise vendors increase their sales and offer merchandise vendors a high quality, cost-effective fulfillment process.

If we do not continue to acquire new merchandise vendors or retain our existing merchandise vendors on acceptable commercial terms, we may not be able to maintain a broad selection of merchandise, and our operating results may suffer.

In addition, our Exclusive Brands are sourced from third-party vendors and contract manufacturers. The loss of one of our Exclusive Brand vendors could require us to source Exclusive Brand merchandise from another vendor or manufacturer, which could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results.

Any failure by us or our vendors to comply with product safety, labor or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers may damage our reputation and brand and harm our business.

The merchandise we sell to our clients is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission and similar state and international regulatory authorities. As a result, such merchandise could be in the future subject to recalls and other remedial actions. Product safety, labeling and licensing concerns may require us to voluntarily remove selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased client service costs and legal expenses, which could have a material adverse effect on our operating results.

Some of the merchandise we sell may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, some of our agreements with our vendors may not indemnify us from product liability for a particular vendor's merchandise or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

We purchase our merchandise from numerous domestic and international vendors. Our standard vendor terms and conditions require vendors to comply with applicable laws. We recently hired independent firms that are in the process of conducting social audits of the working conditions at the factories producing our Exclusive Brands. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor. Failure of our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. In addition, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with clients or result in legal claims against us.

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Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

We currently rely on three major vendors for our shipping. If we are not able to negotiate acceptable pricing and other terms with these entities or they experience performance problems or other difficulties, it could negatively impact our operating results and our clients' experience. In addition, our ability to receive inbound inventory efficiently and ship merchandise to clients may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism and similar factors. For example, strikes at major international shipping ports have in the past impacted our supply of inventory from our vendors. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our merchandise is not delivered in a timely fashion or is damaged or lost during the delivery process, our clients could become dissatisfied and cease using our services, which would adversely affect our business and operating results.

We are subject to payment-related risks.

We accept payments online via credit and debit cards, which subjects us to certain regulations and fraud, and we may in the future offer new payment options to clients that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition and operating results could be adversely affected.

We may incur significant losses from fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a client did not authorize a purchase, merchant fraud and clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our operating results.

Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and eCommerce. These regulations and laws may involve taxes, privacy and data security, consumer protection, the ability to collect and/or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts or gift cards. Furthermore, the regulatory landscape impacting internet and eCommerce businesses is constantly evolving. For example, in 2010 California's Automatic Renewal Law went into effect, requiring companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with consumers. As a result, a wave of consumer class action lawsuits was brought against companies that offer online products and services on a subscription or recurring basis. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others, which could impact our operating results.

If we cannot successfully protect our intellectual property, our business would suffer.

We rely on trademark, copyright, trade secrets, patents, confidentiality agreements and other practices to protect our brands, proprietary information, technologies and processes. Our principal trademark assets include the registered trademarks “Stitch Fix” and “Fix,” multiple private label clothing and accessory brand names and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers’ perception of our services and merchandise. We also hold the rights to the “stitchfix.com” internet domain name and various other related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names in the United States or in other jurisdictions in which we may ultimately operate, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our operating results would be adversely impacted.

We currently have no patents issued and have six patent applications pending in the United States. Our patent applications may never be granted. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property or survive a legal challenge. Our limited patent protection may restrict our ability to protect our technologies and processes from competition. We primarily rely on trade secret laws to protect our technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position.

We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient.

We may be accused of infringing intellectual property rights of third parties.

We are also at risk of claims by others that we have infringed their copyrights, trademarks or patents, or improperly used or disclosed their trade secrets. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claims is valid, we may be compelled to cease our use of such intellectual property and pay damages, which could adversely affect our business. Even if such claims were not valid, defending them could be expensive and distracting, adversely affecting our operating results.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results.

An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state retailers. A successful assertion by one or more states requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments of sales tax collection obligations on out-of-state retailers could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors and decrease our future sales, which could have a material adverse impact on our business and operating results.

U.S. import taxation levels may increase and could harm our business.

Increases in taxes imposed on goods imported to the United States have been proposed by U.S. lawmakers and the President of the United States and, if enacted, may impede our growth and negatively affect our operating results. The substantial majority of our inventory is made outside of the United States and would be subject to increased taxation if new taxes on imports were imposed. Such taxes would increase the cost of our inventory and would raise retail prices of our merchandise to the extent we pass the increased costs on to clients, which could adversely affect our operating results.

We may experience fluctuations in our tax obligations and effective tax rate, which could adversely affect our operating results.

We are subject to taxes in the United States. We record tax expense based on current tax liabilities and our estimates of future tax liabilities, which may include reserves for estimates of probable settlements of tax audits. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as taxable events occur and exposures are re-evaluated. Further, our effective tax rate in a given financial statement period may be materially impacted by changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. Fluctuations in our tax obligations and effective tax rate could adversely affect our business, financial condition and operating results.

We may require additional capital to support business growth, and this capital might not be available or may be available only by diluting existing stockholders.

We intend to continue making investments to support our business growth and may require additional funds to support this growth and respond to business challenges, including the need to develop our services, expand our inventory, enhance our operating infrastructure, expand the markets in which we operate and potentially acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business and prospects could fail or be adversely affected.

Our failure to adequately and effectively staff our fulfillment centers, through third parties or with our own employees, could adversely affect our client experience and operating results.

We currently receive and distribute merchandise at five fulfillment centers in the United States, one of which is operated by a third party. If we or our third-party partner are unable to adequately staff our fulfillment centers to meet demand or if the cost of such staffing is higher than historical or projected costs due to mandated wage increases, regulatory changes, international expansion or other factors, our operating results could be harmed. In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Any such issues may result in delays in shipping times or packing quality, and our reputation and operating results may be harmed.

By using a third-party operator for one of our fulfillment centers, we also face additional risks associated with not having complete control over operations at that fulfillment center. Any deterioration in the financial condition or operations of that operator, or the loss of that operator, would have significant impact on our operations.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.

We use open source software in the applications we have developed to operate our business and will use open source software in the future. We may face claims from third parties demanding the release or license of the

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open source software or derivative works that we developed from 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 and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. In addition, our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business and operating results.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We have in the past and may in the future become involved in private actions, collective actions, investigations and various other legal proceedings by clients, employees, suppliers, competitors, government agencies or others. The results of any such litigation, investigations and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, financial condition and operating results.

If we are unable to make acquisitions and investments, or successfully integrate them into our business, our business could be harmed.

As part of our business strategy, we may acquire other companies or businesses. However, we may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. Acquisitions involve numerous risks, any of which could harm our business and negatively affect our operating results, including:

- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- difficulties in supporting and transitioning clients and suppliers, if any, of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, revenue recognition or other accounting practices, or employee or client issues;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, clients, vendors and suppliers from either our current business or an acquired company's business;
- inability to generate sufficient revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- possible write-offs or impairment charges relating to acquired businesses.

Our operating results could be adversely affected by natural disasters, public health crises, political crises or other catastrophic events.

Our principal offices and one of our fulfillment centers are located in the San Francisco Bay Area, an area which has a history of earthquakes, and are thus vulnerable to damage. We also operate offices and fulfillment centers in other cities and states. Natural disasters, such as earthquakes, hurricanes, tornadoes, floods and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war and other political instability; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and fulfillment centers or the operations of one or more of our third-party providers or vendors. In particular, these types of events could impact our merchandise supply chain, including our ability to ship merchandise to clients from or to the impacted region, and could impact our ability or the ability of third parties to operate our sites and ship merchandise. In addition, these types of events could negatively impact consumer spending in the impacted regions. To the extent any of these events occur, our business and operating results could be adversely affected.

Risks Relating to Our Initial Public Offering and Ownership of Our Class A Common Stock

The market price of our Class A common stock may be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may not be able to resell your shares at or above the initial public offering price and may lose all or part of your investment.

The initial public offering price for our Class A common stock will be determined through negotiations between the underwriters and us, and may vary from the market price of our Class A common stock following this offering. If you purchase shares of our Class A common stock in this offering, you may not be able to resell those shares at or above the initial public offering price. We cannot assure you that the market price following this offering will equal or exceed prices in privately negotiated transactions of our shares that have occurred from time to time before this offering. The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our client base, the level of client engagement, revenue or other operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our executive officers, directors and their affiliates;
- additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales, including if existing stockholders sell shares into the market when applicable “lock-up” periods end;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our vendors and competitors;

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- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened or filed against us;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many eCommerce and other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

An active trading market for our Class A common stock may never develop or be sustained.

We will apply to list our Class A common stock on the _____ under the symbol “_____”. However, we cannot assure you that an active trading market for our Class A common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our Class A common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired, or the prices that you may obtain for your shares.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders, including employees and service providers who obtain equity, sell or indicate an intention to sell, substantial amounts of our Class A common stock in the public market after the lock-up and legal restrictions on resale discussed in this prospectus lapse, the trading price of our Class A common stock could decline. Based on shares outstanding as of January 28, 2017, on the completion of this offering, we will have outstanding a total of _____ shares of Class A common stock and 86,650,565 shares of Class B common stock. This assumes no exercise of outstanding options and gives effect to the conversion of all of our outstanding shares of preferred stock into shares of Class B common stock, the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering and the issuance of shares of Class A common stock on the completion of this offering. Of these shares, only the shares of Class A common stock sold in this offering will be freely tradable, without restriction, in the public market immediately after the offering. Each of our directors, executive officers and other holders of substantially all our outstanding shares have entered into lock-up agreements with the underwriters that restrict their ability to sell or transfer their shares for a period of 180 days after the date of this prospectus; provided that such restricted period will end with respect to 35% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (i) we have filed at least one quarterly report on Form 10-Q or

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annual report on Form 10-K and (ii) the last reported closing price of our Class A common stock is at least 25% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; provided, further that if such restricted period ends during a trading black-out period, the restricted period will end one business day following the date that we announce our earnings results for the previous quarter. However, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC may, in their sole discretion, waive the contractual lock-up before the lock-up agreements expire. After the lock-up agreements expire, all shares outstanding as of January 28, 2017 (assuming the closing of the offering) will be eligible for sale in the public market, of which shares are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 of the Securities Act of 1933, as amended, or the Securities Act, and various vesting agreements. Sales of a substantial number of such shares upon expiration of the lock-up and market stand-off agreements, 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, 7,556,131 shares of Class B common stock are subject to outstanding stock options as of January 28, 2017, and outstanding stock options to purchase an aggregate of 517,400 shares of Class B common stock were granted subsequent to January 28, 2017. These shares will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements, the lock-up agreements and Rules 144 and 701 of the Securities Act. We intend to file a registration statement on Form S-8 under the Securities Act covering all the shares of Class A common stock subject to stock options outstanding and reserved for issuance under our stock plans. That registration statement will become effective immediately on filing, and shares covered by that registration statement will be eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates and the lock-up agreement described above. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our Class A common stock could decline.

The dual class structure of our common stock and the existing ownership of capital stock by our executive officers, directors and their affiliates will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence corporate matters.

Our Class B common stock has votes per share and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Our existing stockholders, all of which hold shares of Class B common stock, will collectively beneficially own shares representing approximately % of the voting power of our outstanding capital stock following the completion of this offering. Our directors and executive officers and their affiliates will collectively beneficially own, in the aggregate, shares representing approximately % of the voting power of our outstanding capital stock immediately following the completion of this offering. As a result, the holders of our Class B common stock will be able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock.

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

We cannot specify with any certainty the particular uses of the net proceeds that we will receive from this offering. Our management will have broad discretion in applying the net proceeds we receive from this offering. We may use the net proceeds for general corporate purposes, including working capital, operating expenses and capital expenditures. We may use a portion of the net proceeds to acquire complementary businesses, products,

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services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. We may also spend or invest these proceeds in a way with which our stockholders disagree. If our management fails to use these funds effectively, our business could be seriously harmed. Pending their use, the net proceeds from this offering may be invested in a way that does not produce income or that loses value.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the trading price or trading volume of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our Class A common stock to decline.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors.

We are an emerging growth company and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of this offering, although we expect to not be an emerging growth company sooner. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue;
- the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our Class A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.

Under the JOBS Act, “emerging growth companies” can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this accommodation and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay any cash dividends on our Class A common stock in the foreseeable future. As a result, any investment return our Class A common stock will depend upon increases in the value for our Class A common stock, which is not certain.

Future securities issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.

Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to existing holders of our Class A common stock. Also, to the extent outstanding options and warrants to purchase our shares of our Class A or Class B common stock are exercised or options or other stock-based awards are issued or become vested, there will be further dilution. The amount of dilution could be substantial depending upon the size of the issuances or exercises. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock. As a result, purchasers of our Class A common stock in this offering bear the risk that future issuances of debt or equity securities may reduce the value of our Class A common stock and further dilute their ownership interest.

As of January 28, 2017, there were 7,556,131 shares of Class B common stock subject to outstanding options. In connection with this offering, all of the shares of Class A common stock issuable upon the conversion of shares of Class B common stock subject to outstanding options will be registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements, and subject to compliance with applicable securities laws.

In addition, as of January 28, 2017, the holders of approximately 60,577,280 shares of our Class B common stock, on an as converted basis, including 1,066,225 shares of Class B common stock issuable upon the automatic exercise of outstanding preferred stock warrants in connection with this offering, have rights, subject to certain conditions, to require us to file registration statements for the public resale of the shares of Class A common stock issuable upon conversion of their shares of Class B common stock, or to include such shares in registration statements that we may file.

The requirements of being a public company may strain our resources, result in more litigation and divert management's attention.

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, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, the listing requirements of the and other applicable securities rules and regulations. Complying with these rules and regulations has increased and 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. To address these challenges, we recently expanded our finance and accounting teams. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. In order to maintain and, if required, 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 adversely affect our business and operating results. We may need to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

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In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

These new rules and regulations may make it more expensive for us to obtain director and officer liability insurance and, in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

By disclosing information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If those claims are successful, our business could be seriously harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and seriously harm our business.

If you purchase shares of our Class A common stock in our initial public offering, you will experience substantial and immediate dilution.

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, is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. If you purchase shares of our Class A common stock in our initial public offering, you will experience substantial and immediate dilution in the pro forma net tangible book value per share of \$ per share as of January 28, 2017, based on the initial public offering price of \$ per share. That is because the price that you pay will be substantially greater than the pro forma net tangible book value per share of the Class A common stock that you acquire. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares of our capital stock. You will experience additional dilution when those holding options exercise their right to purchase common stock under our equity incentive plans or when we otherwise issue additional shares of our common stock. For more information, see "Dilution."

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;

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- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware;
- reflect the dual class structure of our common stock; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws, that will be in effect on the completion of this offering or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock. For information regarding these and other provisions, see “Description of Capital Stock—Anti-Takeover Provisions.”

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forums for substantially all 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 certificate of incorporation that will be in effect on the completion of this offering will 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; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will further 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.

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. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation that will be in effect on the completion of this offering to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, expenses and other operating results;
- our ability to sustain our profitability;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- our ability to acquire new clients and successfully engage new and existing clients;
- the costs and success of our marketing efforts, and our ability to promote our brand;
- our ability to continue to collect meaningful data, improve our algorithms and provide personalized Fixes for our clients;
- our ability to gauge apparel trends and changing consumer preferences;
- our ability to maintain and expand relationships with our brand partners;
- our ability to effectively manage our inventory;
- our ability to advance our technological and data science capabilities, as well as our ability to use our technological and data science capabilities to drive efficiencies in our business;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to protect our intellectual property rights and any costs associated therewith;
- our ability to compete effectively with existing competitors and new market entrants; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

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

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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 any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, 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.

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications, such as those published by Euromonitor International Limited, or Euromonitor, or other publicly available information, as well as other information based on our internal sources. This information involves many 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 other publicly available information. The industry data presented in this prospectus related to the size of the U.S. apparel, footwear and accessories market is based on data from Euromonitor, Retail and Apparel and Footwear, 2017 edition, RSP (retail selling price), current terms, and our analysis of such data. None of the industry publications referred to in this prospectus were prepared on our or on our affiliates' behalf or at our expense. While we are not aware of any misstatements regarding any third-party information presented in this prospectus, Euromonitor's figures are based in part on official statistics, trade associations, trade press, company research, trade interviews and trade services, and as such have not been independently verified by Euromonitor in each case. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors," that could cause results to differ materially from those expressed in these publications and other publicly available information.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of 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) based on an assumed initial public offering price of \$ _____ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of Class A common stock would increase (decrease) the net proceeds to us from this offering by approximately \$ _____ million, 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. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of 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 of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time.

We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from the offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and capitalization as of January 28, 2017:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the reclassification of our common stock into Class B common stock, (ii) the automatic conversion of all of our outstanding shares of convertible preferred stock into shares of Class B common stock in connection with this offering, (iii) the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering and (iv) the filing and effectiveness of our amended and restated certificate of incorporation which will be in effect on the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above and (ii) our receipt of estimated net proceeds from the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

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

	January 28, 2017		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands except share and per share amounts)		
Cash	\$ 127,672	\$ 127,672	\$
Convertible preferred stock, \$0.00002 par value, 60,577,280 shares authorized, 59,511,055 shares issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	42,222		
Stockholders’ equity:			
Preferred stock, \$0.00002 par value, no shares authorized, issued, and outstanding, actual, and shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock, \$0.00002 par value, 98,000,000 authorized, 26,073,285 shares issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—		
Class A common stock, \$0.00002 par value, no shares authorized, issued and outstanding, actual, shares authorized and no shares issued and outstanding, pro forma, shares authorized and shares issued and outstanding, pro forma as adjusted	—		
Class B common stock, \$0.00002 par value, no shares authorized, issued and outstanding, actual, shares authorized and 86,650,565 shares issued and outstanding, pro forma and pro forma as adjusted	—	2	
Additional paid-in capital	23,124	75,791	
Retained earnings	48,928	48,928	
Total stockholders’ equity	\$ 72,052	\$ 124,721	\$
Total capitalization	\$ 114,274	\$ 124,721	\$

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A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ million, 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. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) each of our pro forma as adjusted cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ million, assuming the assumed initial public offering price of \$ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 86,650,565 shares of Class B common stock outstanding as of January 28, 2017, and excludes:

- 7,556,131 shares of Class B common stock issuable on the exercise of stock options outstanding as of January 28, 2017 under our 2011 Plan with a weighted-average exercise price of \$2.25 per share;
- 517,400 shares of Class B common stock issuable upon the exercise of outstanding stock options issued after January 28, 2017 pursuant to our 2011 Plan with a weighted-average exercise price of \$7.38 per share;
- shares of Class A common stock reserved for future issuance under our 2017 Plan, which became effective on , 2017, as well as any future increases, including annual automatic increases, in the number of shares of Class A common stock reserved for issuance under our 2017 Plan and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled "Executive Compensation—Employee Benefit Plans"; and
- shares of Class A common stock reserved for issuance under our ESPP, which will become effective on the date immediately prior to the date of the underwriting agreement related to this offering, as well as any future increases, including annual automatic increases, in the number of shares of Class A common stock reserved for future issuance under our ESPP.

DILUTION

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

Our pro forma net tangible book value as of January 28, 2017 was \$ _____ million, or \$ _____ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of our shares of common stock outstanding as of January 28, 2017, after giving effect to the automatic conversion of all outstanding shares of preferred stock into an aggregate of 59,511,055 shares of Class B common stock and issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering.

After giving effect to the sale by us of _____ shares of Class A common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value as of January 28, 2017 would have been \$ _____ million, or \$ _____ per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value of \$ _____ per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of \$ _____ per share to new investors purchasing Class A common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	\$ _____
Pro forma net tangible book value per share as of January 28, 2017	\$ _____
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering	_____
Pro forma as adjusted net tangible book value per share after this offering	_____
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering	\$ _____

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by \$ _____ per share and increase (decrease) the dilution to new investors by \$ _____ per share, in each case assuming the number of shares of 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. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value by approximately \$ _____ per share and decrease (increase) the dilution to new investors by approximately \$ _____ per share, in each case assuming the assumed initial public offering price of \$ _____ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

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, as adjusted to give effect to this offering, would be \$ _____ per share, and the dilution in pro forma net tangible book value per share to investors in this offering would be \$ _____ per share.

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The following table summarizes, as of January 28, 2017, on a pro forma as adjusted basis as described above, the number of shares of our common stock, the total consideration and the average price per share (i) paid to us by existing stockholders, and (ii) to be paid by new investors acquiring our Class A common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses.

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Per Share</u>
Existing stockholders	86,650,565	%		%	
New investors					
Totals		<u>100.0%</u>	<u>\$</u>	<u>100.0%</u>	

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately \$ _____ million, assuming that the number of shares of 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.

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 86,650,565 shares of Class B common stock outstanding as of January 28, 2017, and excludes:

- 7,556,131 shares of Class B common stock issuable on the exercise of stock options outstanding as of January 28, 2017 under our 2011 Plan with a weighted-average exercise price of \$2.25 per share;
- 517,400 shares of Class B common stock issuable upon the exercise of outstanding stock options issued after January 28, 2017 pursuant to our 2011 Plan with a weighted-average exercise price of \$7.38 per share;
- _____ shares of Class A common stock reserved for future issuance under our 2017 Plan, which became effective on _____, 2017, as well as any future increases, including annual automatic increases, in the number of shares of Class A common stock reserved for issuance under our 2017 Plan and any shares underlying outstanding stock awards granted under our 2011 Plan that expire or are repurchased, forfeited, cancelled or withheld, as more fully described in the section titled “Executive Compensation—Employee Benefit Plans”; and
- _____ shares of Class A common stock reserved for issuance under our ESPP, which will become effective on the date immediately prior to the date of the underwriting agreement related to this offering, as well as any future increases, including annual automatic increases, in the number of shares of Class A common stock reserved for future issuance under our ESPP.

To the extent that any outstanding options are exercised or new options are issued under our stock-based compensation plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. If all outstanding options under our 2011 Plan as of January 28, 2017 were exercised or settled, then our existing stockholders, including the holders of these options, would own _____ % and our new investors would own _____ % of the total number of shares of our Class A common stock and Class B common stock outstanding on the completion of this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statement of operations data for 2016 and the selected consolidated balance sheet data as of July 30, 2016 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for 2014 and 2015 and the selected consolidated balance sheet data as of August 2, 2014 and August 1, 2015 have been derived from our consolidated financial statements that are not included in this prospectus. The selected consolidated statements of operations data for the first half of 2016 and 2017 and the selected consolidated balance sheet data as of January 28, 2017 have been derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected for the full year or any other period in the future.

	2014	2015	2016	2016	2017
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Revenue, net	\$ 73,227	\$ 342,803	\$ 730,313	\$ 331,765	\$ 473,779
Cost of goods sold	47,425	198,054	407,064	187,283	256,979
Gross profit	25,802	144,749	323,249	144,482	216,800
Selling, general and administrative expenses ⁽¹⁾⁽²⁾	30,242	108,562	259,021	106,298	189,385
Operating income (loss)	(4,440)	36,187	64,228	38,184	27,415
Remeasurement of preferred stock warrant liability	1,534	2,938	3,019	2,053	2,649
Other (income) expense, net	336	(2)	(13)	(2)	(13)
Income (loss) before income taxes	(6,310)	33,251	61,222	36,133	24,779
Provision for income taxes	23	12,322	28,041	15,185	11,303
Net income (loss)	<u>\$ (6,333)</u>	<u>\$ 20,929</u>	<u>\$ 33,181</u>	<u>\$ 20,948</u>	<u>\$ 13,476</u>
Net income (loss) attributable to common stockholders ⁽³⁾					
Basic	<u>\$ (6,333)</u>	<u>\$ 4,573</u>	<u>\$ 8,211</u>	<u>\$ 5,112</u>	<u>\$ 3,505</u>
Diluted	<u>\$ (6,333)</u>	<u>\$ 5,318</u>	<u>\$ 9,496</u>	<u>\$ 5,971</u>	<u>\$ 3,948</u>
Earnings (loss) per share attributable to common stockholders ⁽³⁾					
Basic	<u>\$ (0.34)</u>	<u>\$ 0.22</u>	<u>\$ 0.36</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>
Diluted	<u>\$ (0.34)</u>	<u>\$ 0.21</u>	<u>\$ 0.34</u>	<u>\$ 0.22</u>	<u>\$ 0.14</u>
Shares used to compute earnings (loss) per share attributable to common stockholders ⁽³⁾					
Basic	<u>18,893,197</u>	<u>20,705,313</u>	<u>22,729,890</u>	<u>21,972,866</u>	<u>24,546,556</u>
Diluted	<u>18,893,197</u>	<u>25,452,912</u>	<u>27,882,844</u>	<u>27,274,831</u>	<u>29,134,729</u>

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	2014	2015	2016	2016	First Half 2017
	(in thousands, except share and per share data)				
Pro forma earnings per share attributable to common stockholders ⁽³⁾					
Basic			\$ 0.41		\$ 0.17
Diluted			\$ 0.38		\$ 0.16
Shares used in computing pro forma earnings per share attributable to common stockholders ⁽³⁾					
Basic			83,307,170		85,123,836
Diluted			88,460,124		89,712,009
Other Financial Data:					
Adjusted EBITDA ⁽⁴⁾	\$(3,791)	\$42,126	\$ 72,582	\$39,383	\$ 52,083
Non-GAAP net income (loss) ⁽⁴⁾	\$(4,422)	\$29,033	\$ 41,010	\$23,001	\$ 28,518

- (1) Includes stock-based compensation expense of \$241,000, \$743,000 and \$1,850,000 for 2014, 2015 and 2016, respectively, and \$876,000 and \$1,362,000 for the first half of 2016 and the first half of 2017, respectively.
- (2) Includes compensation expense related to certain stock sales by current and former employees of \$4,810,000 and \$21,283,000 for 2016 and the first half of 2017, respectively.
- (3) See Note 11 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted earnings (loss) per share attributable to common stockholders, pro forma earnings per share and the weighted average number of shares used in the computation of the per share amounts.
- (4) See the section titled "Selected Consolidated Financial Data—Non-GAAP Financial Measures" for information regarding our use of adjusted EBITDA and non-GAAP net income (loss), and their reconciliation to net income.

	August 2, 2014	August 1, 2015	July 30, 2016	January 28, 2017
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash	\$ 34,636	\$ 68,449	\$ 91,488	\$ 127,672
Working capital ⁽¹⁾	28,684	41,615	63,199	79,794
Total assets	46,145	111,600	191,600	250,752
Convertible preferred stock	42,222	42,222	42,222	42,222
Total stockholders' equity (deficit)	(12,945)	8,539	49,947	72,052

- (1) Working capital for all periods presented above is defined as current assets less current liabilities.

Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles in the United States, or GAAP. However, management believes that certain non-GAAP financial measures provide investors of our financial information with additional useful information in evaluating our performance. Management believes that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net income provides useful supplemental measures that assist in evaluating our ability to generate earnings and to more readily compare these metrics between past and future periods. Management also believes that adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, and

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that such supplemental measure facilitates comparisons between companies. These non-GAAP financial measures may be different than similarly titled measures used by other companies. For instance, we do not exclude stock-based compensation expense from adjusted EBITDA or non-GAAP net income (loss). Stock-based compensation is an important part of how we attract and retain our employees, and we consider it to be a real cost of running the business.

Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures. Some of these limitations include:

- our non-GAAP financial measures exclude compensation expense that we recognized related to certain stock sales by current and former employees;
- our non-GAAP financial measures exclude the remeasurement of preferred stock warrant liability, which is a non-cash expense that will not recur in the periods following the period in which we complete this offering;
- adjusted EBITDA also excludes the recurring, non-cash expenses of depreciation and amortization of property and equipment and, although these are non-cash expenses, the assets being depreciated and amortized may have to be replaced in the future; and
- adjusted EBITDA does not reflect our tax provision that reduces cash available to us.

Adjusted EBITDA

Adjusted EBITDA is net income (loss) excluding other (income) expense, net, provision for income taxes, depreciation and amortization, the remeasurement of preferred stock warrant liability and compensation expense related to certain stock sales by current and former employees. The following table presents a reconciliation of net income (loss), the most comparable GAAP financial measure, to adjusted EBITDA for each of the periods presented:

	2014	2015	2016	First Half	
				2016	2017
	(in thousands)				
Adjusted EBITDA reconciliation:					
Net income (loss)	\$(6,333)	\$20,929	\$33,181	\$20,948	\$13,476
Add (deduct):					
Other (income) expense, net	336	(2)	(13)	(2)	(13)
Provision for income taxes	23	12,322	28,041	15,185	11,303
Depreciation and amortization	272	773	3,544	1,199	3,385
Remeasurement of preferred stock warrant liability	1,534	2,938	3,019	2,053	2,649
Compensation expense related to certain stock sales by current and former employees	377	5,166	4,810	—	21,283
Adjusted EBITDA	<u>\$(3,791)</u>	<u>\$42,126</u>	<u>\$72,582</u>	<u>\$39,383</u>	<u>\$52,083</u>

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Non-GAAP Net Income (Loss)

Non-GAAP net income (loss) is net income (loss) excluding the remeasurement of preferred stock warrant liability, compensation expense related to certain stock sales by current and former employees and their related tax impacts, if any. The following table presents a reconciliation of net income (loss), the most comparable GAAP financial measure, to non-GAAP net income (loss) for each of the periods presented:

	2014	2015	2016	First Half	
				2016	2017
	(in thousands)				
Non-GAAP net income (loss) reconciliation:					
Net income (loss)	\$(6,333)	\$20,929	\$33,181	\$20,948	\$13,476
Add (deduct):					
Remeasurement of preferred stock warrant liability	1,534	2,938	3,019	2,053	2,649
Compensation expense related to certain stock sales by current and former employees	377	5,166	4,810	—	21,283
Tax impact of non-GAAP adjustments ⁽¹⁾	—	—	—	—	(8,890)
Non-GAAP net income (loss)	<u>\$(4,422)</u>	<u>\$29,033</u>	<u>\$41,010</u>	<u>\$23,001</u>	<u>\$28,518</u>

(1) The income tax impact is calculated using the U.S. federal and state statutory tax rates applied to the non-GAAP adjustments. If the non-GAAP adjustments are treated as permanent items for tax purposes, there is no related non-GAAP tax impact.

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

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

Overview

Stitch Fix is transforming the way people find what they love, one client at a time and one Fix at a time.

Stitch Fix was inspired by the vision of a client-first, client-centric new way of retail. What people buy and wear matters. When we serve our clients well, we help them discover and define their styles, we find jeans that fit and flatter their bodies, we reduce their anxiety and stress when getting ready in the morning, we give them time back in their lives to invest in themselves or spend with their families and we give them confidence in job interviews and on first dates. Most of all, we are fortunate to play a small part in our clients looking, feeling and ultimately being their best selves.

We are reinventing the shopping experience by delivering one-to-one personalization to our clients through the combination of data science and human judgment. This combination drives a better client experience and a more powerful business model than either element could deliver independently.

Our mission is to inspire our clients to look, feel and be their best selves. Our clients are happiest, and in turn our business succeeds, when we successfully personalize Fixes that meet their fit, style and price preferences. Since our founding in 2011, we have focused on developing a personal styling service that utilizes data science to transcend the traditional brick-and-mortar and eCommerce retail experience. In 2011, we launched our Women's business. Since 2013, we have opened five fulfillment centers across the United States and have grown our stylist team to over 3,300 employees. By 2014, our business was generating positive operating cash flows, allowing us to expand into new categories. From 2015 to 2017, we entered into the Petite, Maternity, Men's and Plus categories and began offering shoes and accessories.

Our stylists hand select items from a broad selection of merchandise. Stylists pair their own judgment with our analysis of client and merchandise data to provide a personalized shipment of apparel, shoes and accessories suited to each client's needs. We call each of these unique shipments a Fix. Our clients may choose to schedule automatic shipments that arrive every two to three weeks or on a monthly, bi-monthly or quarterly cadence, or schedule a Fix on-demand. Clients can increase or decrease their desired Fix frequency at any time, and can select the exact date by which they want to receive a Fix. After receiving a Fix, our clients purchase the items they want to keep and return the other items. For each Fix, we charge clients a \$20 styling fee that is credited towards the merchandise purchased. If the client chooses to keep all items in a Fix, she receives a 25% discount on her entire purchase.

We are successful when we are able to help clients find what they love again and again, creating long-term, trusted relationships. Our clients share personal information with us because they recognize that doing so will result in more personalized and successful experiences. Our data-driven understanding of our clients and merchandise, paired with the personal touch of our stylists, allows us to meet clients' needs and adapt as their tastes and preferences evolve.

The very human experience that we deliver is powered by data science. Our data science capabilities consist of our rich data set and our proprietary algorithms, which fuel our business by enhancing the client experience

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and driving business model efficiencies. The vast majority of our client data is provided directly and explicitly by our clients, rather than inferred, scraped or obtained from other sources. We also gather extensive merchandise data, such as inseam, pocket shape, silhouette and fit. This large and growing data set provides the foundation for proprietary algorithms that we use throughout our business, including those that predict purchase behavior, forecast demand, optimize inventory and enable us to design new apparel. We believe our data science capabilities give us a significant competitive advantage, and as our data set grows, our algorithms become more powerful.

Our stylists leverage our data science through a custom-built, web-based styling application that provides recommendations from our broad selection of merchandise. Our stylists then apply their judgment to select what they believe to be the best items for each Fix. Our stylists provide a personal touch, offer styling advice and context to each item selected, and help us develop long-term relationships with our clients. Our stylists are U.S.-based employees, most of whom work part-time and remotely. The flexible working arrangement we have with stylists creates leverage in our business model by allowing us to easily scale our total stylist work time and manage capacity as Fix demand necessitates. Our stylists are not compensated based on commission because we want our stylists to best serve our clients, even if that means suggesting a less expensive item.

We maintain a broad range of product offerings to serve our clients. We offer both merchandise sourced from brand partners and our own Exclusive Brands. We use our data to inform the merchandise we buy and develop that will best suit our clients. We also use our data to manage and deploy that merchandise, resulting in favorable inventory turnover rates. We believe that we are a preferred channel and a powerful growth opportunity for our brand partners. Unlike many sales channels, we do not rely on discounts or promotions. We enable our brand partners to reach clients they may not have otherwise reached. Further, we provide our brand partners with insights based on client feedback that help our brand partners to improve and evolve their merchandise to better meet consumer demand.

We have developed an efficient logistics infrastructure. As of January 28, 2017, we had five fulfillment centers encompassing 1.8 million square feet of space, supported by over 1,500 full-time employees. We support our logistics network with proprietary algorithms to optimize inventory allocation, reduce shipping and fulfillment expenses and deliver Fixes quickly and efficiently to our clients. We inspect and re-deploy returned items quickly, to drive more favorable working capital. We believe we can create additional leverage in our logistics infrastructure through our operational and data science expertise.

We reach clients through a combination of word of mouth, referrals, advertising and other marketing efforts. We invest in marketing with the goal of attracting new clients, improving engagement with current clients and expanding our client closet share over time. As we continue to expand our marketing efforts, we plan to remain disciplined in measuring the return on advertising spend.

We believe our success in serving clients has resulted in our rapid and profitable growth. We have also been capital-efficient, having raised only \$42.5 million of equity capital since inception. We have been net income positive on an annual basis since 2015, while continuing to make meaningful investments to drive growth. In 2015 and 2016, we reported \$342.8 million and \$730.3 million in revenue, respectively, representing year-over-year growth of 113.0%. In 2015 and 2016, we reported \$20.9 million and \$33.2 million in net income, respectively, representing year-over-year growth of 58.5%. In 2015 and 2016, we reported \$42.1 million and \$72.6 million in adjusted EBITDA, respectively, representing year-over-year growth of 72.3%. See the section titled “Selected Consolidated Financial Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and its reconciliation to net income.

Key Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key metrics to measure our performance.

	2016	First Half	
		2016	2017
		(in thousands)	
Adjusted EBITDA	\$72,582	\$39,383	\$52,083
Non-GAAP net income	\$41,010	\$23,001	\$28,518

See the section titled “Selected Consolidated Financial Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and non-GAAP net income and their reconciliation to net income.

Factors Affecting Our Performance

Client Acquisition and Engagement

To grow our business, we must continue to acquire clients and successfully engage them. We believe that implementing broad-based marketing strategies that increase our brand awareness has the potential to strengthen Stitch Fix as a national consumer brand, help us acquire new clients and drive revenue growth. As our business has achieved a greater scale and we are able to support a large and growing client base, we have increased our investments in marketing to take advantage of more marketing channels to profitably acquire clients. We expect to continue to make significant marketing investments to grow our business. We currently utilize both digital and offline channels to attract new visitors to our website or mobile app and subsequently convert them into clients. Our current marketing efforts include client referrals, affiliate programs, partnerships, display advertising, television, print, radio, video, content, direct mail, social media, email, mobile “push” communications, search engine optimization and keyword search campaigns.

To successfully acquire clients and increase engagement, we must also continue to improve the diversity of our offering. These efforts may include broadening our brand partnerships and expanding into new categories, product types, price points and geographies.

Investment in our Operations and Infrastructure

To grow our client base and enhance our offering, we will incur additional expenses. We intend to leverage our data science and deep understanding of our clients’ needs to inform investments in operations and infrastructure. We anticipate that our expenses will increase as we continue to hire additional personnel and further advance our technological and data science capabilities. Moreover, we intend to make capital investments in our inventory, fulfillment centers and office space and logistics infrastructure as we launch new categories, expand internationally and drive operating efficiencies. We expect to increase our spending on these investments in the future and cannot be certain that these efforts will grow our client base or be cost-effective. However, we believe these strategies will yield positive returns in the long term.

Inventory Management

We leverage our data science to buy and manage our inventory, including merchandise assortment and fulfillment center optimization. To ensure sufficient availability of merchandise, we generally enter into purchase orders well in advance and frequently before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. We incur inventory write-offs and changes in inventory reserves that impact our gross margins. Because our

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merchandise assortment directly correlates to client success, we may at times optimize our inventory to prioritize long-term client success over short-term gross margin impact. Moreover, our inventory investments will fluctuate with the needs of our business. For example, entering new categories or adding new fulfillment centers will require additional investments in inventory.

Merchandise Mix

We offer apparel, shoes and accessories across categories, brands, product types and price points. We currently serve our clients in the following categories: Women's, Petite, Maternity, Men's and Plus. We also carry a mix of third-party branded merchandise and our own Exclusive Brands. We also offer a wide variety of product types, including denim, dresses, blouses, skirts, shoes, jewelry and handbags. We sell merchandise across a broad range of price points and may further broaden our price point offerings in the future.

While changes in our merchandise mix have not caused significant fluctuations in our gross margin to date, categories, brands, product types and price points do have a range of margin profiles. For example, our Exclusive Brands have generally contributed higher margin, and shoes have generally contributed lower margin. Shifts in merchandise mix driven by client demand may result in fluctuations in our gross margin from period to period.

Components of Results of Operations

Revenue

We generate revenue primarily from the sale of merchandise. We deduct discounts, sales tax and estimated refunds to arrive at net revenue, which we refer to as revenue throughout this prospectus. In addition, we generate revenue from the styling fee we charge clients, which is credited against any merchandise purchased.

Cost of Goods Sold

Cost of goods sold consists of the costs of merchandise, expenses for shipping to and from clients and inbound freight, inventory write-offs and changes in our inventory reserve, payment processing fees and packaging materials costs. We expect our cost of goods sold to fluctuate as a percentage of revenue primarily due to how we manage our inventory and merchandise mix. Our classification of cost of goods sold may vary from other companies in our industry and may not be comparable.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of compensation and benefits costs, including stock-based compensation expense, for our employees including our stylist, fulfillment center operations, data analytics, merchandising, engineering, client experience, marketing and corporate personnel. Selling, general and administrative expenses also include marketing and advertising costs, third-party logistics costs, facility costs for our fulfillment centers and offices, professional service fees, information technology costs and depreciation and amortization expense. We expect our selling, general and administrative expenses to increase in absolute dollars and to fluctuate as a percentage of revenue due to the anticipated growth of our business, increased marketing investments and additional costs associated with becoming a public company. Our classification of selling, general and administrative expenses may vary from other companies in our industry and may not be comparable.

Remeasurement of Preferred Stock Warrant Liability

We estimate the fair value of the preferred stock warrant liability at the end of each reporting period and recognize changes in the fair value through our statement of operations. We expect to remeasure the liability associated with these warrants each quarter until they are exercised. In connection with our initial public offering, all warrants will be automatically exercised for no consideration.

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Provision for Income Taxes

Our provision for income taxes consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions and the valuation allowance against deferred tax assets, as applicable.

Results of Operations

The following table sets forth our results of operations for the periods indicated:

	First Half		Change	
	2016	2017	Amount	%
Revenue, net	\$331,765	\$473,779	\$142,014	42.8%
Cost of goods sold	187,283	256,979	69,696	37.2
Gross profit	144,482	216,800	72,318	50.1
Selling, general and administrative expenses	106,298	189,385	83,087	78.2
Operating income	38,184	27,415	(10,769)	(28.2)
Remeasurement of preferred stock warrant liability	2,053	2,649	596	29.0
Other income, net	(2)	(13)	(11)	*
Income before income taxes	36,133	24,779	(11,354)	(31.4)
Provision for income taxes	15,185	11,303	(3,882)	(25.6)
Net income	<u>\$ 20,948</u>	<u>\$ 13,476</u>	<u>\$ (7,472)</u>	<u>(35.7)%</u>

* Not meaningful.

The following table sets forth the components of our results of operations as a percentage of revenue:

	First Half	
	2016	2017
Revenue, net	100.0%	100.0%
Cost of goods sold	56.5	54.2
Gross profit	43.5	45.8
Selling, general and administrative expenses	32.0	40.0
Operating income	11.5	5.8
Remeasurement of preferred stock warrant liability	0.6	0.6
Other income, net	(0.0)	(0.0)
Income before income taxes	10.9	5.2
Provision for income taxes	4.6	2.4
Net income	<u>6.3%</u>	<u>2.8%</u>

Comparison of the First Half of 2016 and the First Half of 2017

Revenue, Cost of Goods Sold, Gross Profit and Gross Margin

Revenue in the first half of 2017 increased by \$142.0 million, or 42.8%, from revenue in the first half of 2016. The increase in revenue was primarily attributable to increases in the number of shipments to our clients and, to a lesser extent, the average number of items they purchased within a Fix.

Gross margin increased to 45.8% in the first half of 2017 from 43.5% in the first half of 2016. The increase was primarily attributable to improved inventory management. In the first half of 2016, we had higher inventory write-offs and a higher inventory reserve.

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Selling, General and Administrative Expenses

Selling, general and administrative expenses in the first half of 2017 increased by \$83.1 million, or 78.2%, from selling, general and administrative expenses in the first half of 2016. The increase in selling, general and administrative expenses was primarily attributable to a \$38.4 million increase in compensation and benefits expenses as we increased our headcount, and a \$21.3 million increase related to compensation expense recognized for certain stock sales by current and former employees. In addition, the increase was driven by \$19.9 million in higher marketing spend as we expanded our paid online, radio and television advertising initiatives.

Remeasurement of Preferred Stock Warrant Liability

The change in the preferred stock warrant liability was due to an increase in the underlying fair value of our preferred stock.

Provision for Income Taxes

Our provision for income taxes reflects an effective tax rate of 42.0% and 45.6% for the first half of 2016 and the first half of 2017, respectively. Our effective tax rate and provision for income taxes increased from the first half of 2016 to the first half of 2017 primarily due to increases in permanent differences and state tax reserves.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations for each of the quarters indicated. The information for each quarter has been prepared on a basis consistent with our audited consolidated financial statements included in this prospectus and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair presentation of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected for the full year or any other period in the future. The following quarterly financial information should be read in conjunction with our audited consolidated financial statements and related notes included in this prospectus.

	Quarter Ended					
	October 31, 2015	January 30, 2016	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
	(in thousands)					
Consolidated Statements of Operations:						
Revenue, net	\$ 155,969	\$ 175,796	\$ 194,006	\$ 204,542	\$ 236,004	\$ 237,775
Cost of goods sold	85,048	102,235	108,884	110,897	125,926	131,053
Gross profit	70,921	73,561	85,122	93,645	110,078	106,722
Selling, general and administrative expenses	48,296	58,002	76,069	76,654	83,550	105,835
Operating income	22,625	15,559	9,053	16,991	26,528	887
Remeasurement of preferred stock warrant liability	993	1,060	295	671	1,503	1,146
Other income, net	(1)	(1)	(4)	(7)	(7)	(6)
(Loss) income before income taxes	21,633	14,500	8,762	16,327	25,032	(253)
(Benefit) provision for income taxes	9,011	6,174	5,556	7,300	11,789	(486)
Net income	<u>\$ 12,622</u>	<u>\$ 8,326</u>	<u>\$ 3,206</u>	<u>\$ 9,027</u>	<u>\$ 13,243</u>	<u>\$ 233</u>
Other Financial Data:						
Adjusted EBITDA	\$ 23,080	\$ 16,303	\$ 14,976	\$ 18,223	\$ 27,989	\$ 24,094
Non-GAAP net income	\$ 13,615	\$ 9,386	\$ 8,311	\$ 9,698	\$ 14,746	\$ 13,772

The following table provides a reconciliation of net income to adjusted EBITDA:

	Quarter Ended					
	October 31, 2015	January 30, 2016	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
	(in thousands)					
Net income	\$ 12,622	\$ 8,326	\$ 3,206	\$ 9,027	\$ 13,243	\$ 233
Add (deduct):						
Other income, net	(1)	(1)	(4)	(7)	(7)	(6)
(Benefit) provision for income taxes	9,011	6,174	5,556	7,300	11,789	(486)
Depreciation and amortization	455	744	1,113	1,232	1,461	1,924
Remeasurement of preferred stock warrant liability	993	1,060	295	671	1,503	1,146
Compensation expense related to certain stock sales by current and former employees	—	—	4,810	—	—	21,283
Adjusted EBITDA	<u>\$ 23,080</u>	<u>\$ 16,303</u>	<u>\$ 14,976</u>	<u>\$ 18,223</u>	<u>\$ 27,989</u>	<u>\$ 24,094</u>

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The following table provides a reconciliation of net income to non-GAAP net income:

	Quarter Ended					
	October 31, 2015	January 30, 2016	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
	(in thousands)					
Net income	\$ 12,622	\$ 8,326	\$ 3,206	\$ 9,027	\$ 13,243	\$ 233
Add (deduct):						
Remeasurement of preferred stock warrant liability	993	1,060	295	671	1,503	1,146
Compensation expense related to certain stock sales by current and former employees	—	—	4,810	—	—	21,283
Tax impact of non-GAAP adjustments	—	—	—	—	—	(8,890)
Non-GAAP net income	<u>\$ 13,615</u>	<u>\$ 9,386</u>	<u>\$ 8,311</u>	<u>\$ 9,698</u>	<u>\$ 14,746</u>	<u>\$ 13,772</u>

The following table sets forth components of results of operations as a percentage of revenue:

	Quarter Ended					
	October 31, 2015	January 30, 2016	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
Consolidated Statements of Operations:						
Revenue, net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	54.5	58.2	56.1	54.2	53.4	55.1
Gross profit	45.5	41.8	43.9	45.8	46.6	44.9
Selling, general and administrative expenses	31.0	33.0	39.2	37.5	35.4	44.5
Operating income	14.5	8.8	4.7	8.3	11.2	0.4
Remeasurement of preferred stock warrant liability	0.6	0.6	0.2	0.3	0.6	0.5
Other income, net	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(Loss) income before income taxes	13.9	8.2	4.5	8.0	10.6	(0.1)
(Benefit) provision for income taxes	5.8	3.5	2.9	3.6	5.0	(0.2)
Net income	<u>8.1%</u>	<u>4.7%</u>	<u>1.6%</u>	<u>4.4%</u>	<u>5.6%</u>	<u>0.1%</u>

Our quarterly revenue increased for all periods presented primarily due to increases in the number of shipments to our clients. Our growth rate fluctuated from quarter to quarter and we expect that it will continue to do so because of a variety of factors, including the success of our marketing initiatives, our ability to match merchandise to client demand, the launch of new categories and product types, seasonality and economic cycles that influence retail apparel purchase trends. Seasonality in our business does not follow that of traditional retailers, such as typical concentration of revenue in the holiday quarter. For example, in the second quarter of 2017, we experienced a lower quarter over quarter growth rate as we believe some clients spent less on themselves during the holiday season and more on others. This seasonality was less apparent in the second quarter of 2016 due to the rapid growth of our business. Additionally, while we expect our revenue base to continue to expand, our revenue may increase at a lower rate as compared to our prior periods.

Our quarterly gross profit increased for all periods presented, except for the second quarter of 2017 due to slower revenue growth over the holidays and increased inventory write-offs. Our gross margin fluctuated from quarter to quarter primarily due to how we managed our inventory.

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Our selling, general and administrative expenses increased for all periods presented, primarily due to increased compensation and benefits as a result of growth in headcount as we continued to grow our business and higher marketing expenses. In addition, our selling, general and administrative expenses have fluctuated quarter over quarter due to certain discrete transactions, such as the compensation expense of \$4.8 million and \$21.3 million in third quarter of 2016 and second quarter of 2017, respectively, related to certain stock sales by current and former employees.

Liquidity and Capital Resources

Our principal sources of liquidity since inception have been our cash flows from operations, as well as the net proceeds we received through private sales of equity securities. We raised \$42.5 million of equity capital in aggregate with our last round of financing completed in 2014. We have had positive and growing cash flows from operations since 2014. As of January 28, 2017, we had \$127.7 million of cash. In addition, we had restricted cash of \$9.4 million as of January 28, 2017, representing collateral for letters of credit for our leased properties.

Our primary use of cash includes operating costs such as merchandise purchases, compensation and benefits, marketing and other expenditures necessary to support our business growth. We have been able to fund these costs through our cash flows from operations since 2014 and expect to continue to do so. We believe our existing cash balances and cash flows from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

The following table summarizes our cash flows for the periods indicated and our cash and working capital balances as of the end of the period:

	2016	First Half	
		2016	2017
		(in thousands)	
Cash provided by operating activities	\$ 45,116	\$ 10,113	\$ 49,532
Cash used in investing activities	(15,238)	(4,988)	(11,367)
Cash (used in) provided by financing activities	499	319	(2,635)
Net increase in cash and restricted cash	<u>\$ 30,377</u>	<u>\$ 5,444</u>	<u>\$ 35,530</u>
Cash	\$ 91,488	\$ 67,831	\$ 127,672
Working capital ⁽¹⁾	\$ 63,199	\$ 52,931	\$ 79,794

(1) Working capital for all periods presented above is defined as current assets less current liabilities.

Cash Provided by Operating Activities

Our cash provided by operating activities increased by \$39.4 million between the first half of 2016 and the first half of 2017, which was primarily driven by a \$39.5 million net change in operating assets and liabilities. The net change in operating assets and liabilities was primarily due to a \$23.4 million increase related to improved inventory management and a \$14.4 million increase in accrued liabilities and accounts payable due to business growth.

During 2016, cash provided by operating activities was \$45.1 million which was primarily due to net income of \$33.2 million and non-cash expenses of \$13.2 million. The non-cash expenses were largely driven by a \$4.8 million non-cash compensation expense related to a stock sale by an employee, a \$5.9 million increase in our inventory reserve and depreciation and amortization of \$3.5 million, partially offset by a \$5.9 million increase in our deferred tax asset.

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Cash Used in Investing Activities

Our cash used in investing activities increased by \$6.4 million between the first half of 2016 and the first half of 2017, which was primarily due to the purchase of property and equipment as we expanded our fulfillment centers and offices.

During 2016, cash used in investing activities was \$15.2 million due to the purchase of property and equipment primarily related to the expansion of our fulfillment centers and offices.

Cash Provided by (Used In) Financing Activities

Our cash used in financing activities increased by \$3.0 million between the first half of 2016 and the first half of 2017, which was primarily due to \$3.6 million in compensation expense associated with the repurchase of our common stock in a tender offer, partially offset by \$0.7 million increase in proceeds from the issuance of common stock upon exercise of stock options.

Off-Balance Sheet Arrangements

We have not entered any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of July 30, 2016:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating leases	\$ 104,930	\$ 12,996	\$ 31,725	\$ 32,467	\$ 27,742
Purchase commitments(1)	142,826	142,826	—	—	—
Unrecognized tax benefits(2)	—	—	—	—	—
Total contractual obligations	<u>\$247,756</u>	<u>\$155,822</u>	<u>\$31,725</u>	<u>\$32,467</u>	<u>\$ 27,742</u>

(1) Represents estimated open purchase orders to purchase inventory in the normal course of business.

(2) Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, the related balances have not been included in the "Payments Due by Period" section of the table.

Quantitative and Qualitative Disclosures about Market Risk

Our cash is deposited in checking and savings accounts; therefore, we believe we are relatively insensitive to interest rate changes.

Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will

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not be prevented or detected on a timely basis. In connection with the audit of our 2016 consolidated financial statements, we and our independent registered public accounting firm identified one material weakness in our internal controls primarily related to the accounting and proprietary systems used in our financial reporting process not having the proper level of controls during 2016. As a result, journal entries were prepared and posted to our accounting system without an independent review. In addition, our proprietary systems lacked controls over access, program change management and computer operations that are needed to ensure access to financial data is adequately restricted to appropriate personnel.

During 2017, we have taken, or plan to take, certain actions to remediate the material weakness, which include implementing an accounting system that has the ability to better manage segregation of duties and controls over the preparation and review of journal entries, and engaging external consultants to conduct a review of processes that involve financial data within our proprietary systems. This review includes identification of potential risks, documentation of processes and recommendations for improvement. We are currently in the process of addressing the potential risks and improvement areas.

See “Risk Factors—Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in material misstatement of our financial statements.”

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our financial statements requires us to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. The critical accounting policies, estimates and judgments that we believe to have the most significant impacts to our consolidated financial statements are described below.

Inventory

Inventory consists of finished goods, which are recorded at the lower of cost or net realizable value using the specific identification method. We establish a reserve for excess and slow-moving inventory we expect to write off based on historical trends. In addition, we estimate and accrue shrinkage and damage as a percentage of revenue based on historical trends. Inventory shrinkage and damage estimates are made to reduce the inventory value for lost, stolen or damaged items. If actual experience differs significantly from our estimates, our operating results could be adversely affected.

Stock-Based Compensation

We grant stock options to our employees, consultants and members of our board of directors and recognize stock-based compensation expense based on the fair value of stock options at grant date. We estimate the fair value of stock options using the Black-Scholes option-pricing model. This model requires us to use certain estimates and assumptions such as:

- Fair value of our common stock—estimated using the methodology as discussed below in *Common Stock Valuation*;
- Expected volatility of our common stock—based on the volatility of comparable publicly-traded companies;
- Expected term of our stock options—as we do not have sufficient historical experience for determining the expected term of the stock option awards granted, we base our expected term on the simplified method, which represents the mid-point between the vesting date and the end of the contractual term;

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- Expected dividend yield—as we have not paid and do not anticipate paying dividends on our common stock, our expected dividend yield is 0%; and
- Risk-free interest rates—based on the U.S. Treasury zero coupon notes in effect at the grant date with maturities equal to the expected terms of the options granted.

If any of the assumptions used in the Black-Scholes option-pricing model changes significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

We record stock-based compensation expense net of estimated forfeitures so that expense is recorded for only those stock options that we expect to vest. We estimate forfeitures based on our historical forfeiture of stock options adjusted to reflect future changes in facts and circumstances, if any. We will revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates.

Common Stock Valuations

The valuation of our common stock was determined based on the guidelines outlined in the American Institute of Certified Public Accountants Accounting & Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

We considered objective and subjective factors to determine our best estimate of the fair value of our common stock including the following factors:

- contemporaneous valuations of our common stock by an independent valuation specialist;
- the prices, rights, preferences and privileges of our convertible preferred stock relative to the common stock;
- the prices of our common stock in sale transactions;
- our operating and financial performance and projections;
- the likelihood of achieving a liquidity event, such as an initial public offering given internal company and external market condition;
- the lack of marketability of our common stock;
- the market multiples of comparable publicly traded companies; and
- macroeconomic conditions and outlook.

In 2016 and through the first quarter of 2017, the equity value of our business was determined using the market approach. The market approach estimates the fair value of a company by applying market multiples of comparable publicly traded companies in the same industry or similar lines of business. The selection of our comparable industry peer companies requires us to make significant judgments as to the comparability of these companies to us. We considered several factors including business description, business size, market share, revenue model, development stage and historical operating results. The equity value was then allocated to the common stock using the Option Pricing Method, or OPM. The OPM treats common shares and preferred shares as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common shares have value only if the funds available for distribution to shareholders exceed the value of the preferred shares liquidation preferences at the time of the liquidity event, such as a strategic sale or a merger.

Starting in the second quarter of 2017, we began using a hybrid method, which is an application of the Probability Weighted Expected Return Method, or PWERM, in which at least one of the scenarios includes an OPM analysis. In our application of the hybrid method a discrete IPO scenario was weighted with an OPM

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analysis (intended to represent exit scenarios other than the defined IPO scenario). For the IPO scenario, our enterprise value was estimated using a market approach. The market approach estimated the fair value of our company by applying market multiples derived from companies that recently completed IPO transactions. We then applied an appropriate weighting to the results of each scenario to determine the per share fair value of our common stock. The determination of the weighting requires significant judgment including our overall expectations for a possible IPO.

Following this offering, it will not be necessary to determine the fair value of our common stock using this valuation approach as shares of our common stock will be traded in the public market.

Remeasurement of Preferred Stock Warrant Liability

Our preferred stock warrants are classified as liabilities and recorded at fair value at the end of each reporting period with the change in fair value recorded in the statements of operations. We expect to continue to remeasure these warrants until they are exercised. In connection with this offering, our warrants will be automatically exercised for no consideration. We estimate the fair value of our preferred stock using a methodology and assumptions that are consistent with those used in estimating the fair value of our common stock discussed above.

Income Taxes

We are subject to income taxes in the United States. We compute our provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled.

Significant judgment is required in determining our uncertain tax positions. We continuously review issues raised in connection with all ongoing examinations and open tax years to evaluate the adequacy of our tax liabilities. We evaluate uncertain tax positions under a two-step approach. The first step is to evaluate the uncertain tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination based on its technical merits. The second step is, for those positions that meet the recognition criteria, to measure the tax benefit as the largest amount that is more than 50% likely of being realized. We believe our recorded tax liabilities are adequate to cover all open tax years based on our assessment. This assessment relies on estimates and assumptions and involves significant judgments about future events. To the extent that our view as to the outcome of these matters changes, we will adjust income tax expense in the period in which such determination is made. We classify interest and penalties related to income taxes as income tax expense.

Revenue Recognition

While our revenue recognition does not involve significant judgment, it represents an important accounting policy. Revenue is recognized net of sales taxes, discounts and estimated refunds. We generate revenue when clients purchase merchandise, at which point we apply the nonrefundable upfront styling fee against the price of merchandise purchased. If none of the items within the Fix are purchased, we recognize the nonrefundable upfront styling fee as revenue at that time. If a client exchanges an item, we recognize revenue at the time the client receives the new item. Sales tax collected from clients is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities. Discounts are recorded as a reduction to revenue when merchandise is purchased. We record a refund reserve based on our historical refund patterns.

We sell gift cards to clients and establish a liability based on the face value of such gift cards. The liability is relieved and we recognize revenue upon redemption by our clients. For unredeemed gift cards, we will recognize

revenue when the likelihood of gift card redemption becomes remote. To date, we have not recognized any revenue related to unredeemed gift cards as we believe we do not have sufficient historical data available to estimate the likelihood of redemption becoming remote.

JOBS Act Accounting Election

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

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09, which amended the existing FASB Accounting Standards Codification. ASU 2014-09 establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services and also provides guidance on the recognition of costs related to obtaining and fulfilling customer contracts. We expect to adopt this standard in our first quarter of 2019. We are in the process of evaluating the impact this standard will have on our consolidated financial statements. As part of our process, we are still assessing the adoption methodology, which allows the amendment to be applied either retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory: Simplifying the Measurement of Inventory (Topic 330)*. The new guidance replaces the current inventory measurement requirement of lower of cost or market with the lower of cost or net realizable value. We early adopted this standard beginning in 2017 with no impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which requires lessees to record most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right to use asset for the right to use the underlying asset for the lease term. We expect to adopt this standard in our first quarter of 2020. We are currently evaluating the impact that this standard will have on our consolidated financial statements but we expect that it will result in a substantial increase in our long-term assets and liabilities.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share Based Payment Accounting (Topic 718)*, which simplifies the accounting and reporting of stock-based payment transactions, including adjustments to how excess tax benefits and payments for tax withholdings should be classified and provides the election to eliminate the estimate for forfeitures. We expect to adopt this standard in the first quarter of 2018 and are currently evaluating the impact that it will have on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)*, which amends existing guidance on the recognition of current and deferred income tax impacts for intra-entity asset transfers other than inventory. This amendment should be applied on a modified retrospective basis. We expect to adopt this standard in our fiscal 2019 and are currently evaluating the impact that it will have on our consolidated financial statements.

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In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, or ASU 2016-18. ASU 2016-18 requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents and restricted cash. We early adopted this standard beginning in 2017 and have retroactively adjusted the consolidated statements of cash flows for all periods presented.

BUSINESS

Overview

Stitch Fix is transforming the way people find what they love, one client at a time and one Fix at a time.

Stitch Fix was inspired by the vision of a client-first, client-centric new way of retail. What people buy and wear matters. When we serve our clients well, we help them discover and define their styles, we find jeans that fit and flatter their bodies, we reduce their anxiety and stress when getting ready in the morning, we give them confidence in job interviews and on first dates and we give them time back in their lives to invest in themselves or spend with their families. Most of all, we are fortunate to play a small part in our clients looking, feeling and ultimately being their best selves.

We are reinventing the shopping experience by delivering one-to-one personalization to our clients through the combination of data science and human judgment. This combination drives a better client experience and a more powerful business model than either element could deliver independently.

Since our founding in 2011, we have helped millions of clients discover and buy what they love through personalized shipments of apparel, shoes and accessories, hand-selected by Stitch Fix stylists and delivered to our clients' homes. We call each of these shipments a Fix. Clients can choose to schedule automatic shipments or order a Fix on-demand after they fill out a style profile on our website or mobile app. For each Fix, we charge clients a styling fee that is credited toward items they purchase. After receiving a Fix, our clients purchase the items they want to keep and return the other items, if any, at no additional charge.

Stitch Fix was founded with a focus on Women's apparel. In our first few years, we were able to gain a deep understanding of our clients and merchandise and build the capability to listen to our clients, respond to feedback and deliver the experience of personalization. More recently, we have extended those capabilities into Petite, Maternity, Men's and Plus apparel, as well as shoes and accessories. Our stylists leverage our data science and apply their own judgment to hand select apparel, shoes and accessories for our clients from a broad selection of merchandise.

We are successful when we are able to help clients find what they love again and again, creating long-term, trusted relationships. Our clients share personal information with us, including detailed style, size, fit and price preferences, as well as unique inputs, such as how often they dress for certain occasions or which parts of their bodies they like to flaunt or cover up. Our clients are motivated to share these personal details with us and provide us with ongoing feedback because they recognize that doing so will result in more personalized and successful experiences. This feedback also creates a valuable network effect by helping us to better serve other clients.

The very human experience that we deliver is powered by data science. Our data science capabilities consist of our rich data set and our proprietary algorithms, which fuel our business by enhancing the client experience and driving business model efficiencies. The vast majority of our client data is provided directly and explicitly by the client, rather than inferred, scraped or obtained from other sources. We also gather extensive merchandise data, such as inseam, pocket shape, silhouette and fit. This large and growing data set provides the foundation for proprietary algorithms that we use throughout our business, including those that predict purchase behavior, forecast demand, optimize inventory and enable us to design new apparel. We believe our data science capabilities give us a significant competitive advantage, and as our data set grows, our algorithms become more powerful.

Our stylists leverage our data science through a custom-built, web-based styling application that provides recommendations from our broad selection of merchandise. Our stylists then apply their judgment to select what they believe to be the best items for each Fix. Our stylists provide a personal touch, offer styling advice and context to each item selected and help us develop long-term relationships with our clients.

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We offer merchandise across multiple price points and styles from over 500 brands, including established and emerging brands, as well as our own private labels, which we call Exclusive Brands. Many of our brand partners also design and supply items exclusively for our clients. In 2016, sales of merchandise from our brand partners made up the majority of our revenue.

We have scaled our business rapidly, profitably and in a capital-efficient manner, having raised only \$42.5 million of equity capital since inception. We have been net income positive on an annual basis since 2015, while continuing to make meaningful investments to drive growth. In 2015 and 2016, we reported \$342.8 million and \$730.3 million in revenue, respectively, representing year-over-year growth of 113.0%. In 2015 and 2016, we reported \$20.9 million and \$33.2 million in net income, respectively, representing year-over-year growth of 58.5%. In 2015 and 2016, we reported \$42.1 million and \$72.6 million in adjusted EBITDA, respectively, representing year-over-year growth of 72.3%. See the section titled “Selected Consolidated Financial Data—Non-GAAP Financial Measures” for information regarding our use of adjusted EBITDA and its reconciliation to net income.

Industry Overview

Technology is Driving Transformation Across Industries

Technological innovation has profoundly impacted how consumers discover and purchase products, forcing businesses to adapt to engage effectively with consumers. We believe that new business models that embrace these changes and truly focus on the consumer will be the winners in this changing environment.

The Apparel, Shoes and Accessories Market is Massive but Retailers have Failed to Adapt to Changing Consumer Behavior

The U.S. apparel, shoes and accessories market is large, but brick-and-mortar retailers have failed to adapt to evolving consumer preferences. Euromonitor, a consumer market research company, estimated that the U.S. apparel, footwear and accessories market was \$353 billion in calendar 2016. Euromonitor expects this market to grow to \$421 billion by calendar 2021, a compound annual growth rate, or CAGR, of 3.6%.

Historically, brick-and-mortar retailers have been the primary source of apparel, shoes and accessories sales in the United States. Over time, brick-and-mortar retail has changed and the era of salespersons who know each customer on a personal level has passed. Many of today’s consumers view the traditional retail experience as impersonal, time-consuming and inconvenient. This has led to financial difficulties, bankruptcies and store closures for many major department stores, specialty retailers and retail chains. For example, Macy’s, one of the largest department stores in the United States, announced in August 2016 its intent to close approximately 100, or 11%, of its stores and Michael Kors, a specialty retailer, announced in May 2017 its intent to close at least 100, or 12%, of its stores. The struggles of traditional retailers are also reflected in broader market data. According to the U.S. Census Bureau, average monthly department store sales declined \$6.4 billion, or 33%, from calendar 2000 to calendar 2016.

eCommerce is Growing, but has Further Depersonalized the Shopping Experience

The internet has created new opportunities for consumers to shop for apparel. eCommerce continues to take market share from brick-and-mortar retail. Euromonitor estimated that the eCommerce portion of the U.S. apparel, footwear and accessories market was \$55 billion in calendar 2016. Euromonitor expects the eCommerce portion of this market to grow to \$94 billion by calendar 2021, a CAGR of 11.4%. This represents an expansion of eCommerce penetration of the U.S. apparel, footwear and accessories market from 15.5% of \$353 billion in calendar 2016 to 22.3% of \$421 billion in calendar 2021.

The first wave of eCommerce companies prioritized low price and fast delivery. This transaction-focused model is well-suited for commoditized products and when consumers already know what they want. However,

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eCommerce companies often fall short when consumers do not know what they want and price and delivery speed are not the primary decision drivers. There is an overwhelming selection of apparel, shoes and accessories available to consumers online, and searches and filters are poor tools when it comes to finding items that fit one's style, figure and occasion. eCommerce companies also lack the critical personal touchpoints necessary to help consumers find what they love, further depersonalizing the shopping experience.

Personalization is the Next Wave

To be relevant today, retailers must find a way to connect with consumers on a personal level and fit conveniently into their lifestyles. Personalization in retail can be difficult and nuanced, as consumers consider many factors that can be difficult to articulate, including style, size, fit, feel and occasion. We believe that an intelligent combination of data science and human judgment is required to deliver the personalized retail experience that consumers seek.

Our Offering

Stitch Fix combines data science and human judgment to deliver one-to-one personalization to our clients at scale. We help millions of clients discover and buy what they love through data-driven, personalized, hand-selected shipments of apparel, shoes and accessories.

Our Data Science Advantage

Our data science capabilities fuel our business. These capabilities consist of our rich and growing set of detailed client and merchandise data and our proprietary algorithms. We use data science throughout our business, including to style our clients, predict purchase behavior, forecast demand, optimize inventory and design new apparel.

Our data set is particularly powerful because:

- the vast majority of our client data is provided directly and explicitly by the client, rather than inferred, scraped or obtained from other sources;
- our clients are motivated to provide us with relevant personal data, both at initial signup and over time as they use our service, because they trust it will improve their Fixes; and
- our merchandise data tracks dimensions that enable us to predict purchase behavior and deliver more personalized Fixes.

On average, each client directly provides us with over 90 meaningful data points through his or her style profile, including detailed style, size, fit and price preferences, as well as unique inputs such as how often he or she dresses for certain occasions or which parts of his or her body a client likes to flaunt or cover up. Over time, through their feedback on Fixes they receive, clients share additional information about their preferences as well as detailed data about both the merchandise they keep and return. Historically, over 85% of shipments have resulted in direct client feedback. This feedback loop drives important network effects, as our client-provided data informs not only our personalization capabilities for the specific client, but also helps us better serve other clients.

We believe our proprietary merchandise data set is differentiated from other retailers. We encode each of our SKUs with many information attributes to help our algorithms make better recommendations for our clients. The information we store for each SKU includes:

- basic data, such as brand, size, color, pattern, silhouette and material;

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- item measurements, such as length, width, diameter of sleeve opening and distance from collar to first button;
- nuanced descriptors, such as how appropriate the piece is for a client that prefers preppy clothing or whether it is appropriate for a formal event; and
- client feedback, such as how the item fit a 5'10" client or how popular the piece is with young mothers.

Our algorithms use our data set to match merchandise to each of our clients. For every combination of client and merchandise, we compute the probability the client will keep that item based on her and other clients' preferences and purchase history as well as the attributes and past performance of the merchandise. For example, our Delila embroidery neckline knit top is purchased 52% of the time it is included in a Fix. However, for a particular client for whom it is well suited, our algorithms may predict she is 80% likely to purchase the item if it were included in her Fix. This allows us to more efficiently tailor every Fix to each client's specific preferences.

Pairing Data Science with Human Judgment

The combination of data science and human judgment drives a better client experience and a more powerful business model than either element could deliver independently. Our advanced data science capabilities harness the power of our data for our stylists by generating predictive recommendations to streamline our stylists' individualized curation process. Stylists add a critical layer of contextual, human decision making that augments and improves our algorithms' selections and ultimately produces a better, more personalized Fix for each client.

Our Differentiated Value Proposition

Our Value Proposition to Clients

Our clients love our service for many reasons. We help clients find apparel, shoes and accessories that they love in a way that is convenient and fun. We save our clients time by doing the shopping, delivering Fixes right to their homes, allowing them to try on merchandise in the comfort of their homes and in the context of their own closets and making the return process simple. Our expert styling service connects each client to a professional who will understand her fashion needs, hand select items personalized to her and offer her ongoing style advice. Clients also value the quality and diversity of our merchandise as we deliver the familiar brands they know, offer items they can't find anywhere else and expand their fashion palette by exposing them to new brands and styles they might not have tried if they shopped for themselves. We often hear from clients that we have helped them find the perfect pair of jeans or discover a dress silhouette they never would have selected for themselves. In these situations, not only is our service more convenient, it is in fact more effective at helping clients find what they love. We proudly style men and women across ages, sizes, tastes, geographies and price preferences.

Our Value Proposition to Brand Partners

We believe that we are a preferred channel and a powerful growth opportunity for our brand partners. Unlike many sales channels, we do not rely on discounts or promotions. Also, by introducing our clients to brands they may not have shopped for, we help our brand partners reach clients they may not have otherwise reached. Further, we provide our brand partners with insights based on client feedback that help our brand partners improve and evolve their merchandise to better meet consumer demand.

Our Strengths

Since we were founded in 2011, we have shipped millions of Fixes to clients throughout the United States. We have achieved this success due to our following key strengths:

Our Rich Client and Merchandise Data. We believe that we are the only company that has successfully combined rich client data with detailed merchandise data to provide a personalized shopping

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experience. Our data set provides meaningful, predictive insight for each client and benefits from a perpetual feedback loop that drives powerful network effects. On average, each client directly provides us with over 90 meaningful data points through his or her style profile. Clients continue to provide feedback on an ongoing basis through our checkout surveys, their written feedback and updates to their style profile. We also receive data implicitly through the items that clients keep and those that they return. Further, we gather extensive data associated with each piece of inventory that we buy or create, such as inseam, pocket shape, silhouette and fit. This data set provides us with unique insights that allow us to continue refining and improving the shopping experience for our clients.

Our Expert Data Science Team and Proprietary and Predictive Algorithms. Our high-caliber data science team consists of more than 65 members, the majority of whom have Ph.Ds. This team has developed proprietary algorithms that we use across our business to take advantage of our large data set. These algorithms enable us to better style our clients, predict purchase behavior, forecast demand, optimize inventory and design new apparel.

Our 3,300+ Stylist Organization. Our stylist organization consists of over 3,300 passionate and creative employees. Stylists deliver the critical human component required to build one-to-one relationships, make better recommendations and provide a highly personalized experience for each client. By arming our stylists with algorithmic recommendations based on highly actionable proprietary data in addition to specific client requests and feedback, we enable the critical human contribution to personalize each Fix.

Our Unique Combination of Data Science and Human Judgment. The combination of humans, data and algorithms drives a better client experience and a more powerful business model than any of these elements can deliver independently. Humans are typically better than algorithms at creativity, improvisation, curation and empathy, while algorithms are typically better at performing repeatable functions and calculations at scale with large volumes of data. We employ the best of what humans, data and algorithms can provide. We believe the result of this unique combination is much greater than the sum of its parts, gives us a superior business model and enables us to offer true one-to-one personalization to our clients at scale.

Our Strategy

We aim to transform the way people find what they love. We plan to achieve this goal by continuing to:

Expand Our Relationships with Existing Clients. Because our clients share personal data and feedback, we can continuously improve the personalization of our offering, better meet our diverse clients' preferences and build long-term relationships. We intend to seek ways to better serve our existing clients by:

- developing new and novel ways for our clients to engage with us through social media, mobile apps and other channels;
- broadening our selection of stylish, high quality merchandise through our brand partners, including items that are exclusive to Stitch Fix, and our own Exclusive Brands; and
- investing in our data science and technology platform to advance our personalization capabilities.

These initiatives will be designed to improve client engagement and satisfaction and expand our client closet share over time.

Acquire New Clients. To date, we have focused on Women's, Petite, Maternity, Men's and Plus categories in the United States. We believe there is significant opportunity to attract new clients in these categories. We intend to increase brand awareness and cost-effectively reach new clients through a combination of word of mouth, referrals, advertising and other marketing efforts.

Expand Our Addressable Market. Our data science capabilities and powerful business model have enabled us to successfully expand from the Women’s category into multiple new categories, such as Petite, Maternity, Men’s and Plus, and product types such as shoes and accessories. We expect to continue expanding into new categories and product types, and we may also expand into new geographies. We plan to continue to leverage our data science and infrastructure from our existing categories and product types to expand quickly and in a capital-efficient manner.

How It Works

Our Client Offering: The Fix

A Fix is a Stitch Fix-branded box containing a combination of apparel, shoes and accessories personally selected for a client by her Stitch Fix stylist and delivered to the client for her to try on in the comfort of her own home. She can keep some, all or none of the items in the Fix and easily return any items in a postage-prepaid bag provided in the Fix. One of our stylists individually selects each item in a Fix for a client from a broad selection of merchandise recommended to the stylist by our algorithms. These algorithmic recommendations are based on the client’s personal style profile, her own order behavior, the aggregate historical behavior of our client base and the aggregate historical data we have collected on each item of merchandise we have available.

We alleviate many of the pain points clients experience in their existing shopping experience. We provide clients with the convenience of trying on clothes in the comfort of their own homes and in the context of their own closets prior to making a purchase decision. We offer our clients selections from a broad variety of merchandise and brands that are personalized to meet their individual style, size, fit and price preferences. We also enable clients to discover new brands and explore new styles that they may never have found while shopping on their own.

The Client Experience

Our clients are motivated to share personal details with us and to give us ongoing feedback about their individual style, size, fit and price preferences because they recognize that doing so will result in more personalized and successful experiences. We have numerous touch points with our clients. Before a client receives his or her first Fix, he or she shares the following information with us:

- *Style profile.* Upon registering, each client fills out a style profile on either our website or mobile application. The style profile allows us to introduce ourselves to a client, initiate a dialogue and start gathering data. A client can update his or her profile at any time. The style profile is a questionnaire through which they give us highly personal information, such as:
 - style, size, fit and price preferences;
 - preferred and disliked colors, patterns and fabrics;
 - how often he or she would like to receive items specific to various occasions, such as for work, a date night or casual weekends;
 - how adventurous he or she would like the items in his or her Fix to be;
 - personal details, such as which parts of his or her body he or she prefers to flaunt or cover-up, or if she is pregnant and interested in maternity clothing; and
 - links to social media accounts to give us a more comprehensive view of his or her individual style preferences.
- *Personal note to stylist.* Each client can share a personal note with his or her stylist when placing a Fix order or after receiving a Fix. For example, a client might request shoes for a friend’s wedding or

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shorts for an upcoming vacation. These personal notes enable us to better personalize a Fix. Some clients share notes with us regularly, forming relationships over several years and spanning life milestones, such as marriage or the birth of a child.

After completing her initial style profile, a client chooses her preferred order frequency and can select the exact date by which she wants to receive her Fix. We currently offer two types of Fix scheduling:

- *Auto-ship.* A client can elect to auto-ship Fixes every two to three weeks, monthly, bi-monthly or quarterly.
- *On-demand.* Our on-demand option allows clients to schedule a one-time Fix at any time, either instead of or in addition to utilizing the auto-ship option. An on-demand client is prompted to schedule her next Fix each time she checks out, but is not obligated to do so.

We recognize that our clients have different needs, so our Fix frequency options are another way that we personalize the client experience. Each client can increase or decrease the Fix frequency at any time, and can also easily reschedule any given shipment to better accommodate her needs. Each Fix is delivered to the client's address of choice.

In addition to a personalized selection of apparel, shoes and accessories, each Fix also includes a personal note from the stylist and a style card to provide clients with outfit ideas for each item.

Opening up a Fix is a treasured moment for our clients. Our clients often post videos, photos and testimonials on social media and their personal blogs to capture their excitement when unboxing their Fixes. We are proud to have created a community of clients who are excited to share what they receive in their Fixes.

Once a client decides which items she wishes to keep she can easily check out and pick the delivery date for her next Fix via our website or mobile application.

During the checkout process, each client is invited to provide feedback about the fit, price, style and quality of the items received. The client can return the items she does not want or exchange items for a different size if available, using the postage-prepaid bag delivered in her Fix. We request that clients return items to us that they do not wish to purchase within three calendar days of receiving a Fix.

We charge clients a \$20 styling fee for each Fix, which is credited toward the merchandise purchased. If the client chooses to keep all items, she receives a 25% discount on the entire shipment. Historically, over 85% of shipments have resulted in direct client feedback. This feedback informs both our algorithms and stylists to improve each future Fix.

Images on the following pages illustrate elements of our men's style profile.

Are you a parent?

Yes No

What sizes do you typically wear?

SHIRT

WAIST

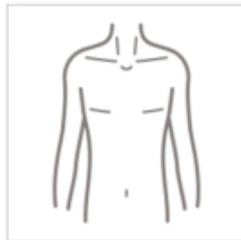
INSEAM

BLAZER

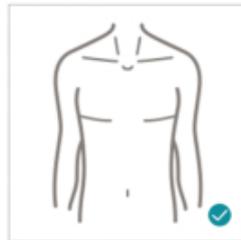
SHOE

How would you describe your body type?

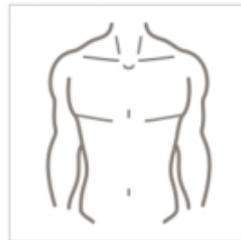
SLIM



AVERAGE



ATHLETIC



How long do you prefer your shorts?

Select all that apply.

AT THE KNEE	ABOVE KNEE	LOWER THIGH
		
At or below the knee	Right above the knee	2 inches above the knee

Do you have any fit challenges?

SHIRT COLLAR	SHIRT SHOULDER
<input type="checkbox"/> Too tight <input type="checkbox"/> No issue <input checked="" type="checkbox"/> Too loose	<input type="checkbox"/> Too tight <input type="checkbox"/> No issue <input checked="" type="checkbox"/> Too loose
SLEEVE LENGTH	PANT LEG
<input type="checkbox"/> Too short <input type="checkbox"/> No issue <input checked="" type="checkbox"/> Too long	<input type="checkbox"/> Too tight <input checked="" type="checkbox"/> No issue <input type="checkbox"/> Too loose
PANT LENGTH	
<input type="checkbox"/> Too short <input checked="" type="checkbox"/> No issue <input type="checkbox"/> Too long	

Which outfits would you wear?

Select all that apply.



Our Data Science

Our Unique Data Set

We believe we are the only company that has successfully combined rich client data with detailed merchandise data to provide a personalized shopping experience for consumers. Clients directly provide us with meaningful data about themselves, such as style, size, fit and price preferences, when they complete their initial style profile and provide additional rich data about themselves and the merchandise they receive through the feedback they provide after receiving a Fix. Our clients are motivated to provide us with this detailed information because they recognize that doing so will result in a more personalized and successful experience. This perpetual feedback loop drives important network effects, as our client-provided data informs not only our personalization capabilities for the specific client, but also helps us better serve other clients. For example, a client may tell us in her feedback from a Fix that a size small blouse was the right size, but fit too tight in the shoulders. Based on the detailed information we know about that client's body proportions and fit preferences and the item specific merchandise data we gather about the blouse, our stylists, informed by our algorithms' recommendations, will not recommend that blouse to clients with similar body proportions and fit preferences. We believe our client feedback loop and its corresponding network effects ultimately contribute to better personalization for all of our clients.

Our Proprietary Algorithms

We use data science to both enhance the client experience and optimize our business model efficiency. Our business model leverages proprietary algorithms, developed by our team of over 65 data scientists, that are utilized across our business, including in recommendation systems, human computation, resource management, inventory management and apparel design. Experimentation and algorithm development are deeply ingrained in our business. As our data set grows, our algorithms become more powerful. Our proprietary algorithms include:

Client Experience Algorithms

- *Styling algorithm.* For each Fix, our proprietary algorithms analyze client-level, item-level and Fix-level data to match the client's preferences with our available inventory. The algorithm assigns each available item a score that reflects the probability that the client will like that item. The best matches are presented as options in the web-based styling application, and the stylist then provides the final, human layer of judgment to select the items that the client receives in his or her Fix.
- *New style development.* Our algorithms identify client needs that are underserved or unmet in the market, whether that is finding the perfect fitting blouse at the right price point or a comfortable yet stylish t-shirt off season. Once a particular need is identified, our new style development algorithms work to create a solution to that need. The algorithms disaggregate various popular attributes of the item of apparel, such as collar design, sleeve length, pocket angle, color, pattern and fabric, and then recombine these traits into apparel items in order to meet these needs and provide new design recommendations for our Exclusive Brands. Developing exclusive items using our algorithms increases our ability to delight clients with stylish and properly-fitting merchandise at the right price points.
- *Stylist assignment.* Our matchmaking algorithms optimize which of our available stylists will be best able to serve a client based on the particular characteristics of each client and stylist. The matching process is a complex function of the history between the client and stylist (if any), and affinities we may detect between a client and a stylist, such as the client's stated and latent style preferences compared with those of the stylist, geographic proximity or demographic profile.

Business Model Efficiency Algorithms

- *Demand forecasting.* Our algorithms analyze our database of current and historical client data to understand our clients' needs over time, including preferences, lifestyle, life stage and satisfaction. Our

algorithms forecast demand for specific categories, product types, styles, patterns and brands to help us meet our clients' needs effectively while enabling us to minimize excess supply and manage our fulfillment centers and stylist staffing appropriately.

- *Merchandise optimization.* Unlike many traditional retailers, which typically purchase and then mark down seasonal merchandise several times a year, our merchandise algorithms drive visibility into our merchandise and inventory management so that we are not constrained to the same seasonal trends. These algorithms help us answer critical questions such as what merchandise to buy, how much to buy, the distribution of sizes for what we are buying and how to allocate the merchandise we buy among our fulfillment centers. Our scientific merchandise management enables us to adjust inventory and allocation decisions real-time.
- *Fulfillment center assignment.* Before a Fix is styled, the client Fix request is processed by an algorithm that calculates a cost function for the Fix for each fulfillment center based on a combination of its location relative to the client and how well the inventories in the different fulfillment centers match the client's needs. We can then choose the optimal fulfillment center from which to ship each Fix.
- *Pick path optimization.* Our pick path algorithms minimize the time and distance our fulfillment center associates spend walking our vast fulfillment centers to pull the items for each Fix. By mapping out a more efficient path to pick items for multiple Fixes at a time, we have significantly reduced walk times and labor costs in our fulfillment centers.

Our Stylist Organization

We have over 3,300 employee stylists, the vast majority of whom are part-time and work remotely. They enjoy working at Stitch Fix for many reasons, including the desire for a creative outlet, love of fashion, connection to clients, flexible scheduling, the ability to work from home, a desire for personal growth and the ability to be a part of our stylist community. The flexible working arrangement we have with stylists creates leverage in our business model by allowing us to easily scale our total stylist work time and manage capacity as Fix demand necessitates. We empower our stylists with a custom-built, web-based styling application that leverages our database and algorithms. Stylists often build personal connections with clients through our platform. Our stylists are not compensated based on commission because we want our stylists to delight our clients, even if that means suggesting a less expensive item.

Our Merchandise, Brand Partners and Exclusive Brands

The breadth of our merchandise selection is essential to our success. Our algorithms filter over one thousand SKUs to recommend a subset of relevant merchandise to our stylists, who leverage the information to select the merchandise for a client's Fix. We source merchandise from brand partners and also create our own merchandise to serve unmet client needs. We offer apparel, shoes and accessories across a range of price points. We currently serve our clients in the following categories: Women's, Petite, Maternity, Men's and Plus. Our merchandise addresses a diverse range of styles. Our Women's aesthetics include classic, boho, glam, preppy, romantic, edgy, and casual. Our Men's aesthetics include refined, American prep, active, heritage, contemporary, coastal and outdoor.

Brand Partners

We partner with over 500 established and emerging brands across multiple price points and styles. With many of our brand partners, we develop third-party branded items exclusively sold to Stitch Fix clients. This exclusivity allows our clients to discover personally-recommended products that are unavailable elsewhere. In 2016, merchandise from our brand partners made up the majority of our revenue.

Exclusive Brands

We also design and bring to market our own styles, which we refer to as Exclusive Brands, in order to target specific client needs that are unmet by what our merchandising team can source in the market. We use data science to identify and develop the new products for our Exclusive Brands. We then pair our data with the expertise of our design teams to bring these new products to market. We expect our product development efforts will yield better products for our clients as we acquire more data and feedback.

We expect our Exclusive Brands to be a permanent part of our portfolio but do not have specific targets for the merchandise mix provided by our brand partners and our Exclusive Brands, and expect it will fluctuate over time. We will continue to develop products when we identify opportunities or gaps in the market.

Client Acquisition

Our one-to-one personalization at scale allows us to serve men and women across demographics, geographies, style profiles and price preferences.

We currently acquire new clients through a variety of marketing channels, including client referrals, affiliate programs, partnerships, display advertising, television, print, radio, video, content, direct mail, social media, email, mobile “push” communications, search engine optimization and keyword search campaigns. After signup, we continue to engage clients through a variety of initiatives. These engagement initiatives include stylist Fix notes and fashion content that we send through email and disseminate over multiple social media channels.

Our Operations

Client Experience Team

As of January 28, 2017, we employed over 200 client experience associates who are available seven days a week to assist clients and answer client questions over email and social media platforms. Client experience associates help clients with a variety of topics, including style profile setup, shipping details and pricing questions. We are also expanding our client connectivity to include phone and online chat to further enhance the customer service experience. We believe that the service our client experience associates provide offers additional opportunity for us to deepen the connection between Stitch Fix and our clients.

Technology

Our technology platform features a modern architecture of custom-built applications. We developed our applications with particular emphasis on gathering client and merchandise data and feeding the data back into our algorithms in order to continually improve our client experience and the efficiency of our business. We make heavy use of trials, design studios and user research to test, learn, fail fast and iterate. Building specialized, data-driven applications tailored for our superior business model allows us to provide a more personalized client experience. Our proprietary technology platform includes the following:

Client Facing Applications. Our website and mobile application deliver convenient and easy to use interfaces through which our clients interact with our service and our stylists. Features of our client-facing applications, such as our style profile and our checkout survey, serve as the collection and feedback channels through which we gather useful information about our clients and funnel this information back into our algorithms so we enhance the personalization of our service.

Styling Application. Our stylist application is the key tool through which we blend the power of our data science with our stylists’ judgment to deliver one-to-one personalization at scale. For each Fix, the tool displays

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the personal preferences, Fix history and notes of each client, and allows stylists to filter items in inventory by a variety of attributes and navigate through our algorithms' recommendations. Our styling application also employs our data science capabilities by guiding and providing suggestions to the stylist, such as to review a prior Fix if an item the stylist is selecting is similar to something from a client's Fix history. Stylists use the tool to select the items for each Fix, compose a note to the client and process the Fix for fulfillment by our operations team.

Internal Business Applications. Our proprietary internal business applications allow us to operate critical business functions in an innovative manner. These include: our merchandising applications that help us manage our vendors, better plan product purchasing and optimize our inventory; our fulfillment center applications that help us efficiently manage the receipt of new products, order fulfillment, shipping and returns; and our client support applications that help our client experience team deliver exceptional support to our clients.

Sourcing

We purchase merchandise directly from our brand partners, who are responsible for the entire manufacturing process.

For the production of our Exclusive Brands, we contract with merchandise vendors, which are responsible for the entire manufacturing process. Some of these vendors operate their own manufacturing facilities and others subcontract the manufacturing to other parties. We do not own or operate any manufacturing facilities. Our vendors agree to our standard vendor terms, which govern our business relationship. Although we do not have long-term agreements with our vendors, we have long-standing relationships with a diverse base of vendors that we believe to be mutually satisfactory.

All of our Exclusive Brand merchandise is produced according to our specifications, and we require that all of our vendors comply with applicable law and observe strict standards of conduct. We recently hired independent firms that are in the process of conducting social audits of the working conditions at the factories producing our Exclusive Brands. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor. We require that all new factories producing Exclusive Brand merchandise for us may be audited before Stitch Fix production begins.

Inventory Management and Fulfillment

We have five fulfillment centers located in California, Arizona, Texas, Pennsylvania and Indiana.

In our fulfillment centers, our algorithms increase efficiencies in processes such as allocation, batch picking, transportation, shipping, returns and ongoing process improvement. We have a reverse logistics operation to manage returned merchandise. Our specialist returns teams, in our dedicated return intake areas, accept, process and reallocate returns to our inventory so the merchandise can be selected for another Fix. Our expertise in inventory management allows us to turn inventory quickly, which drives working capital efficiency.

Mission, People and Culture

Our mission is to inspire our clients to look, feel and be their best selves. We believe our ability to delight our clients starts with a compelling employee mission as well: Inspiring people to be their best selves. When our employees thrive, our clients feel the love that goes into every Fix. From our offices in San Francisco, California and Austin, Texas, to our fulfillment centers across the country, to our stylists working anywhere they like, we are committed to creating an exceptional employee experience.

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The foundation of our culture is our operating system, or OS:

- Our People: kind, bright and goal-oriented;
- Our Values: partnership, innovation, integrity and responsibility; and
- Our Leadership Goal: trust, inspire, develop, learn and act.

The foundation that brings the OS to life is feedback. Just as feedback from our clients allows us to deliver a truly personalized experience, the feedback we provide to each other allows us to be our best selves.

Stitch Fix employees are united in their passion for serving our clients and love solving problems through partnering across diverse skill sets. We know we are better together. For example, our merchandise buyers work with our data scientists to drive better personalization outcomes for our clients. We challenge and develop our employees through meaningful work. We take the time to develop managers who can partner with our employees in achieving their personal and professional goals. Every employee can be a leader at Stitch Fix. And above all, we take what we do seriously, while not taking ourselves too seriously. We like to have fun. All of this adds up to a company filled with people who are encouraged to be their authentic selves and share their unique gifts to create an incredible client experience.

As of January 28, 2017, we had over 5,500 employees, including over 3,300 stylists, 1,500 fulfillment center employees, 200 client experience employees and 65 data scientists. As of such date, 86% of employees and 62% of our management team identified as female. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Competition

The retail apparel market is very competitive. Our competitors include local, national and global department stores, specialty clothing and shoe chains, discount stores, traditional retailers, independent retail stores, the online platforms of these traditional retail competitors and eCommerce companies that market apparel, shoes and accessories. Additionally, we experience competition for consumer discretionary spending from other product and experiential categories.

We compete primarily on the basis of client experience, brand, product selection, quality, convenience and price. We believe that we are able to compete effectively because we offer clients a personalized and fun shopping experience that our competitors are unable to match. See “Risk Factors—Our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected.”

Intellectual Property

We protect our intellectual property through a combination of trademarks, domain names, copyrights, trade secrets and patents, as well as contractual provisions and restrictions on access to our proprietary technology. Our principal trademark assets include the trademarks “Stitch Fix” and “Fix,” which are registered in the United States and some foreign jurisdictions, our logos and taglines, and multiple private label apparel and accessory brand names. We have applied to register or registered many of our trademarks in the United States and other jurisdictions, and we will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

We have six patent applications pending in the United States. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

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We are the registered holder of multiple domestic and international domain names that include “stitchfix” and similar variations. We also hold domain registrations for many of our private label brand names and other related trade names and slogans.

Our proprietary algorithm technologies, other than those incorporated into a patent application, are protected by trade secret laws.

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with our employees, consultants, contractors and business partners. Our employees are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our client terms of use on our website and in our vendor terms and conditions.

Facilities

Our corporate headquarters are located in San Francisco, California and comprise approximately 76,200 square feet of space, with another floor of 19,050 square feet being added in November 2017. We also operate a photography studio in San Francisco that is approximately 19,200 square feet. Our current leases on these facilities, entered into in January 2016 and February 2016, respectively, expire in November 2023 and May 2021, respectively, in each case with an option to renew for 5 and 3 years, respectively.

We lease an additional 28,150 square feet of office space in Texas, where our client experience team is based, and 3,300 square feet of space for an engineering office in Pennsylvania. We intend to take an additional 6,400 square feet of space in Austin in July 2017 to allow for growth of our client experience team.

We also lease and operate four fulfillment centers, comprising a total of approximately 1,477,850 square feet, at which we receive merchandise from vendors, ship products to clients and receive and process returns from clients. These facilities are located in California, Arizona, Texas and Pennsylvania. Our fifth fulfillment center in Indiana, representing another 281,700 square feet, is leased and operated by a third party logistics contractor.

We believe our facilities, including our planned expansions, are sufficient for our current needs.

Legal Matters

We are from time to time subject to, and are presently involved in, litigation and other legal proceedings. We believe that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material adverse effect on our business, financial condition or operating results.

Government Regulation

As with all retailers and companies operating on the internet, we are subject to a variety of U.S. federal and state laws governing the processing of payments, consumer protection, the privacy of consumer information and other laws regarding unfair and deceptive trade practices.

Apparel, shoes and accessories sold by us are also subject to regulation in the United States by governmental agencies, including the Federal Trade Commission and the Consumer Products Safety Commission. These regulations relate principally to product labeling, licensing requirements, flammability testing and product safety. We are also subject to environmental laws, rules and regulations. Similarly, apparel,

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shoes and accessories sold by us are also subject to import regulations in the United States countries concerning the use of wildlife products for commercial and non-commercial trade, including the U.S. Fish and Wildlife Service. We do not estimate any significant capital expenditures for environmental control matters either in the current fiscal year or in the near future.

We are also subject to regulations relating to our supply chain. For example, the California Transparency in Supply Chains Act requires retail sellers that do business in California to disclose their efforts to eradicate slavery and human trafficking in their supply chains. We require our suppliers to adhere to labor and workplace standards and to warrant that any products sent to us were made in compliance with all applicable laws, including laws prohibiting child labor, forced labor and unsafe working conditions.

Although we have not suffered any material restriction from doing business in the past due to government regulation, significant impediments may arise in the future as we expand product offerings.

MANAGEMENT

Management and Directors

The following table sets forth information for our directors and management as of April 29, 2017:

Name	Age	Position
<i>Management:</i>		
Katrina Lake(*)	34	Founder, Chief Executive Officer and Director
Julie Bornstein(*)	47	Chief Operating Officer
Lisa Bougie	47	General Manager, Stitch Fix Women
Eric Colson	46	Chief Algorithms Officer
Scott Darling(*)	45	Chief Legal Officer and Secretary
Cathy Polinsky	39	Chief Technology Officer
Mike Smith	47	General Manager, Stitch Fix Men
Margaret Wheeler	56	Chief People and Culture Officer
<i>Non-Employee Directors:</i>		
Steven Anderson(1)	49	Director
J. William Gurley(2)	50	Director
Marka Hansen(1)	63	Director
Sharon McCollam(2)	54	Director

(*) Executive officer, within the meaning of Rule 3b-7 under the Exchange Act.

(1) Member of the compensation committee.

(2) Member of the audit committee.

Management

Katrina Lake. Ms. Lake is our Founder and has served as our Chief Executive Officer and a member of our board of directors since our inception in 2011. Prior to founding Stitch Fix, Ms. Lake managed the blogger platform at Polyvore, a fashion eCommerce company, and served as an associate at The Parthenon Group, a consulting firm, and at Leader Ventures, a venture capital firm. Ms. Lake is also a member of the board of directors of GrubHub, Inc., an online and mobile food delivery service. Ms. Lake holds a B.A. in Economics from Stanford University and an M.B.A. from Harvard Business School. We believe that Ms. Lake is qualified to serve as a member of our board of directors based on the perspective and experience she brings as our Founder and Chief Executive Officer.

Julie Bornstein. Ms. Bornstein has served as our Chief Operating Officer since March 2015. From August 2007 to March 2015, Ms. Bornstein served as Chief Marketing Officer and Chief Digital Officer of Sephora LVMH, a beauty retailer. Ms. Bornstein also served as a member of our board of directors from February 2013 to March 2015. Ms. Bornstein currently serves as a director of Redfin Corporation, a residential real estate and brokerage company. Ms. Bornstein holds a B.A. in Government and an M.B.A. from Harvard University.

Lisa Bougie. Ms. Bougie has served as our General Manager, Stitch Fix Women since October 2013. From February 2004 to October 2013, Ms. Bougie served in a variety of capacities at Nike, Inc., an athletic apparel company, most recently as Vice President/General Manager Direct to Consumer, Emerging Markets from January 2012 to October 2013. Ms. Bougie holds a B.S. in Marketing from Santa Clara University.

Eric Colson. Mr. Colson has served as our Chief Algorithms Officer since August 2012. From September 2009 to August 2012, Mr. Colson served as the Vice President of Data Science and Engineering at Netflix, Inc., a

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media company. From December 2006 to September 2009, Mr. Colson served in various roles of increasing responsibility on the data science and data engineering teams at Netflix. Prior to joining Netflix, Mr. Colson served in senior data science roles at Yahoo!, a technology and media company, Blue Martini Software, a software and professional services provider, and Proxicom, a developer of interactive and internet-enabled solutions. Mr. Colson holds a B.A. in Economics from San Francisco State University, an M.S. in Information Systems from Golden State University and an M.S. in Management Science and Engineering from Stanford University.

Scott Darling. Mr. Darling has served as our Chief Legal Officer since October 2016 and as our Corporate Secretary since March 2017. From August 2015 to May 2016, Mr. Darling served as Chief Legal Officer and Corporate Secretary of Beepi, Inc. an online automobile retailer. From October 2011 to August 2015, Mr. Darling served as the Vice President, General Counsel and Corporate Secretary of Trulia, Inc., a home search marketplace. Prior to joining Trulia, Mr. Darling served as Vice President, General Counsel and Corporate Secretary at Imperva Inc., a cybersecurity company, from October 2010 until June 2011, and as Senior Attorney with Microsoft Corporation, a multinational technology company, from May 2008 to September 2010. Mr. Darling started his career with the law firm Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP. Mr. Darling holds a B.A. in Ethics, Politics and Economics from Yale University and a J.D. from the University of Michigan.

Cathy Polinsky. Ms. Polinsky has served as our Chief Technology Officer since October 2016. From July 2014 to October 2016, Ms. Polinsky served as Senior Vice President and Vice President, Enterprise Search of Salesforce, a software company. From August 2013 to July 2014, Ms. Polinsky served as Vice President of Engineering of Salesforce's work.com division. From October 2009 to August 2013, Ms. Polinsky served as Director and Senior Director of Software Development, Platform Engineering of Salesforce. Ms. Polinsky holds a B.A. with a special major in Computer Science from Swarthmore College.

Mike Smith. Mr. Smith has served as our General Manager, Stitch Fix Men since March 2016 and served as our Chief Operating Officer from June 2012 to March 2016. From February 2003 to June 2012, Mr. Smith served in a variety of capacities at Walmart.com, Inc., an online retail company, including Vice President from August 2008 to May 2010 and Chief Operating Officer from May 2010 to June 2012. Mr. Smith holds a B.A. in Interdisciplinary Studies from the University of Virginia and an M.B.A. from the University of California, Berkeley.

Margaret Wheeler. Ms. Wheeler has served as our Chief People and Culture Officer since March 2014. From March 2012 to March 2014, Ms. Wheeler served as the Senior Vice President, People Potential at Lululemon Athletica, an apparel company, and served as their Vice President, People Potential from March 2010 to March 2012. Prior to joining Lululemon, Ms. Wheeler served in a variety of capacities at Starbucks Corporation, a food and beverage company, most recently as Vice President, Global Learning, from January 2008 to March 2010. Ms. Wheeler holds a B.A. in Humanistic Studies from Saint Mary's College, Notre Dame, Indiana and an M.A. in Anglo-Irish Literature from University College, Dublin, Ireland.

Non-Employee Directors

Steven Anderson. Mr. Anderson has served on our board of directors since April 2011. Since April 2006, Mr. Anderson has served as a general partner of Baseline Ventures, a venture capital firm of which he is the founder. Previously, Mr. Anderson served in a variety of positions at Microsoft Corporation, a multinational technology company, eBay Inc., an online marketplace, Starbucks Corporation, a food and beverage company, and Digital Equipment Corporation, a manufacturer and vendor of computer hardware, as well as a partner of Kleiner Perkins Caufield & Byers, a venture capital firm. Mr. Anderson holds a B.A. in Business from the University of Washington, and an M.B.A. from the Stanford University Graduate School of Business. We believe Mr. Anderson is qualified to serve as a member of our board of directors due to his extensive experience with technology companies, including his experience as a venture capitalist investing in technology companies.

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J. William Gurley. Mr. Gurley has served on our board of directors since August 2013. Mr. Gurley serves as a general partner of Benchmark Capital, a venture capital firm, which he joined in March 1999. Previously, he served as a partner of Hummer Windblad Venture Partners, a venture capital firm, a research analyst for Credit Suisse First Boston, an investment bank, and a design engineer at Compaq Computer Corporation, a manufacturer of computers and related components. Mr. Gurley previously served on the boards of directors of Grubhub Inc., OpenTable Inc., Zillow Group, Inc. and Ubiquiti Networks, Inc. Mr. Gurley holds a B.S. in Computer Science from the University of Florida and an M.B.A. from the University of Texas. We believe Mr. Gurley is qualified to serve as a member of our board of directors due to his extensive experience with technology companies, including his experience as a member of the board of directors of public technology companies and as a venture capitalist investing in technology companies.

Marka Hansen. Ms. Hansen has served on our board of directors since February 2014. Ms. Hansen previously served as a consultant to us, from February 2013 to February 2014. Prior to that, she was the President of Gap North America, a subsidiary of The Gap Inc., a clothing retailer, from February 2007 until February 2011. Previously, Ms. Hansen served in various leadership positions at The Gap Inc., including as President of Banana Republic, LLC, a division of The Gap Inc. Ms. Hansen currently serves as a director of J.Jill, Inc., The Orvis Company, Inc., and True Religion Apparel, Inc., all clothing and apparel companies, and Sur La Table, Inc., a kitchen and dining marketplace. She holds a B.A. in Liberal Studies from Loyola Marymount University. We believe that Ms. Hansen is qualified to serve as a member of our board of directors because of her experience in retail, design and marketing.

Sharon McCollam. Ms. McCollam has served on our board of directors since November 2016. From December 2012 to January 2017, Ms. McCollam served as Chief Administrative and Chief Financial Officer of Best Buy Co., Inc., a provider of technology products, services and solutions marketed through eCommerce websites and retail stores. Previously, Ms. McCollam served as Executive Vice President, Chief Operating and Chief Financial Officer at Williams-Sonoma Inc., a specialty retailer of high-quality products for the home that markets through eCommerce websites, direct mail catalogs and retail stores, from July 2006 to December 2012. Ms. McCollam served as William-Sonoma's Chief Financial Officer from October 2000 to July 2006. Prior to Williams-Sonoma, Ms. McCollam served as Chief Financial Officer of Dole Fresh Vegetables Inc. from 1996 to 2000 and in various other finance-related leadership positions at Dole Food Company Inc., a producer and marketer of fresh fruit and vegetables, from 1993 until 1996. Ms. McCollam currently serves on the boards of directors for Whole Foods Market, Inc., Sutter Health, Hallmark Cards, Inc. and Art.com Inc. Ms. McCollam previously served on the boards of directors of Williams-Sonoma, Inc., Del Monte Foods Company and OfficeMax Incorporated. Ms. McCollam holds a B.S. in Accounting from the University of Central Oklahoma and is a Certified Public Accountant. We believe that Ms. McCollam is qualified to serve as a member of our board of directors because of her experience in retail and as member of the boards of directors of public and private companies.

There are no family relationships among any of our directors or executive officers.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have five directors. Certain members of our board of directors were elected under the provisions of a voting agreement. Under the terms of this voting agreement, the stockholders who are party to the voting agreement have agreed to vote their respective shares to elect: (1) one director designated by Baseline Ventures, currently Mr. Anderson; (2) one director designated by Benchmark Capital Partners, currently Mr. Gurley; (3) two directors designated by Ms. Lake and other common stockholders, currently Ms. Lake and one vacancy, and (4) two individuals designated jointly by Ms. Lake and other common stockholders, and the holders of a majority of our preferred stock, currently Ms. Hansen and Ms. McCollam. The voting agreement will terminate on the completion of this offering. Following the completion of this offering, no stockholder will have any special rights regarding the election or designation of members of our board of directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

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Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect on the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Ms. Lake and Ms. McCollam, whose terms will expire at the first annual meeting of stockholders to be held after the completion of this offering;
- the Class II directors will be Ms. Hansen and Mr. Anderson, whose terms will expire at the second annual meeting of stockholders to be held after the completion of this offering; and
- the Class III director will be Mr. Gurley, whose term will expire at the third annual meeting of stockholders to be held after the completion of this offering 2020.

We expect that any additional directorships resulting from an increase in the number of 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 in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, our board of directors has determined that Mr. Anderson, Mr. Gurley, Ms. Hansen and Ms. McCollam do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the listing standards. In making these determinations, 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 shares by each non-employee director and the transactions described in the section titled “Certain Relationships and Related Party Transactions.”

Committees of Our Board of Directors

Our board of directors has established an audit committee and a compensation committee, and will establish a nominating and corporate governance committee prior to the completion of this offering. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our audit committee consists of Ms. McCollam and Mr. Gurley. Our board of directors has determined that Ms. McCollam satisfies the independence requirements under listing standards and Rule 10A-3(b)(1) of the Exchange Act. We intend to comply with the listing requirement of the regarding the composition of our audit committee within the transition period for newly public companies. The chair of our audit committee is Ms. McCollam, who our board of directors has determined is an “audit committee financial expert” within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of

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directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality control procedures, any material issues with such procedures and any steps taken to deal with such issues when required by applicable law; and
- approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of the

Compensation Committee

Our compensation committee consists of Ms. Hansen and Mr. Anderson. The chair of our compensation committee is Ms. Hansen. Our board of directors has determined that each of Ms. Hansen and Mr. Anderson is independent under listing standards, a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and an "outside director" as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and approving the compensation of our chief executive officer, other executive officers and senior management;
- reviewing, evaluating and recommending to our board of directors succession plans for our executive officers;
- reviewing and recommending to our board of directors the compensation paid to our directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management; and

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- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of the .

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will consist of and . The chair of our nominating and corporate governance committee will be . Our board of directors has determined that each member of the nominating and corporate governance committee is independent under the listing standards.

Specific responsibilities of our nominating and corporate governance committee will include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;
- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- instituting plans or programs for the continuing education of our board of directors and orientation of new directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors.

Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of the .

Code of Conduct

We have adopted a Code of Conduct that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct will be posted on our website at www.stitchfix.com. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are currently, or have been at any time, one of our officers or employees. None of our executive officers currently serve, or have served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

The following table sets forth information regarding compensation expected to be earned by or paid to our non-employee directors during 2017, which will end on July 29, 2017:

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Option Awards(1)</u>	<u>Total</u>
Steven Anderson	\$ —	\$ —	\$ —
J. William Gurley	—	—	—
Marka Hansen	—	—	—
Sharon McCollam	—	157,932	157,932

(1) Amounts reported represent the aggregate grant date fair value of stock options granted to our directors during 2017 under our 2011 Plan, computed in accordance with Financial Accounting Standard Board Accounting Standards Codification, Topic 718, or ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the non-employee director.

Ms. Lake, our Chief Executive Officer, is also a director but does not receive any additional compensation for her service as a director. See the section titled "Executive Compensation" for more information regarding the compensation earned by Ms. Lake.

We intend to adopt a non-employee director compensation policy following the completion of this offering and on terms to be determined at a later date by our board of directors. Under the non-employee director policy, our non-employee directors will be eligible to receive compensation for service on our board of directors and committees of our board of directors.

EXECUTIVE COMPENSATION

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers, as of July 29, 2017, were:

- Katrina Lake, our Founder, Chief Executive Officer and Director;
- Julie Bornstein, our Chief Operating Officer; and
- Scott Darling, our Chief Legal Officer and Secretary.

The amounts below represent the estimated compensation expected to be earned by or paid to the named executive officers in 2017, which will end on July 29, 2017.

2017 Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers during 2017.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Option Awards(1)</u>	<u>All Other Compensation</u>	<u>Total</u>
Katrina Lake <i>Founder, Chief Executive Officer and Director</i>	2017	\$519,566	—	\$ 744,357(2)	\$1,263,923
Julie Bornstein <i>Chief Operating Officer</i>	2017	\$471,954	—	\$ 1,465,889(3)	\$1,937,843
Scott Darling <i>Chief Legal Officer and Secretary</i>	2017	\$244,129	\$635,362	—	\$ 879,491

- (1) Amounts reported represent the aggregate grant date fair value of stock options granted to our named executive officers during 2017 under our 2011 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.
- (2) Consists of \$744,357 paid in connection with a repurchase of shares by us from Ms. Lake in December 2016, which is the difference between the purchase price paid by us and the fair market value of the shares on the date of repurchase.
- (3) Consists of \$1,465,889 from the sale of shares by Ms. Bornstein to Baseline Encore, L.P., of which \$1,139,000 is the excess of the purchase price paid by Baseline Encore, L.P. over the fair market value of the shares on the date of purchase. The compensation also includes \$159,616, which represents certain tax obligations related to this transaction and \$167,273 related to additional tax gross-ups on this tax obligation.

Outstanding Equity Awards as of July 29, 2017

The following table presents estimated information regarding outstanding equity awards held by our named executive officers as of July 29, 2017. 2017 is not complete, and the amounts reported in the table below represent estimates assuming each named executive officer continues in service and vests through the end of 2017 and does not exercise any outstanding awards prior to that date. All awards were granted under our 2011 Plan.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares of Stock that Have Not Vested(1)	Market Value of Shares that Have Not Vested(2)
Katrina Lake	—	—	—	—	435,417(3)	\$
Julie Bornstein	464,496(4)	—	\$1.30	3/26/2025	—	—
Scott Darling	89,032(5)	80,968	\$4.94	10/28/2026	55,000(6)	\$

- (1) The shares in this column represent shares of restricted stock issued upon the early exercise of stock options, in each case that will remain unvested as of July 29, 2017, assuming the named executive officers continue in service through that date. We have a right to repurchase any unvested shares subject to each such award if the holder of the award ceases to provide services to us prior to the date on which all shares subject to the award have vested in accordance with the applicable vesting schedule described in the footnotes below.
- (2) The market value of the restricted stock as of July 29, 2017 will be determined based on the board of director’s determination of the fair market value of our common stock as of such date. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Common Stock Valuations.”
- (3) These restricted shares were issued in connection with the early exercise of a stock option and vest in 48 equal monthly installments commencing on March 22, 2015, subject to the individual’s continued service through each vesting date.
- (4) The stock options vest over four years, with 25% of the securities vesting on March 27, 2016 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual’s continued service through each vesting date.
- (5) The stock options vest over four years, with 25% of the securities vesting on October 28, 2017 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual’s continued service through each vesting date.
- (6) These restricted shares were issued in connection with the early exercise of a stock option and vest over four years, with 25% of the shares vesting on October 28, 2017 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual’s continued service through each vesting date.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act. As an emerging growth company we will be exempt from certain requirements related to executive compensation, including the requirements to hold a non-binding advisory vote on executive compensation and to provide information relating to the ratio of total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees, each as required by the Investor Protection and Securities Reform Act of 2010, which is part of the Dodd-Frank Act.

Pension Benefits

Our named executive officers did not participate in, or otherwise receive any benefits under, any defined benefit pension or retirement plan sponsored by us during 2017.

Nonqualified Deferred Compensation

Our named executive officers did not participate in, or earn any benefits under, a non-qualified deferred compensation plan sponsored by us during 2017.

Employment Agreements

The initial terms and conditions of employment for Julie Bornstein and Scott Darling are set forth in written offer letters. Prior to the completion of this offering, we will enter into revised employment offer letters with each of our named executive officers setting forth the terms and conditions of such executive's employment with us. The employment offer letters generally will provide for at-will employment and set forth the executive officer's initial base salary. In addition, prior to the completion of this offering we will enter into severance agreements with each of our named executive officers. Each of our named executive officers has executed our standard proprietary information and inventions agreement.

Katrina Lake

Prior to the completion of this offering, we will enter into an offer letter with Ms. Lake. Pursuant to the new offer letter, Ms. Lake's base salary will be \$ _____ per year. Ms. Lake's employment is at will and may be terminated at any time, with or without cause.

Julie Bornstein

We entered into an initial offer letter with Ms. Bornstein, our Chief Operating Officer, dated February 27, 2015, which sets forth the initial terms and conditions of her employment with us. Prior to the completion of this offering, we will enter into a new offer letter with Ms. Bornstein, which will replace and supersede Ms. Bornstein's prior offer letter. Pursuant to the new offer letter, Ms. Bornstein's base salary will be \$ _____ per year. Ms. Bornstein's employment is at will and may be terminated at any time, with or without cause.

Scott Darling

We entered into an initial offer letter with Mr. Darling, our Chief Legal Officer and Secretary, dated October 20, 2016, which sets forth the initial terms and conditions of his employment with us. Prior to the completion of this offering, we will enter into a new offer letter with Mr. Darling, which will replace and supersede Mr. Darling's prior offer letter. Pursuant to the new offer letter, Mr. Darling's base salary will be \$ _____ per year. Mr. Darling's employment is at will and may be terminated at any time, with or without cause.

Employee Benefit Plans

We believe that our ability to grant equity-based awards is a valuable and necessary compensation tool that aligns the long-term financial interests of our employees, consultants and directors with the financial interests of our stockholders. In addition, we believe that our ability to grant options and other equity-based awards helps us to attract, retain and motivate employees, consultants and directors, and encourages them to devote their best efforts to our business and financial success. The principal features of our incentive plans and our 401(k) plan are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which, other than the 401(k) plan, are filed as exhibits to the registration statement of which this prospectus is a part.

2017 Incentive Plan

Our board of directors adopted our 2017 Incentive Plan, or our 2017 Plan, on _____ and our stockholders approved our 2017 Plan on _____. The 2017 Plan became effective on the date of its adoption by our board of directors, but no stock award may be granted prior to the execution and delivery of the underwriting agreement related to this offering. Our 2017 Plan provides for the grant of incentive stock options to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards and other forms of stock awards to employees, directors and consultants, including employees and consultants of our affiliates.

Authorized Shares. The maximum number of shares of our Class A common stock that may be issued under our 2017 Plan is _____. In addition, the number of shares of our Class A common stock reserved for issuance under our 2017 Plan will automatically increase on August 1st of each calendar year, starting on August 1, 2018 through August 1, 2027, in an amount equal to _____ % of the total number of shares of all classes of our common stock outstanding on the last day of the preceding calendar year before the date of each automatic increase, or a lesser number of shares determined by our board of directors before the date of such increase. The maximum number of shares of our Class A common stock that may be issued on the exercise of incentive stock options under our 2017 Plan is _____.

Shares subject to stock awards granted under our 2017 Plan that expire or terminate without being issued, or that are paid out in cash rather than in shares, do not reduce the number of shares available for issuance under our 2017 Plan. Additionally, shares become available for future grant under our 2017 Plan if they were issued under stock awards under our 2017 Plan if we repurchase them or they are forfeited due to failure to vest. This includes shares used to pay the exercise price of a stock award or to satisfy the tax withholding obligations related to a stock award.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2017 Plan. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under our 2017 Plan, our board of directors has the authority to determine and amend the terms of awards and underlying agreements, including but not limited to:

- recipients;
- the exercise, purchase or strike price of stock awards, if any;
- the number of shares subject to each stock award;
- the vesting schedule applicable to the awards, together with any vesting acceleration; and
- the form of consideration, if any, payable on exercise or settlement of the award.

Under the 2017 Plan, the board of directors also generally has the authority to effect, with the consent of any adversely affected participant:

- the reduction of the exercise, purchase or strike price of any outstanding award;
- the cancellation of any outstanding award and the grant in substitution therefore of other stock awards, cash or other consideration; or
- any other action that is treated as a repricing under generally accepted accounting principles.

Section 162(m) Limits. At such time as necessary for compliance with Section 162(m) of the Code, no participant may be granted stock awards covering more than _____ shares (_____ shares in the year of hire) of our Class A common stock under the 2017 Plan during any calendar year pursuant to stock options, stock

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appreciation rights and other stock awards whose value is determined by reference to an increase over an exercise price or strike price of at least 100% of the fair market value of our Class A common stock on the date of grant. Additionally, under our 2017 Plan, in a calendar year, no participant may be granted a performance stock award covering more than _____ shares (_____ shares in the year of hire) of our Class A common stock or a performance cash award having a maximum value in excess of \$ _____. These limitations are designed to allow us to grant compensation that will not be subject to the \$1,000,000 annual limitation on the income tax deductibility of compensation paid to a covered executive officer imposed by Section 162(m) of the Code.

Stock Options. Incentive stock options and nonstatutory stock options are granted under stock option award agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2017 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. Options granted under the 2017 Plan vest at the rate specified in the stock option award agreement as determined by the plan administrator.

Restricted Stock Unit Awards. RSUs are granted under restricted stock unit award agreements adopted by the plan administrator. RSUs may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. An RSU may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the RSU agreement. Additionally, dividend equivalents may be credited in respect of shares covered by an RSU. Except as otherwise provided in the applicable award agreement, RSUs that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of Class A common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right award agreements adopted by the plan administrator. The plan administrator determines the purchase price or strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. A stock appreciation right granted under the 2017 Plan vests at the rate specified in the stock appreciation right award agreement as determined by the plan administrator.

Performance Awards. The 2017 Plan permits the grant of performance-based stock and cash awards that may qualify as performance-based compensation that is not subject to the \$1,000,000 limitation on the income tax deductibility imposed by Section 162(m) of the Code. Our compensation committee may structure awards so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period.

The performance goals that may be selected include one or more of the following: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholders' equity; (x) return on assets, investment, or

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capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction; (xxviii) implementation or completion of projects or processes; (xxix) stockholders' equity; (xxx) capital expenditures; (xxxi) debt levels; (xxxii) operating profit or net operating profit; (xxxiii) workforce diversity; (xxxiv) growth of net income or operating income; (xxxv) billings; (xxxvi) bookings; (xxxvii) employee retention; (xxxviii) user satisfaction; (xxxix) the number of users, including unique users; (xl) budget management; (xli) partner satisfaction; (xlii) entry into or completion of strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); and (xliii) to the extent that an award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the board of directors.

The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the board or committee (as applicable) (i) in the award agreement at the time the award is granted or (ii) in another document setting forth the performance goals at the time the performance goals are established, the board or committee (as applicable) will appropriately make adjustments in the method of calculating the attainment of performance goals for a performance period as follows: (1) to exclude restructuring or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following the divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the board or committee (as applicable) retains the discretion to reduce or eliminate the compensation or economic benefit due on attainment of performance goals and to define the manner of calculating the performance criteria it selects to use for such performance period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the award agreement or the written terms of a performance cash award.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our Class A common stock. The plan administrator will set the number of shares under the stock award and all other terms and conditions of such awards.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of securities reserved for issuance under the 2017 Plan, (2) the class and maximum number of securities by which the share reserve may increase automatically each year, (3) the class and maximum number of securities that may be issued on the exercise of incentive stock options, (4) the class and maximum number of securities subject to stock awards that can be granted in a calendar year (as established under the 2017 Plan under Section 162(m) of the Code) and (5) the class and number of securities and exercise price, strike price or purchase price, if applicable, of all outstanding stock awards.

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Corporate Transactions. Our 2017 Plan provides that in the event of certain specified significant corporate transactions, including but not limited to: (1) a sale or disposition of all or substantially all of our and our subsidiaries' assets, (2) the sale or disposition of more than 50% of our outstanding securities, (3) a merger or consolidation where we do not survive the transaction and (4) a merger or consolidation where we do survive the transaction but the shares of our Class A common stock outstanding before such transaction are converted or exchanged into other property by virtue of the transaction, unless otherwise provided in an award agreement or other written agreement between us and the award holder, the administrator may take one or more of the following actions with respect to such stock awards:

- arrange for the assumption, continuation or substitution of a stock award by a successor or acquiring corporation;
- arrange for the assignment of any reacquisition or repurchase rights held by us to a successor or acquiring corporation;
- accelerate the vesting, in whole or in part, of the stock award and provide for its termination upon or before the transaction;
- arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us;
- cancel or arrange for the cancellation of the stock award before the transaction in exchange for a cash payment, or no payment, as determined by our board of directors; or
- make a payment, in the form determined by our board of directors, equal to the excess, if any, of the value of the property the participant would have received on exercise of the stock awards before the transaction over any exercise price payable by the participant in connection with the exercise.

The plan administrator is not obligated to treat all stock awards or portions of stock awards, even those that are of the same type, in the same manner and is not obligated to treat all participants in the same manner.

In the event of a change in control, stock awards granted under the 2017 Plan will not receive automatic acceleration of vesting and exercisability, although this treatment may be provided for in an award agreement. Under the 2017 Plan, a change in control generally is defined to include, unless defined otherwise in another agreement between us and a participant applicable to his or her awards, (1) the acquisition by any person or entity of more than 50% of the combined voting power of our then outstanding stock securities, (2) a merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity), (3) a sale, lease, exclusive license or other disposition of all or substantially all of our and our subsidiaries' assets other than to an entity more than 50% of the combined voting power of which is owned by our stockholders (4) approval by our stockholders or board of directors of our complete dissolution or liquidation and (5) an unapproved change in the majority of the board of directors.

Transferability. A participant may not transfer stock awards under our 2017 Plan other than by will, the laws of descent and distribution, or as otherwise provided under our 2017 Plan.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend or terminate our 2017 Plan, provided that generally such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No incentive stock options may be granted after the tenth anniversary of the date our board of directors adopted our 2017 Plan. No stock awards may be granted under our 2017 Plan while it is suspended or after it is terminated.

2011 Equity Incentive Plan

Our board of directors adopted, and our stockholders approved, our 2011 Plan in February 2011. Our 2011 Plan was amended most recently in July 2016. Our 2011 Plan allows for the grant of incentive stock options to

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employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards and restricted stock units to employees, directors and consultants, including employees and consultants of our affiliates.

The 2017 Plan became effective on the date of its adoption by our board of directors, but no stock award may be granted prior to the execution and delivery of the underwriting agreement related to this offering. As a result, we do not expect to grant any additional awards under the 2011 Plan following that date. Any awards granted under the 2011 Plan will remain subject to the terms of our 2011 Plan and applicable award agreements.

Authorized Shares. The maximum number of shares of our Class B common stock that may be issued under our 2011 Plan is 20,364,297. The maximum number of shares of Class B common stock that may be issued on the exercise of incentive stock options under our 2011 Plan is 40,728,594 shares. Shares subject to stock awards granted under our 2011 Plan that expire, terminate without being exercised in full, are forfeited due to failure to vest or are settled in cash do not reduce the number of shares available for issuance under our 2011 Plan. Additionally, shares used to pay the exercise price of a stock option or to satisfy the tax withholding obligations related to a stock award become available for future grant under our 2011 Plan, although such shares may not be subsequently issued pursuant to the exercise of an incentive stock option. The shares issuable under the 2011 Plan are shares of authorized but unissued or reacquired Class B common stock, including shares repurchased on the open market or otherwise.

Plan Administration. Our board of directors or a duly authorized committee of our board of directors administers our 2011 Plan and the stock awards granted under it. Our board of directors may also delegate to one or more of our officers the authority to (1) designate certain employees to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under our 2011 Plan, the board of directors has the authority to determine and amend (subject to the consent of the award holder in the case of an amendment that impairs his or her rights) the terms of awards and underlying agreements, including but not limited to:

- recipients;
- the exercise, purchase or strike price of stock awards, if any;
- the number of shares subject to each stock award;
- the vesting schedule applicable to the awards, together with any vesting acceleration; and
- the form of consideration, if any, payable on exercise or settlement of the award.

Under the 2011 Plan, the board of directors also generally has the authority to effect, with the consent of any adversely affected participant:

- the reduction of the exercise price of any outstanding option or stock appreciation right;
- the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of certain other awards, cash or other consideration; or
- any other action that is treated as a repricing under generally accepted accounting principles.

Corporate Transactions. Our 2011 Plan provides that in the event of certain specified significant corporate transactions, generally including the consummation of: (1) a sale of all or substantially all of our assets, (2) the sale or disposition of at least 90% of our outstanding securities, (3) a merger or consolidation where we do not survive the transaction and (4) a merger or consolidation where we do survive the transaction but the shares of common stock outstanding before such transaction are converted or exchanged into other property by virtue of the transaction, unless otherwise provided in an award agreement or other written agreement between us and the award holder, the administrator may take one or more of the following actions with respect to such stock awards: (1) arrange for the assumption, continuation or substitution of a stock award by a successor corporation, (2) arrange for the assignment of any reacquisition or repurchase rights held by us to a successor corporation,

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(3) accelerate the vesting, in whole or in part, of the stock award and provide for its termination upon or before the transaction, (4) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by us, (5) cancel or arrange for the cancellation of an unvested or unexercised stock award before the transaction in exchange for a cash payment, if any, determined by the board of directors or (6) make a payment, in the form determined by the board of directors, equal to the excess, if any, of the value of the property the participant would have received on exercise of the stock award before the transaction over any exercise price payable by the participant in connection with the exercise. The plan administrator is not obligated to treat all stock awards, even those that are of the same type, or all participants, in the same manner.

In the event of a change in control, awards granted under the 2011 Plan will not receive automatic acceleration of vesting and exercisability, although the board of directors may provide for this treatment in an award agreement. Under the 2011 Plan, a change in control is defined generally to include (1) certain acquisitions by any person of more than 50% of the combined voting power of our then outstanding stock, (2) a merger, consolidation or similar transaction in which our stockholders immediately before the transaction do not own, directly or indirectly, more than 50% of the combined voting power of the surviving entity (or the parent of the surviving entity), (3) our stockholders approve or our board of directors approves a plan of complete dissolution or liquidation or a complete dissolution or liquidation otherwise occurs except for a liquidation into a parent corporation, (4) a sale, lease, exclusive license or other disposition of all or substantially all of the assets to an entity that did not previously hold more than 50% of the voting power of our stock in substantially the same proportions before such transaction and (5) the majority of the board of directors ceasing to consist of individuals who were directors as of the effectiveness of the 2011 Plan or directors appointed or elected thereafter with the board of directors' approval.

Transferability. Under our 2011 Plan, the board of directors may provide for limitations on the transferability of awards, in its sole discretion. Option awards are generally not transferable other than by will or the laws of descent and distribution, except as otherwise provided under our 2011 Plan.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend or terminate our 2011 Plan, although certain material amendments require the approval of our stockholders, and amendments that would impair the rights of any participant require the consent of that participant.

2017 Employee Stock Purchase Plan

Our board of directors adopted, and our stockholders approved, our ESPP in . The ESPP will become effective on the date immediately prior to the date of the underwriting agreement related to this offering. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward our success and that of our parent or subsidiaries. The ESPP is intended to permit the grant of options under a plan that qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code for U.S. employees.

Share Reserve. Following this offering, the ESPP authorizes the issuance of shares of our Class A common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on August 1st of each calendar year, beginning on August 1, 2018 (assuming the ESPP becomes effective in fiscal year ending July 30, 2018) through August 1, 2027, by the lesser of (1) % of the total number of shares of all classes of our common stock outstanding on the last day of the preceding calendar year before the date of the automatic increase and (2) shares of our Class A common stock; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2). As of the date hereof, no shares of our Class A common stock have been purchased under the ESPP.

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Administration. Our board of directors has delegated its authority to administer the ESPP to our compensation committee. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under the ESPP, the ESPP administrator may specify offerings with durations of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our Class A common stock will be purchased for employees participating in the offering. We currently intend to have 24-month offerings with multiple purchase periods (of approximately six months in duration) per offering, except that the first purchase period under our first offering may be shorter or longer than six months, depending on the date of the underwriting agreement relating to this offering. An offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or our parent or any of our designated subsidiaries, may participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings (as defined by the ESPP administrator for each offering) for the purchase of our Class A common stock under the ESPP. Class A common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (1) 85% of the fair market value of a share of our Class A common stock on the first date of an offering or (2) 85% of the fair market value of a share of our Class A common stock on the date of purchase. For the initial offering, which we expect will commence on the date of the underwriting agreement relating to this offering, the fair market value on the first day of the offering period will be the price at which shares of Class A common stock are first sold to the public.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors and subject to applicable law, including: (1) being customarily employed for more than 20 hours per week, (2) being customarily employed for more than five months per calendar year or (3) continuous employment with us or our parent or one of our designated subsidiaries for a period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of \$25,000 worth of our Class A common stock based on the fair market value per share of our Class A common stock at the beginning of an offering for each year such a purchase right is outstanding and the maximum number of shares an employee may purchase during a single purchase period is . Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power of 5% or more of our or any of our parent or subsidiaries' outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to Capital Structure. In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar equity restructuring transaction, our board of directors will make appropriate adjustments to: (1) the class and number of shares reserved under the ESPP, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and number of shares and purchase price of all outstanding purchase rights and (4) the class and number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of certain significant corporate transactions, including: (1) a sale or disposition of all or substantially all of our and our subsidiaries' assets, (2) the sale or disposition of more than 50% of our outstanding securities, (3) a merger or consolidation where we do not survive the transaction and (4) a merger or consolidation where we do survive the transaction but the shares of our Class A common stock outstanding immediately before such transaction are converted or exchanged into other property by virtue of the transaction, any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company). If the surviving or acquiring corporation (or its parent company) elects not to assume, continue or substitute for such purchase rights, then the

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participants' accumulated payroll contributions will be used to purchase shares of our Class A common stock within ten business days before such corporate transaction, and such purchase rights will terminate immediately.

ESPP Amendment or Termination. Our board of directors has the authority to amend, suspend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

401(k) Plan

We maintain a safe harbor 401(k) plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to defer eligible compensation up to certain Code limits, which are updated annually. We have the ability to make matching and discretionary contributions to the 401(k) plan. Currently, we do not make matching contributions or discretionary contributions to the 401(k) plan. The 401(k) plan is intended to be qualified under Section 401(a) of the Code, with the related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made, and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Limitations of Liability and Indemnification Matters

On the completion of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect on the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect on the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

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

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

Rule 10b5-1 Sales Plans

Our directors and officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our Class A common stock or Class B common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since July 28, 2013 to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, had or will have a direct or indirect material interest.

Series B Preferred Stock Financing and Stock Repurchase

In August 2013, we sold an aggregate of 24,358,445 shares of our Series B convertible preferred stock at a purchase price of \$0.486516 per share for an aggregate purchase price of approximately \$11.9 million. All purchasers of our Series B convertible preferred stock are entitled to specified registration rights. See the section titled “Description of Capital Stock—Registration Rights” for more information regarding these registration rights. The following table summarizes the Series B convertible preferred stock purchased by members of our board of directors or their affiliates and holders of more than 5% of our outstanding capital stock:

<u>Name of Stockholder</u>	<u>Shares of Series B Preferred Stock</u>	<u>Total Purchase Price</u>
Benchmark Capital Partners VII, L.P.(1)	17,882,240	\$ 8,699,996
Baseline Increased Exposure Fund, LLC(2)	6,065,120	2,950,778

(1) Mr. Gurley, a member of our board of directors, is a managing member of the general partner of this entity.

(2) Mr. Anderson, a member of our board of directors, is the managing member of this entity.

In connection with the issuance and sale of Series B convertible preferred stock, we repurchased 1,190,995 shares of common stock from Katrina Lake, our Founder, Chief Executive Officer and a member of our board of directors, at a purchase price of \$0.486516 per share for an aggregate purchase price of \$579,438. In addition, we repurchased 500,000 shares of Series A convertible preferred stock from Lightspeed Venture Partners VIII, L.P. for \$0.486516 per share for an aggregate purchase price of \$243,258.

Series C Preferred Stock Financing

In April 2014, we sold an aggregate of 7,474,285 shares of our Series C convertible preferred stock at a purchase price of \$3.344798 per share for an aggregate purchase price of approximately \$25.0 million. All purchasers of our Series C convertible preferred stock are entitled to specified registration rights. See the section titled “Description of Capital Stock—Registration Rights” for more information regarding these registration rights. The following table summarizes the Series C convertible preferred stock purchased by our executive officers, members of our board of directors or their affiliates and holders of more than 5% of our outstanding capital stock:

<u>Name of Stockholder</u>	<u>Shares of Series C Preferred Stock</u>	<u>Total Purchase Price</u>
Entities affiliated with Benchmark Capital Partners(1)	4,539,995	\$ 15,185,366
Entities affiliated with Baseline Ventures(2)	2,186,860	7,314,605
Lightspeed Venture Partners VIII, L.P.	448,460	1,500,008
Julie Bornstein	89,690	299,995

- (1) Affiliates of Benchmark Capital Partners whose shares are aggregated for reporting share ownership information are Benchmark Capital Partners VII, L.P. and Benchmark Capital Partners VI, L.P. Mr. Gurley, a member of our board of directors, is a managing member of the general partner of each of these entities.
- (2) Affiliates of Baseline Ventures whose shares are aggregated for reporting share ownership information are Baseline Increased Exposure Fund, LLC, Baseline Ventures 2009, LLC and Baseline Cable Car, LLC. Mr. Anderson, a member of our board of directors, is the managing member of these entities.

Employee Stock Sales

In December 2016, we repurchased 526,620 shares of our common stock from employees, including shares underlying then-unexercised vested options, at a purchase price of \$22.61 per share for total cash consideration of \$11,883,000, of which 44,228 shares of common stock were repurchased from Katrina Lake, our Founder, Chief Executive Officer and a member of our board of directors, for an aggregate purchase price of \$999,995.

In January 2017, entities affiliated with Baseline Ventures purchased 85,000 shares of preferred stock from Julie Bornstein, an executive officer, at an aggregate purchase price of \$1,921,850.

Investor Rights Agreement

In April 2014, we entered into an amended and restated investor rights agreement, or IRA, with certain holders of our preferred stock, including entities affiliated with Baseline Ventures, Benchmark Capital Partners and Lightspeed Venture Partners. The IRA provides the holders of our preferred stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. Steven Anderson and J. William Gurley, members of our board of directors, are affiliated with Baseline Ventures and Benchmark Capital Partners, respectively. The IRA also provides these stockholders with information rights, which will terminate on the completion of this offering, and a right of first refusal with regard to certain issuances of our capital stock, which will not apply to, and will terminate on, the completion of, this offering. In connection with this offering, the holders of 60,577,280 shares of our Class B common stock issuable on conversion of outstanding preferred stock and the automatic exercise of preferred stock warrants, will be entitled to rights with respect to the registration of their shares of Class B common stock under the Securities Act under this agreement. For a description of these registration rights, see the section titled “Description of Capital Stock—Registration Rights.”

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect on the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Policies and Procedures for Transactions with Related Persons

Prior to the completion of this offering, we intend to adopt a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$ _____ and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, 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 person's interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of April 29, 2017 by:

- each named executive officer;
- each of our directors;
- our directors and executive officers as a group; and
- each person or entity known by us to own beneficially more than 5% of our Class A common stock and Class B common stock (by number or by voting power).

We have determined beneficial ownership in accordance with the rules and regulations 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 that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on no shares of Class A common stock and 86,918,374 shares of Class B common stock outstanding as of April 29, 2017, assuming (i) the automatic conversion of all outstanding shares of preferred stock into shares of Class B common stock and (ii) the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants. Applicable percentage ownership after the offering is based on (i) _____ shares of Class A common stock and (ii) 86,918,374 shares of Class B common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable or would vest based on service-based vesting conditions within 60 days of April 29, 2017. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

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Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Stitch Fix, Inc., 1 Montgomery Street, Suite 1500, San Francisco, California 94104.

Name of Beneficial Owner	Beneficial Ownership Before the Offering				Beneficial Ownership After the Offering			
	Class A Common Stock		Class B Common Stock	% of Total Voting Power Before the Offering	Class A Common Stock		Class B Common Stock	% of Total Voting Power After the Offering(1)
	Shares	%	Shares		Shares	%	Shares	
5% Stockholders:								
Entities affiliated with Baseline Ventures(2)	—	*	24,622,309	28.3				
Entities affiliated with Benchmark Capital Partners(3)	—	*	22,422,235	25.8				
Lightspeed Venture Partners VIII, L.P.(4)	—	*	10,338,170	11.9				
Directors and Named Executive Officers:								
Katrina Lake(5)	—	*	14,491,822	16.7				
Julie Bornstein(6)	—	*	1,056,759	1.2				
Scott Darling(7)	—	*	144,032	*				
Steven Anderson(2)	—	*	24,622,309	28.3				
J. William Gurley(3)	—	*	22,422,235	25.8				
Marka Hansen(8)	—	*	258,333	*				
Sharon McCollam	—	*	—	*				
All directors and executive officers as a group (7 persons)(9)	—	*	62,995,490	71.8				

* Represents beneficial ownership of less than 1%.

- (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 _____ 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—Class A Common Stock and Class B Common Stock” for additional information about the voting rights of our Class A and Class B common stock.
- (2) Consists of (i) 16,157,915 shares of Class B common stock held by Baseline Ventures 2009 LLC, (ii) 7,921,083 shares of Class B common stock held by Baseline Increased Exposure Fund, LLC, (iii) 277,911 shares of Class B common stock held by Baseline Cable Car, LLC and (iv) 265,400 shares of Class B common stock held by Baseline Encore, L.P. Mr. Anderson, the sole managing member of Baseline Ventures 2009, LLC, Baseline Increased Exposure Fund, LLC, Baseline Cable Car, LLC and Baseline Encore Associates, LLC and the general partner of Baseline Encore, L.P., has the sole power to vote these shares. The address for Baseline Ventures is P.O. Box 1617, Ross, CA 94957.
- (3) Consists of (i) 19,395,570 shares of Class B common stock held by Benchmark Capital Partners VII, L.P. and (ii) 3,026,665 shares of Class B common stock held by Benchmark Capital VI, L.P. Benchmark Capital Management Co. VII, L.L.C., the general partner of Benchmark Capital Partners VII, L.P., has the sole power to vote these shares, and Matthew R. Cohler, Bruce W. Dunlevie, Peter H. Fenton, J. William Gurley, Kevin R. Harvey, Mitch Lasky and Steven M. Spurlock, the managing members of Benchmark Capital Management Co. VII, L.L.C., have shared power to vote these shares. Benchmark Capital Management Co. VI, L.L.C., the general partner of Benchmark Capital Partners VI, L.P., has the sole power to vote these shares, and Alexandre Balkanski, Matthew R. Cohler, Bruce W. Dunlevie, Peter H. Fenton, J. William Gurley, Kevin R. Harvey, Mitch Lasky and Steven M. Spurlock, the managing members of Benchmark

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Capital Management Co. VI, L.L.C., have shared power to vote these shares. The address for Benchmark Capital Partners is 2965 Woodside Road, Woodside, CA 94062.

- (4) The shares of Class B common stock are held by Lightspeed Venture Partners VIII, L.P. Lightspeed Ultimate General Partner VIII, Ltd. is the general partner of Lightspeed General Partner VIII, L.P, which is the general partner of Lightspeed Venture Partners VIII, L.P. As such, Lightspeed Ultimate General Partner VIII, Ltd. possesses power to vote the shares owned by Lightspeed Venture Partners VIII, L.P. and may be deemed to have indirect beneficial ownership of the shares held by Lightspeed Venture Partners VIII, L.P. Barry Eggers, Ravi Mhatre, Peter Nieh and Christopher J. Schaepe are the directors of Lightspeed Ultimate General Partner VIII, Ltd. and possess power to vote the shares owned by Lightspeed Venture Partners VIII, L.P. and may be deemed to have indirect beneficial ownership of the shares held by Lightspeed Venture Partners VIII, L.P. The address for Lightspeed is 2200 Sand Hill Road, Menlo Park, CA 94025.
- (5) Consists of (i) 11,436,050 shares of Class B common stock held by the Katrina M. Lake Revocable Trust dated May 23, 2016, of which Ms. Lake is the trustee, (ii) 2,000,000 shares of Class B common stock held by the Katrina M. Lake 2017 Grantor Retained Annuity Trust — I dated April 24, 2017, of which Ms. Lake is the trustee and (iii) 1,055,772 shares of Class B common stock held by the John C. Clifford and Katrina M. Lake Revocable Trust dated May 23, 2016, of which Ms. Lake and John C. Clifford are trustees. 504,167 of the shares of Class B common stock are subject to a right of repurchase.
- (6) Consists of (i) 592,263 shares of Class B common stock and (ii) 464,496 shares of Class B common stock exercisable pursuant to outstanding options within 60 days of April 29, 2017.
- (7) Consists of (i) 55,000 shares of Class B common stock, all of which are subject to a right of repurchase, and (ii) 89,032 shares of Class B common stock exercisable pursuant to outstanding options within 60 days of April 29, 2017.
- (8) Consists of 258,333 shares of Class B common stock exercisable pursuant to outstanding options within 60 days of April 29, 2017.
- (9) Consists of (i) 62,183,629 shares of Class B common stock held by our current directors and executive officers and (ii) 811,861 shares of Class B common stock issuable under outstanding stock options exercisable within 60 days of April 29, 2017.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect on the completion of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect on the completion of this offering.

On the completion of this offering, our amended and restated certificate of incorporation will provide for two classes of common stock: Class A common stock and Class B common stock. In addition, our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

On the completion of this offering, our authorized capital stock will consist of _____ shares, all with a par value of \$0.00002 per share, of which:

- _____ shares are designated Class A common stock;
- _____ shares are designated Class B common stock; and
- _____ shares are designated preferred stock.

As of January 28, 2017, we had outstanding:

- no shares of Class A common stock; and
- 86,650,565 shares of Class B common stock, which assumes the conversion of 59,511,055 outstanding shares of preferred stock into shares of Class B common stock and the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants in connection with this offering.

Our outstanding capital stock was held by 150 stockholders of record as of January 28, 2017. Our board of directors is authorized, without stockholder approval except as required by the listing standards of _____, to issue additional shares of our capital stock.

Class A Common Stock and Class B Common Stock

Voting Rights

The Class A common stock is entitled to one vote per share on any matter that is submitted to a vote of our stockholders. Holders of our Class B common stock are entitled to _____ votes per share on any matter submitted to our stockholders. Holders of shares of Class B common stock and Class A common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will not provide for cumulative voting for the election of directors.

Economic Rights

Except as otherwise will be expressly provided in our amended and restated certificate of incorporation that will be in effect on the completion of this offering or required by applicable law, all shares of Class A common stock and Class B common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects for all matters, including those described below.

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Dividends and Distributions. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically and ratably, on a per share basis, with respect to any dividend or distribution of cash or property paid or distributed by the company, unless different treatment of the shares of the affected class is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class. See the section titled “Dividend Policy” for additional information.

Liquidation Rights. On our liquidation, dissolution or winding-up, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically and ratably in all assets remaining after the payment of any liabilities, liquidation preferences and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Change of Control Transactions. The holders of Class A common stock and Class B common stock will be treated equally and identically with respect to shares of Class A common stock or Class B common stock owned by them, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the class treated differently, voting separately as a class, on (a) the closing of the sale, transfer or other disposition of all or substantially all of our assets, (b) the consummation of a merger, reorganization, consolidation or share transfer which results in our voting securities outstanding immediately before the transaction (or the voting securities issued with respect to our voting securities outstanding immediately before the transaction) representing less than a majority of the combined voting power of the voting securities of the company or the surviving or acquiring entity or (c) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons of securities of the company if, after closing, the transferee person or group would hold 50% or more of the outstanding voting power of the company (or the surviving or acquiring entity). However, consideration to be paid or received by a holder of common stock in connection with any such assets sale, merger, reorganization, consolidation or share transfer under any employment, consulting, severance or other arrangement will be disregarded for the purposes of determining whether holders of common stock are treated equally and identically.

Subdivisions and Combinations. If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other classes will be subdivided or combined in the same manner.

No Preemptive or Similar Rights

Our Class A common stock and Class B common stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock described below.

Conversion

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. After the completion of this offering, on any transfer of shares of Class B common stock, whether or not for value, each such transferred share will automatically convert into one share of Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation that will be in effect on the completion of this offering, including transfers for tax and estate planning purposes, so long as the transferring holder continues to hold sole voting and dispositive power with respect to the shares transferred.

Any holder’s shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon the following: (i) sale or transfer of such share of Class B common stock; (ii) the death of

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the Class B common stockholder; and (iii) on the final conversion date, defined as the earlier of (a) the first trading day on or after the date on which the outstanding shares of Class B common stock represent less than 10% of the then outstanding Class A and Class B common stock; (b) the tenth anniversary of this offering; or (c) the date specified by vote of the holders of a majority of the outstanding shares of Class B common stock, voting as a single class.

Once transferred and converted into Class A common stock, the Class B common may not be reissued.

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our Class A common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of January 28, 2017, there were 59,511,055 shares of our preferred stock outstanding. In connection with this offering, each outstanding share of our preferred stock will convert into one share of our Class B common stock.

On the completion of this offering and under our amended and restated certificate of incorporation that will be in effect on the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our Class A common stock or Class B common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our Class B common stock, and the likelihood that such holders would receive dividend payments and payments on liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. On the completion of this offering, no shares of preferred stock will be outstanding. We have no present plan to issue any shares of preferred stock.

Options

As of January 28, 2017, we had outstanding options to purchase 7,556,131 shares of our common stock, with a weighted-average exercise price of approximately \$2.25 per share, under our 2011 Plan.

Warrants

As of January 28, 2017, warrants to purchase an aggregate of 1,066,225 shares of our preferred stock at a weighted-average exercise price of \$0.1923 per share were outstanding. The warrants will be automatically exercised in connection with this offering for no consideration. For more information, see Note 6 to our consolidated financial statements included elsewhere in this prospectus.

Registration Rights

Stockholder Registration Rights

We are party to an investor rights agreement that provides that certain holders of our preferred stock, including certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors,

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have certain registration rights, as set forth below. This investor rights agreement was entered into in April 2014. In addition, certain holders of our preferred stock have registration rights under the purchase agreement under which they originally purchased their preferred stock. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire five years after the effective date of the registration statement, of which this prospectus is a part, or with respect to any particular stockholder, such time after the effective date of the registration statement that such stockholder (a) holds less than 1% of our outstanding common stock (including shares issuable on conversion of outstanding preferred stock) and (b) can sell all of its shares under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

The holders of an aggregate of 60,577,280 shares of our Class B common stock (including 1,066,225 shares of Class B common stock issuable upon the automatic exercise of outstanding preferred stock warrants in connection with this offering), will be entitled to certain demand registration rights. At any time beginning 180 days after the completion of this offering, the holders of a majority of these shares may, on not more than one occasion, request that we register all or a portion of their shares. Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least \$15.0 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 60,577,280 shares of our Class B common stock (including 1,066,225 shares of Class B common stock issuable upon the automatic exercise of outstanding preferred stock warrants in connection with this offering), were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a demand registration or a registration statement on Forms S-4 or S-8, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 60,577,280 shares of Class B common stock (including 1,066,225 shares of Class B common stock issuable upon the automatic exercise of outstanding preferred stock warrants in connection with this offering), will be entitled to certain Form S-3 registration rights. The holders of at least 30% of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed \$10 million. We will not be required to effect more than two registrations on Form S-3 within any 12-month period.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws to be in Effect on the Completion of this Offering

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation and amended and restated bylaws to be effective on the completion of this offering will provide for stockholder actions at a duly called meeting of stockholders or, before the date on which all shares of common stock convert into a single class, by written consent. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, our chief executive officer or our lead independent director. Our amended and restated bylaws to be effective on the completion of this offering will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

Our amended and restated certificate of incorporation to be effective on the completion of this offering will further provide for a dual-class common stock structure, which provides our current investors, officers and employees with control over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

In accordance with our amended and restated certificate of incorporation to be effective on the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions, including the dual-class structure of our common stock, are intended to preserve our existing control structure after completion of this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

Choice of Forum

Our amended and restated certificate of incorporation to be effective on the completion of this offering will provide that the Court of Chancery of the State of Delaware be the exclusive forum for: (i) any derivative action

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or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty; (iii) any action asserting a claim against us arising under the Delaware General Corporation Law; (iv) any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws; or (v) any action asserting a claim against us that is governed by the internal affairs doctrine. Our amended and restated certificate of incorporation to be effective on the completion of this offering will further provide that the federal district courts of the United States of America be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Limitations of Liability and Indemnification

See the section titled “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Exchange Listing

Our Class A common stock is currently not listed on any securities exchange. We intend to apply to have our Class A common stock approved for listing on _____ under the symbol “_____”.

Transfer Agent and Registrar

On the completion of this offering, the transfer agent and registrar for our Class A common stock and Class B common stock will be _____. The transfer agent’s address is _____.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our Class A common stock or impair our ability to raise equity capital.

Based on our shares outstanding as of January 28, 2017, on the completion of this offering, a total of _____ shares of Class A common stock and 86,650,565 shares of Class B common stock will be outstanding, assuming the automatic conversion of all of our outstanding shares of preferred stock into an aggregate of 59,511,055 shares of Class B common stock and the issuance of 1,066,225 shares of Class B common stock upon the automatic exercise of outstanding preferred stock warrants. Of these shares, all of the Class A common stock sold in this offering by us, plus any shares sold by us on exercise of the underwriters' option to purchase additional Class A common stock, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining shares of Class A common stock and Class B common stock will be, and shares of Class A common stock or Class B common stock subject to stock options will be on issuance, "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be 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 must have 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. 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 without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of Class A common stock then outstanding, which will equal approximately _____ shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock from us; or

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- the average weekly trading volume of our Class A common stock on the on Form 144 with respect to such sale. during the four calendar weeks preceding the filing of a notice

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

Rule 701

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

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our Class A common stock and Class B common stock that are issuable under our 2011 Plan, 2017 Plan and ESPP. These registration statements will become effective immediately on filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below, and Rule 144 limitations applicable to affiliates.

Lock-up Arrangements

We, and all of our directors, executive officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our Class A common stock and Class B common stock outstanding immediately on the completion of this offering, have agreed, or will agree, with the underwriters that, until 180 days after the date of this prospectus, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our shares of common stock, any options or warrants to purchase any of our shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of our common stock; provided that such restricted period will end with respect to 35% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (i) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (ii) the last reported closing price of our Class A common stock is at least 25% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; provided, further that if such restricted period ends during a trading black-out period, the restricted period will end one business day following the date that we announce our earnings results for the previous quarter. These agreements are described in the section titled "Underwriting." Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC may, in their sole discretion, release any of the securities subject to these lock-up agreements at any time.

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

Registration Rights

Under our IRA and on the completion of this offering, the holders of 60,577,280 shares of our Class B common stock (including 1,066,225 shares of Class B common stock issuable upon the automatic exercise of outstanding preferred stock warrants) or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. See the section titled “Description of Capital Stock—Registration Rights” for additional information.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR
CLASS A COMMON STOCK**

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the ownership and disposition of our Class A common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income, and does not address any estate or gift tax consequences or any tax consequences arising under any state, local or foreign tax laws, or any other U.S. federal tax laws. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service, or IRS, all as in effect as of the date of this prospectus. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our Class A common stock pursuant to this offering and who 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 of the U.S. federal income tax consequences that may be relevant to a particular holder in light of such holder’s particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other pass-through entities (and investors therein);
- “controlled foreign corporations”;
- “passive foreign investment companies”;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- persons subject to the alternative minimum tax;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons that own, or have owned, actually or constructively, more than 5% of our Class A common stock;
- persons who have elected to mark securities to market; and
- persons holding our Class A common stock as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our Class A common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our Class A common stock that is not a “U.S. person” or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on Our Class A Common Stock

As described under the section titled “Dividend Policy,” we have not paid and do not anticipate paying dividends. However, if we make cash or other property distributions on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder’s tax basis in our Class A common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of our Class A common stock and will be treated as described under the section titled “—Gain On Disposition of our Class A Common Stock” below.

Subject to the discussion below regarding effectively connected income, backup withholding and FATCA, dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or our withholding agent a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) including a taxpayer identification number and certifying such holder’s qualification for the reduced rate. This certification must be provided to us or our withholding agent before the payment of dividends and must be updated periodically. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder’s behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our withholding agent, either directly or through other intermediaries.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our Class A common stock are effectively connected with such

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holder's U.S. trade or business (and are attributable to such holder's permanent establishment in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our Class A common stock generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on Disposition of Our Class A Common Stock

Subject to the discussion below regarding backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our Class A common stock, unless:

- the gain is effectively connected with the non-U.S. holder's 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 maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- our Class A common stock constitutes a "United States real property interest" by reason of our status as a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our Class A common stock, and our Class A common stock is not regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of dividends on our Class A common stock paid to such holder and the amount of any tax withheld with

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respect to those dividends. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 28% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our Class A common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or certain other requirements are met. Backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on Foreign Entities

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our Class A common stock. FATCA will also apply to gross proceeds from sales or other dispositions of our Class A common stock after December 31, 2018.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in our Class A common stock.

UNDERWRITING

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

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
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.

<u>Paid by Us</u>	<u>No Exercise</u>	<u>Full Exercise</u>
<u>Per Share</u>	\$	\$
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 representatives 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 common stock and securities convertible into or exchangeable for shares of our common stock have entered into or will enter into lock-up agreements with the underwriters of this offering under which we and they have agreed that, subject to certain exceptions, we and they will not dispose of any shares of common stock, any options or warrants to purchase any of our shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus; provided that such restricted period will end with respect to 35% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (i) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (ii) the last reported closing price of our Class A common stock is at least 25% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; provided, further that if such restricted period ends during a trading black-out period, the restricted period will end one business day following the date that we announce our earnings results for the previous quarter. The consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC is required to release any of the securities subject to these lock-up agreements. In addition, our executive

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officers, directors and holders of all of our common stock and securities convertible into or exchangeable for shares of our common stock have entered into market standoff agreements with us under which they have agreed that, subject to certain exceptions, without our consent, they will not dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus. We will agree that, without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, we will not release any of the securities subject to these market standoff agreements; provided, however, that we intend to release securities to the extent of the early expiration of the lock-up agreements. See “Shares Available 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 the representatives and us. 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. Neither we nor the underwriters can assure investors that an active trading market will develop for our Class A common stock or that the shares will trade in the public market at or above the initial public offering price.

We intend to apply to list our Class A common stock on _____ under the symbol “_____”.

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 our 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 representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our Class A common stock. As a result, the price of our 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 _____, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ _____. We will agree to reimburse the underwriters for expenses related _____.

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to any applicable state securities filings and to the Financial Industry Regulatory Authority incurred by them in connection with this offering in an amount up to \$.

We will agree to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

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

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to 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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relative Member State”) an offer to the public of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common stock may be made at any time under the following exemptions under the Prospectus Directive:

- To any legal entity which is a qualified investor as defined in the Prospectus Directive;
- 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 representatives for any such offer; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and the Company that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

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For the purposes of this provision, the expression an “offer to public” in relation to our common stock 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 stock to be offered so as to enable an investor to decide to purchase our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and 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 relay 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 from, 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 hereto) 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), or the 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), or the 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, or 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, or 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.

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

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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.

LEGAL MATTERS

Cooley LLP, San Francisco, California, which has acted as our counsel in connection with this offering, will pass on certain legal matters with respect to U.S. federal law in connection with this offering. Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California, has acted as counsel to the underwriters in connection with this offering.

EXPERTS

The consolidated financial statements as of July 30, 2016 and for the year then ended included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all 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 are 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. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

We also maintain a website at www.stitchfix.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

STITCH FIX, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Stitch Fix, Inc.:

We have audited the accompanying consolidated balance sheet of Stitch Fix, Inc. (the “Company”) and its subsidiaries as of July 30, 2016, and the related consolidated statements of operations and comprehensive income, convertible preferred stock and stockholders’ equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Stitch Fix, Inc. and its subsidiaries as of July 30, 2016, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

San Francisco, California
June 8, 2017

STITCH FIX, INC.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	As of July 30, 2016	As of January 28, 2017 (unaudited)	Pro Forma as of January 28, 2017 (unaudited)
Assets			
Current assets:			
Cash	\$ 91,488	\$ 127,672	\$
Restricted cash	1,391	—	
Inventory, net	44,808	52,101	
Prepaid expenses and other current assets	10,585	19,519	
Total current assets	148,272	199,292	
Property and equipment, net	19,151	25,216	
Deferred tax assets	13,201	14,048	
Restricted cash, net of current portion	8,613	9,350	
Other long-term assets	2,363	2,846	
Total assets	<u>\$191,600</u>	<u>\$ 250,752</u>	
Liabilities, Convertible Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 36,588	\$ 50,112	
Accrued liabilities	29,973	43,023	
Preferred stock warrant liability	7,798	10,447	—
Gift card liability	3,197	6,785	
Deferred revenue	4,431	5,752	
Other current liabilities	3,086	3,379	
Total current liabilities	85,073	119,498	
Deferred rent, net of current portion	9,541	11,825	
Other long-term liabilities	4,817	5,155	
Total liabilities	99,431	136,478	
Commitments and contingencies (Note 7)			
Convertible preferred stock, \$0.00002 par value – 60,577,280 shares authorized as of July 30, 2016 and January 28, 2017 (unaudited); 59,511,055 shares issued and outstanding as of July 30, 2016 and January 28, 2017 (unaudited); no shares issued and outstanding, pro forma (unaudited); aggregate liquidation preference of \$42,389 as of July 30, 2016 and January 28, 2017 (unaudited)	42,222	42,222	—
Stockholders' equity:			
Common stock, \$0.00002 par value – 96,000,000 and 98,000,000 (unaudited) shares authorized as of July 30, 2016 and January 28, 2017, respectively; 25,873,434 and 26,073,285 (unaudited) shares issued and outstanding as of July 30, 2016 and January 28, 2017, respectively; 86,650,565 shares issued and outstanding, pro forma (unaudited)	—	—	2
Additional paid-in capital	10,938	23,124	75,791
Retained earnings	39,009	48,928	48,928
Total stockholders' equity	49,947	72,052	<u>\$ 124,721</u>
Total liabilities, convertible preferred stock and stockholders' equity	<u>\$191,600</u>	<u>\$ 250,752</u>	

The accompanying notes are an integral part of the consolidated financial statements.

STITCH FIX, INC.

Consolidated Statements of Operations and Comprehensive Income

(In thousands, except share and per share amounts)

	2016	First Half	
		2016 (unaudited)	2017 (unaudited)
Revenue, net	\$ 730,313	\$ 331,765	\$ 473,779
Cost of goods sold	407,064	187,283	256,979
Gross profit	323,249	144,482	216,800
Selling, general and administrative expenses	259,021	106,298	189,385
Operating income	64,228	38,184	27,415
Remeasurement of preferred stock warrant liability	3,019	2,053	2,649
Other income, net	(13)	(2)	(13)
Income before income taxes	61,222	36,133	24,779
Provision for income taxes	28,041	15,185	11,303
Net income and comprehensive income	\$ 33,181	\$ 20,948	\$ 13,476
Net income attributable to common stockholders:			
Basic	\$ 8,211	\$ 5,112	\$ 3,505
Diluted	\$ 9,496	\$ 5,971	\$ 3,948
Earnings per share attributable to common stockholders:			
Basic	\$ 0.36	\$ 0.23	\$ 0.14
Diluted	\$ 0.34	\$ 0.22	\$ 0.14
Shares used to compute earnings per share attributable to common stockholders:			
Basic	22,729,890	21,972,866	24,546,556
Diluted	27,882,844	27,274,831	29,134,729
Pro forma earnings per share attributable to common stockholders (unaudited):			
Basic	\$ 0.41		\$ 0.17
Diluted	\$ 0.38		\$ 0.16
Shares used in computing pro forma earnings per share attributable to common stockholders (unaudited):			
Basic	83,307,170		85,123,836
Diluted	88,460,124		89,712,009

The accompanying notes are an integral part of the consolidated financial statements.

STITCH FIX, INC.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity
(In thousands, except share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance as of August 1, 2015	59,511,055	\$42,222	24,933,448	\$ —	\$ 2,711	\$ 5,828	\$ 8,539
Compensation expense related to a stock sale by an employee	—	—	—	—	4,810	—	4,810
Issuance of common stock upon exercise of stock options, net of amount related to early exercised options of \$85	—	—	939,986	—	351	—	351
Vesting of early exercised options	—	—	—	—	1,095	—	1,095
Stock-based compensation expense	—	—	—	—	1,908	—	1,908
Excess tax benefit related to stock-based compensation	—	—	—	—	63	—	63
Net income	—	—	—	—	—	33,181	33,181
Balance as of July 30, 2016	59,511,055	\$42,222	25,873,434	\$ —	\$ 10,938	\$39,009	\$ 49,947
Compensation expense related to certain stock sales by current and former employees (unaudited)	—	—	—	—	9,699	—	9,699
Issuance of common stock upon exercise of stock options, net of amount related to early exercised options of \$330 (unaudited)	—	—	701,184	—	592	—	592
Vesting of early exercised options (unaudited)	—	—	—	—	488	—	488
Repurchase of common stock (unaudited)	—	—	(501,333)	—	—	(3,557)	(3,557)
Stock-based compensation expense (unaudited)	—	—	—	—	1,407	—	1,407
Net income (unaudited)	—	—	—	—	—	13,476	13,476
Balance as of January 28, 2017 (unaudited)	59,511,055	\$42,222	26,073,285	\$ —	\$ 23,124	\$48,928	\$ 72,052

The accompanying notes are an integral part of the consolidated financial statements

STITCH FIX, INC.
Consolidated Statements of Cash Flows
(In thousands)

	<u>2016</u>	<u>First Half</u>	
		<u>2016</u>	<u>2017</u>
		(unaudited)	(unaudited)
Cash Flows from Operating Activities			
Net income	\$ 33,181	\$ 20,948	\$ 13,476
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	(5,869)	(2,809)	(847)
Remeasurement of preferred stock warrant liability	3,019	2,053	2,649
Inventory reserve	5,941	10,795	3,177
Compensation expense related to certain stock sales by current and former employees	4,810	—	9,699
Stock-based compensation expense	1,850	876	1,362
Excess tax benefit related to stock-based compensation expense	(63)	(60)	—
Depreciation and amortization	3,544	1,199	3,385
Gain on disposal of property and equipment	—	—	(7)
Changes in operating assets and liabilities:			
Inventory	(26,509)	(33,875)	(10,470)
Prepaid expenses and other assets	(9,504)	(10,150)	(9,417)
Accounts payable	10,192	18,733	13,629
Accrued liabilities	10,904	(4,544)	14,914
Deferred revenue	1,574	743	1,321
Gift card liability	1,530	2,524	3,588
Other liabilities	10,516	3,680	3,073
Net cash provided by operating activities	<u>45,116</u>	<u>10,113</u>	<u>49,532</u>
Cash Flows from Investing Activities			
Purchases of property and equipment	(15,238)	(4,988)	(11,398)
Proceeds from sale of property and equipment	—	—	31
Net cash used in investing activities	<u>(15,238)</u>	<u>(4,988)</u>	<u>(11,367)</u>
Cash Flows from Financing Activities			
Proceeds from the exercise of stock options	436	259	922
Excess tax benefit related to stock-based compensation expense	63	60	—
Repurchase of common stock	—	—	(3,557)
Net cash (used in) provided by financing activities	<u>499</u>	<u>319</u>	<u>(2,635)</u>
Net increase in cash and restricted cash	30,377	5,444	35,530
Cash and restricted cash at beginning of period	71,115	71,115	101,492
Cash and restricted cash at end of period	<u>\$101,492</u>	<u>\$ 76,559</u>	<u>\$ 137,022</u>
Components of cash and restricted cash			
Cash	\$ 91,488	\$ 67,831	\$ 127,672
Restricted cash – current portion	1,391	3,391	—
Restricted cash – long-term portion	8,613	5,337	9,350
Total cash and restricted cash	<u>\$101,492</u>	<u>\$ 76,559</u>	<u>\$ 137,022</u>
Supplemental Disclosure			
Cash paid for income taxes	<u>\$ 39,387</u>	<u>\$ 28,486</u>	<u>\$ 18,517</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 2,177	\$ 1,449	\$ 208
Capitalized stock-based compensation	58	25	45
Leasehold improvements paid by landlord	249	227	—
Vesting of early exercised options	1,095	430	488

The accompanying notes are an integral part of the consolidated financial statements.

STITCH FIX, INC.

Notes to Consolidated Financial Statements

1. Description of Business

Stitch Fix, Inc. (“we,” “our,” “us” or “the Company”) delivers one-to-one personalization to our clients through the combination of data science and human judgment. Our stylists hand select items from a broad selection of merchandise. Stylists pair their own judgment with our analysis of client and merchandise data to provide a personalized shipment of apparel, shoes and accessories suited to each client’s needs. We call each of these unique shipments a Fix. After receiving a Fix, our clients purchase the items they want to keep and return the other items.

We were founded in 2011 by Katrina Lake, our Chief Executive Officer, with the mission to inspire our clients to look, feel and be their best selves. Erin Flynn was a co-founder who separated from the Company in 2012. We were incorporated in Delaware and have operations in the United States.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The consolidated financial statements include the accounts of Stitch Fix, Inc. and our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Our fiscal year is a 52-week or 53-week period ending on the Saturday closest to July 31. The fiscal year ended July 30, 2016 (“2016”) consisted of 52 weeks. In these consolidated financial statements and accompanying notes, we refer to the six months ended January 30, 2016 as “the first half of 2016” and the six months ended January 28, 2017 as “the first half of 2017.”

Segment Information

We have one operating segment and one reportable segment as our chief operating decision maker, who is our Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. All long-lived assets are located in the United States.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in our consolidated financial statements and accompanying footnotes. Significant estimates and assumptions are used for inventory, stock-based compensation expense, common stock valuation, remeasurement of preferred stock warrant liability, revenue recognition and income taxes. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

Unaudited Interim Consolidated Financial Statements

The accompanying consolidated balance sheet as of January 28, 2017 and the consolidated statements of operations and comprehensive income and cash flows for the first half of 2016 and the first half of 2017 and the consolidated statement of convertible preferred stock and stockholders’ equity for the first half of 2017 and the related notes to such interim consolidated financial statements are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in

STITCH FIX, INC.

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the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position as of January 28, 2017 and our results of operations and cash flows for the first half of 2016 and the first half of 2017.

Unaudited Pro Forma Balance Sheet Information

The accompanying unaudited pro forma balance sheet information as of January 28, 2017 assumes conversion of the outstanding shares of our convertible preferred stock and the exercise of the convertible preferred stock warrants into shares of common stock in connection with our initial public offering (“IPO”). The unaudited pro forma stockholders’ equity does not assume any proceeds from the IPO.

Cash

Cash consists of bank deposits and amounts in transit from banks for client credit card and debit card transactions that will process in less than seven days.

Restricted Cash

Restricted cash represents balances held in certificates of deposit collateralizing letters of credit for our leased properties as of July 30, 2016 and January 28, 2017.

Inventory, net

Inventory consists of finished goods which are recorded at the lower of cost or net realizable value using the specific identification method. The cost of inventory consists of merchandise costs and in-bound freight costs. We establish a reserve for excess and slow-moving inventory we expect to write off based on historical trends. In addition, we estimate and accrue for shrinkage and damage as a percentage of revenue based on historical trends. Inventory shrinkage and damage estimates are made to reduce the inventory value for lost, stolen or damaged items.

The inventory reserve, which reduces inventory in our consolidated balance sheets, was \$12,106,000 and \$15,283,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively.

Property and Equipment, net

Property and equipment, net are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the respective assets. Repair and maintenance costs are expensed as incurred.

The estimated useful lives of our assets are as follows:

Computer equipment and capitalized software	3 years
Office furniture and equipment	5 years
Leasehold improvements	Shorter of lease term or estimated useful life

We capitalize eligible costs to develop our proprietary systems, website and mobile app. Capitalization of such costs begins when the preliminary project stage is completed and it is probable that the project will

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be completed and the software will be used to perform the function intended. A subsequent addition, modification or upgrade to internal-use software is capitalized to the extent that it enhances the software's functionality or extends its useful life. Costs related to design or maintenance are expensed as incurred.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount exceeds the fair value of the impaired assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell. We have not recorded an impairment of long-lived assets since inception.

Preferred Stock Warrant Liability

We record our preferred stock warrants as current liabilities in the consolidated balance sheets at their estimated fair value because the warrants are exercisable at any time by the holders for cash at a purchase price per share equal to the lowest price per share at which we have sold shares of a specific series of our preferred stock or a number of shares of equivalent value as determined by a specified calculation. At initial recognition, we recorded these warrants at their estimated fair value. The liability associated with these warrants is subject to remeasurement at each balance sheet date, with changes in fair value recorded as remeasurement of preferred stock warrant liability in the consolidated statements of operations. We will continue to remeasure these warrants until the earlier of the expiration or exercise of the warrants. In connection with the IPO, our warrants will be automatically exercised for no consideration.

Revenue Recognition

We generate revenue primarily from the sale of merchandise in a Fix. Clients create an online account on our website or mobile app, complete a style profile and order a Fix to be delivered on a specified date.

Each Fix represents an offer made by us to the client to purchase merchandise. The client is charged a nonrefundable \$20 upfront styling fee before the Fix is shipped. The upfront styling fee is included in deferred revenue until all revenue recognition criteria are met. If the offer to purchase merchandise is accepted, we charge the client the order amount for the accepted merchandise, net of the upfront styling fee. Acceptance occurs when the client checks out the merchandise on our website or mobile app. We offer a 25% discount to clients that purchase all of the items in the Fix.

We recognize revenue when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured. These criteria are met when the client accepts or rejects the offer to purchase merchandise. Upon acceptance, the total amount of the order, including the upfront styling fee, is recognized as revenue. If none of the items within the Fix are accepted, the upfront styling fee is recognized as revenue at that time. If a client would like to exchange an item, we recognize revenue at the time the client receives the new item.

We deduct discounts, sales tax and estimated refunds to arrive at net revenue. Sales tax collected from clients is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities. Discounts are recorded as a reduction to revenue when the order is accepted. We record a refund reserve based on our historical refund patterns.

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Deferred revenue related to upfront styling fees and exchanges totaled \$4,431,000 and \$5,752,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively. Deferred shipping costs associated with deferred revenue were \$1,040,000 and \$1,107,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively, and are included within prepaid expenses and other current assets in the consolidated balance sheets.

We sell gift cards to clients and establish a liability based upon the face value of such gift cards. We reduce the liability and recognize revenue upon the redemption of the gift card. If a gift card is not redeemed, we will recognize revenue when the likelihood of its redemption becomes remote. We have not recognized any revenue related to unredeemed gift cards as we do not have sufficient historical data available to estimate when the likelihood of redemption becomes remote.

Cost of Goods Sold

Cost of goods sold consists of the costs of merchandise, expenses for shipping to and from clients and inbound freight, inventory write-offs and changes in our inventory reserve, payment processing fees and packaging material costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of compensation and benefits costs, including stock-based compensation expense, for our employees including our stylists, fulfillment center operations, data analytics, merchandising, engineering, client experience, marketing and corporate personnel. Selling, general and administrative expenses also include marketing and advertising, third-party logistics costs, facility costs for our fulfillment centers and offices, professional services fees, information technology and depreciation and amortization.

Advertising Expenses

Costs associated with the production of advertising, such as writing, copy, printing and other production costs are expensed as incurred. Costs associated with communicating advertising on television and radio are expensed the first time the advertisement is run. Online advertising costs are expensed as incurred. Advertising costs totaled \$25,034,000, \$5,332,000 (unaudited) and \$25,519,000 (unaudited) for 2016, the first half of 2016 and the first half of 2017, respectively, and were included within selling, general and administrative expenses in the consolidated statements of operations.

Marketing Programs

We have a client referral program under which we issue credits for future purchases to clients when the referral results in a new client who has ordered a Fix. We record a liability at the time of issuing the credit and reduce the liability upon application of the credit to a client's purchase. Our liability for client referral credits amounted to \$1,922,000 and \$2,082,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively. We also have an affiliate program under which we make cash payments to lifestyle or fashion bloggers or others who refer clients in high volumes. Amounts related to both of these programs are recognized within selling, general and administrative expenses in the consolidated statements of operations.

Leases

We recognize rent expense over the term of the lease, starting when possession of the property is taken from the landlord. When a lease contains a predetermined fixed rent escalation, we recognize the related

STITCH FIX, INC.

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rent expense on a straight-line basis and record the difference between the recognized rent expense and the amounts paid under the lease as deferred rent included in other current liabilities and deferred rent, net of current portion, on the consolidated balance sheets. We also receive tenant allowances upon entering into certain leases, which are recorded as a liability and amortized using the straight-line method as a reduction to rent expense over the term of the lease.

Income Taxes

We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which they are expected to be realized or settled.

We believe that it is more likely than not that forecasted income, potential income from tax planning strategies, together with future reversals of existing taxable temporary differences and results of recent operations, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we would record a valuation allowance.

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We recognize interest and penalties related to unrecognized tax benefits, if any, as income tax expense.

Stock-Based Compensation Expense

We measure stock-based compensation expense associated with option awards made to employees and members of our board of directors based on the estimated fair values of the awards at grant date using the Black-Scholes option-pricing model. Stock-based compensation expense is recognized, net of forfeitures, over the requisite service period using the straight-line method such that an expense is only recognized for those awards that we expect to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

For stock options granted to non-employees, we determined that the estimated fair value of the stock options is more readily measurable than the fair value of the services received. The fair value of stock options granted to non-employees is calculated at each grant date and re-measured at each reporting date using the Black-Scholes option-pricing model and the resulting change in value, if any, is recognized in our consolidated statements of operations for the periods in which the related services are rendered.

Comprehensive Income

Comprehensive income represents net income for the period plus the results of certain other changes to stockholders' equity. Our net income was equal to our comprehensive income for 2016, the first half of 2016 (unaudited) and the first half of 2017 (unaudited).

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Unaudited Pro Forma Earnings Per Share Attributable to Common Stockholders

The unaudited pro forma basic and diluted earnings per share attributable to common stockholders assume the automatic conversion of the convertible preferred stock and warrants into shares of common stock using the if-converted method upon the completion of this IPO as though the conversion and exercise had occurred as of the beginning of the period.

Concentration of Credit Risks

The majority of our cash is held by three financial institutions within the United States. Our cash balances held by these institutions may exceed federally insured limits. The associated risk of concentration for cash is mitigated by banking with credit-worthy institutions. No client accounted for greater than 10% of total revenue, net for 2016 or the first half of 2016 (unaudited) and the first half of 2017 (unaudited).

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09, which amended the existing FASB Accounting Standards Codification. ASU 2014-09 establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services and also provides guidance on the recognition of costs related to obtaining and fulfilling customer contracts. We expect to adopt this standard in our first quarter of 2019. We are in the process of evaluating the impact this standard will have on our consolidated financial statements. As part of our process, we are still assessing the adoption methodology, which allows the amendment to be applied either retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory: Simplifying the Measurement of Inventory (Topic 330)*. The new guidance replaces the current inventory measurement requirement of lower of cost or market with the lower of cost or net realizable value. We early adopted this standard beginning in 2017, which had no impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which requires lessees to record most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. We expect to adopt this standard in our first quarter of 2020. We are currently evaluating the impact that this standard will have on our consolidated financial statements but we expect that it will result in a substantial increase in our long-term assets and liabilities.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting (Topic 718)*, which simplifies the accounting and reporting of share-based payment transactions, including adjustments to how excess tax benefits and payments for tax withholdings should be classified and provides the election to eliminate the estimate for forfeitures. We expect to adopt this standard in our first quarter of 2018 and are currently evaluating the impact that it will have on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)*, which amends existing guidance on the recognition of current and deferred income tax impacts for intra-entity asset transfers other than inventory. This amendment should be

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applied on a modified retrospective basis. We expect to adopt this standard in our fiscal 2019 and are currently evaluating the impact that it will have on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, or ASU 2016-18. ASU 2016-18 requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents and restricted cash. We early adopted this standard beginning in 2017 and have retroactively adjusted the consolidated statements of cash flows for all periods presented.

3. Fair Value Measurements

We disclose and recognize the fair value of our assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Our financial instruments consist of cash, accounts payable, accrued liabilities and the preferred stock warrant liability. At July 30, 2016 and January 28, 2017, the carrying values of cash, accounts payable and accrued liabilities approximated fair value due to their short-term maturities.

The following table sets forth our financial instruments that were measured at fair value on a recurring basis based on the fair value hierarchy (in thousands):

	July 30, 2016			
	Level 1	Level 2	Level 3	Total
Financial Liabilities:				
Preferred stock warrant liability	\$ —	\$ —	\$ 7,798	\$ 7,798
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,798</u>	<u>\$ 7,798</u>

	January 28, 2017			
	Level 1	Level 2	Level 3	Total
			(unaudited)	
Financial Liabilities:				
Preferred stock warrant liability	\$ —	\$ —	\$ 10,447	\$ 10,447
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,447</u>	<u>\$ 10,447</u>

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There were no transfers of financial assets or liabilities into or out of Level 1, Level 2 or Level 3 for 2016 and the first half of 2017. The key assumptions used in the Black-Scholes option-pricing model for the valuation of the preferred stock warrant liability upon remeasurement were as follows:

	<u>July 30, 2016</u>	<u>January 28, 2017</u> (unaudited)
Expected term (in years)	3.0	2.5
Fair value of underlying shares	\$ 7.49	\$ 9.97
Volatility	38.2%	41.0%
Risk-free interest rate	0.8%	1.3%
Dividend yield	— %	— %

Generally, increases or decreases in the fair value of the underlying convertible preferred stock would result in a directionally similar impact in the fair value measurement of the associated warrant liability.

The following table sets forth a summary of the changes in the fair value of the preferred stock warrant liability (in thousands):

	<u>2016</u>	<u>First Half 2017</u> (unaudited)
Beginning balance	\$4,779	\$ 7,798
Change in fair value	3,019	2,649
Ending balance	<u>\$7,798</u>	<u>\$ 10,447</u>

4. Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	<u>July 30, 2016</u>	<u>January 28, 2017</u> (unaudited)
Computer equipment	\$ 3,440	\$ 4,445
Office furniture and equipment	2,341	3,526
Leasehold improvements	6,974	14,162
Capitalized software	6,443	8,905
Construction in progress	4,199	1,485
Total property and equipment	23,397	32,523
Less: accumulated depreciation and amortization	(4,246)	(7,307)
Property and equipment, net	<u>\$19,151</u>	<u>\$ 25,216</u>

Depreciation and amortization expense for 2016, the first half of 2016 and the first half of 2017 was \$3,544,000, \$1,199,000 (unaudited) and \$3,385,000 (unaudited), respectively.

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5. **Accrued Liabilities**

Accrued liabilities consisted of the following (in thousands):

	<u>July 30, 2016</u>	<u>January 28, 2017</u> (unaudited)
Compensation and benefits	\$ 7,673	\$ 16,005
Inventory purchases	6,302	14,813
Advertising	2,831	3,544
Sales taxes	2,646	3,085
Shipping and freight	4,517	1,126
Property and equipment	1,656	7
Other	4,348	4,443
Total accrued liabilities	<u>\$29,973</u>	<u>\$ 43,023</u>

6. **Preferred Stock Warrant Liability**

In 2013 and 2014, in connection with financing arrangements, we issued warrants to purchase shares of our convertible preferred stock. The warrants are exercisable and expire ten years from the date of issuance. The warrants will be automatically exercised in connection with the IPO or upon a change of control event. A change in control event is defined as any sale, license, or other disposition of all or substantially all of our assets, or any reorganization, consolidation, merger or other transaction involving us. The warrants remained outstanding as of July 30, 2016 and January 28, 2017.

7. **Commitments and Contingencies****Leases**

We have entered into various lease arrangements for our corporate offices and fulfillment centers. Such leases generally have original lease terms between five and eight years. We had security deposits totaling \$1,549,000 and \$1,590,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively. We have letters of credit totaling \$10,004,000 and \$9,350,000 (unaudited) as of July 30, 2016 and January 28, 2017, respectively, which are collateralized by time deposits.

A schedule of the future minimum rental commitments under our non-cancellable operating lease agreements as of July 30, 2016 is as follows (in thousands):

	<u>Amounts</u>
2017	\$ 12,996
2018	15,443
2019	16,282
2020	16,495
2021	15,972
Thereafter	27,742
Total	<u>\$ 104,930</u>

Total rent expense classified within selling, general and administrative expenses in the consolidated statements of operations totaled \$11,055,000, \$3,918,000 (unaudited) and \$8,224,000 (unaudited) for 2016, the first half of 2016 and the first half of 2017, respectively.

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Notes to Consolidated Financial Statements

Contingencies

We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although we cannot predict with assurance the outcome of any litigation or tax matters, we do not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on our operating results.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to vendors, directors, officers and other parties with respect to certain matters. We have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in our consolidated financial statements.

8. Convertible Preferred Stock

Convertible preferred stock consisted of the following as of July 30, 2016 and January 28, 2017 (unaudited) (in thousands, except share data):

	Shares Authorized	Shares Outstanding	Net Carrying Value	Liquidation Preference
Series Seed	7,457,785	7,082,555	\$ 754	\$ 754
Series A	11,715,050	11,648,785	2,602	2,637
Series A-1	9,571,715	8,946,985	2,147	2,147
Series B	24,358,445	24,358,445	11,756	11,851
Series C	7,474,285	7,474,285	24,963	25,000
Total	<u>60,577,280</u>	<u>59,511,055</u>	<u>\$42,222</u>	<u>\$ 42,389</u>

Significant provisions of the convertible preferred stock are as follows:

Dividends – The holders of convertible preferred stock are entitled to receive, on a pari passu basis, non-cumulative dividends prior and in preference to any declaration or payment of any dividends to the holders of common stock, when and if declared by the board of directors, at annual rates equal to 6% of original issue price per share for Series Seed, Series A, Series A-1, Series B and Series C convertible preferred stock, as adjusted for stock splits, stock dividends, reclassifications or the like. Holders of convertible preferred stock are also entitled to participate in dividends on the common stock on an as-converted basis. No dividends have been declared by the board of directors or paid since inception.

Conversion – At the option of the holder, each share of convertible preferred stock is convertible into fully paid and non-assessable shares of common stock. As of July 30, 2016 and January 28, 2017, each share of convertible preferred stock was convertible into one share of common stock, subject to adjustment for stock splits, stock dividends and the like. The conversion price of each series of convertible preferred stock is subject to weighted-average adjustment if we issue additional shares of common stock after the applicable original issue date of such series of convertible preferred stock without consideration or for

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consideration per share less than the conversion price for such series of convertible preferred stock, subject to customary exceptions. Each share of preferred stock automatically converts into the number of shares of common stock into which such shares are convertible at the then applicable conversion ratio upon (i) the closing of the sale of shares of common stock in a public offering resulting in gross proceeds of at least \$30,000,000 and the listing of our common stock on the New York Stock Exchange, NASDAQ Global Select Market or NASDAQ Global Market, or (ii) the consent of the holders of a majority of the outstanding convertible preferred stock, voting as a single class on an as-converted basis.

Liquidation – In the event of any voluntary or involuntary liquidation, dissolution or winding up of Stitch Fix, Inc. (a “liquidation event”), holders of convertible preferred stock are entitled to receive, prior and in preference to holders of common stock, an amount equal to the greater of (i) the applicable original issue price for each series of convertible preferred stock (\$0.1066, \$0.22636, \$0.2401, \$0.486516 and \$3.344798 per share for Series Seed, Series A, Series A-1, Series B and Series C, respectively, as adjusted for stock splits, stock dividends and the like), plus any declared and unpaid dividends and (ii) the amount per share that would have been payable if all shares of convertible preferred stock were converted into common stock subject to the applicable conversion rights. If upon occurrence of such an event, the assets and funds to be distributed among the holders of convertible preferred stock are insufficient to permit the payment to such holders, our entire assets and funds legally available for distribution will be distributed ratably among the holders. Upon completion of the distribution to the holders of the convertible preferred stock, all remaining legally available assets will be distributed ratably to the holders of common stock. A liquidation event will be deemed to have occurred (unless waived by the holders of the majority of the outstanding shares of convertible preferred stock) upon (i) a consolidation, reorganization or merger of the Company, other than any consolidation, reorganization or merger in which the Company’s stockholders of record as of immediately prior to such transaction will continue to hold a majority of the voting power of the surviving company of such transaction, (ii) a transfer of shares of the Company representing a majority of the voting power of the Company, other than for equity financing purposes or (iii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

Voting – Each share of convertible preferred stock is entitled to the number of votes equal to the number of shares of common stock into which such share could be converted on the record date for the vote or consent of the stockholders, except as otherwise required by law or other provisions of the Certificate of Incorporation and generally have voting rights and powers equal to the voting rights and powers of the common stockholders. For so long as at least 3,250,000 shares of Series B convertible preferred stock, as adjusted for stock splits, stock dividends and the like, remain outstanding, the holders of Series B convertible preferred stock, voting as a separate class, are entitled to elect one member of the board of directors. For so long as at least 950,000 shares of Series Seed convertible preferred stock, as adjusted for stock splits, stock dividends and the like, remain outstanding, the holders of Series Seed convertible preferred stock, voting as a separate class, are entitled to elect one member of the board of directors. The holders of Common Stock, voting as a separate class, are entitled to elect two members of the board of directors. The holders of convertible preferred stock and common stock, voting as a single class on an as-converted basis, are entitled to elect all remaining members of the board of directors.

Protective Provisions – For so long as at least 2,000,000 shares of convertible preferred stock, as adjusted for stock splits, stock dividends and the like, remain outstanding, the holders of convertible preferred stock have certain protective provisions whereby the Company cannot, without the written consent or affirmative vote of the holders of the majority of outstanding shares of convertible preferred stock, voting together as a single class on an as-converted basis (i) authorize or designate any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior

STITCH FIX, INC.

Notes to Consolidated Financial Statements

to the convertible preferred stock in respect to redemption rights, liquidation preference, voting or dividend rights, or increase the authorized or designated number of any such class or series; (ii) redeem or repurchase stock, pay or declare dividends or make other distributions in respect of stock, subject to certain exceptions; (iii) consummate a transaction that would be a liquidation event, or other merger or consolidation or enter into any agreement by the Company or its stockholders regarding a liquidation event or other merger or consolidation; (iv) amend, alter or repeal any provision of the Certificate of Incorporation of the Company or the Amended and Restated Bylaws of the Company; (v) increase or decrease the authorized number of members of the board of directors; (vi) increase or decrease the authorized number of shares of common stock or convertible preferred stock or any series thereof; (vii) consummate or enter into any transaction with the Company's executive officers or their affiliates, subject to certain exceptions; or (viii) create, permit the creation of or hold capital stock in any direct or indirect subsidiary that is not wholly owned by the Company.

The holders of Series A, Series B and Series C convertible preferred stock each have additional protective provisions whereby, we cannot, so long as 1,221,780 shares, 2,435,835 shares and 747,430 shares, respectively, as adjusted for stock splits, stock dividends and the like, remain outstanding, without the written consent or voting approval of the holders of a majority of the then outstanding shares of the respective series of convertible preferred stock, take any action that: (i) amends, alters or repeals any powers, preferences or rights of such series of convertible preferred stock, so as to affect them adversely and in a manner disproportionate to other series of preferred stock; or (ii) increases or decreases the authorized number of shares of such series of convertible preferred stock.

Other – We classify our convertible preferred stock outside of stockholders' equity because the shares contain certain liquidation features that are not solely within our control. During 2016 and the first half of 2017, we did not adjust the carrying value of the convertible preferred stock to the deemed liquidation value of such shares as a qualifying liquidation event was not probable. Subsequent adjustments to increase the carrying values to the ultimate redemption values will be made only when it becomes probable that such a liquidation event will occur.

9. Stockholders' Equity**Common Stock**

We had reserved shares of common stock, on an as-converted basis, for future issuance as follows:

	<u>July 30, 2016</u>	<u>January 28, 2017</u> (unaudited)
Convertible preferred stock outstanding	59,511,055	59,511,055
Options issued and outstanding	7,744,323	7,556,131
Shares available for future stock option grants	3,101,370	2,588,378
Convertible preferred stock warrants	1,066,225	1,066,225
Total	<u>71,422,973</u>	<u>70,721,789</u>

Equity Incentive Plan

In 2011, we adopted the 2011 Equity Incentive Plan (the "Plan"). The Plan provides for the granting of stock-based awards to employees, including directors and non-employees under terms and provisions

STITCH FIX, INC.
Notes to Consolidated Financial Statements

established by the board of directors. The number of shares authorized for issuance under the Plan was 20,364,297 as of July 30, 2016 and January 28, 2017, of which 3,101,370 and 2,588,378 (unaudited) were available for grant, respectively.

Under the Plan, we may grant incentive stock options or nonqualified stock options as well as restricted stock units, restricted stock and stock appreciation rights. As of July 30, 2016 and January 28, 2017, we have only issued incentive and nonqualified stock options under the Plan. Employee stock options generally vest 25% on the first anniversary of the grant date with the remaining vesting ratably over the next three years. Options generally expire after 10 years. Stock option activity under the Plan is as follows:

	Options Outstanding				
	Shares Available for Grant	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance – August 1, 2015	1,923,798	7,345,774	\$ 0.87	8.90	\$14,071,000
Authorized	2,516,107	—	—		
Granted	(2,020,725)	2,020,725	\$ 3.83		
Exercised	—	(939,986)	\$ 0.46		
Cancelled	682,190	(682,190)	\$ 1.38		
Balance – July 30, 2016	<u>3,101,370</u>	<u>7,744,323</u>	\$ 1.64	8.41	\$25,567,000
Authorized (unaudited)	—	—	—		
Granted (unaudited)	(1,341,536)	1,341,536	\$ 5.12		
Exercised (unaudited)	—	(701,184)	\$ 1.32		
Cancelled (unaudited)	828,544	(828,544)	\$ 2.02		
Balance – January 28, 2017 (unaudited)	<u>2,588,378</u>	<u>7,556,131</u>	\$ 2.25	8.21	\$38,792,000
Options vested and exercisable – July 30, 2016		<u>2,157,623</u>	\$ 0.53	7.44	\$ 9,526,000
Options vested and expected to vest – July 30, 2016		<u>6,995,156</u>	\$ 1.57	8.35	\$23,563,000
Options vested and exercisable – January 28, 2017 (unaudited)		<u>2,421,210</u>	\$ 0.73	7.09	\$16,098,000
Options vested and expected to vest – January 28, 2017 (unaudited)		<u>6,852,186</u>	\$ 2.14	8.14	\$35,888,000

The total grant date fair value of options that vested during 2016, the first half of 2016 and the first half of 2017 was \$1,458,000, \$555,000 (unaudited) and \$1,061,000 (unaudited), respectively. The aggregate intrinsic value of options exercised during 2016, the first half of 2016 and the first half of 2017 was \$3,465,000, \$1,371,000 (unaudited) and \$3,813,000 (unaudited), respectively.

Stock-Based Compensation Expense

Stock-based compensation expense for options granted to employees was \$1,555,000, \$686,000 (unaudited) and \$1,233,000 (unaudited) for 2016, the first half of 2016 and the first half of 2017, respectively. Stock-based compensation expense for options granted to non-employees was \$295,000,

STITCH FIX, INC.

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\$190,000 (unaudited) and \$129,000 (unaudited) for 2016, the first half of 2016 and the first half of 2017, respectively. Stock-based compensation expense is included in selling, general and administrative expenses in our consolidated statements of operations.

The weighted-average grant date fair value of options granted during 2016, the first half of 2016 and the first half of 2017 was \$1.99 per share, \$1.71 per share (unaudited) and \$2.84 per share (unaudited), respectively. As of July 30, 2016 and January 28, 2017, the total unrecognized compensation expense related to unvested options, net of estimated forfeitures, was \$5,669,000 and \$7,065,000 (unaudited), respectively, which we expect to recognize over an estimated weighted average period of 3.1 years and 3.1 years (unaudited), respectively.

In determining the fair value of the stock-based awards, we use the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment.

Fair value of Common Stock – The fair value of the shares of common stock underlying our stock options has been determined by the board of directors. As there is no public market for our common stock, the board of directors has determined the fair value of the common stock on the stock option grant date by considering a number of objective and subjective factors, including third-party valuations of our common stock, sales of our common stock, operating and financial performance, the lack of marketability of our common stock and general macro-economic conditions.

Expected Term – The expected term represents the period that our stock options are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term).

Expected Volatility – Because we are privately held and do not have an active trading market for our common stock, the expected volatility was estimated based on the average volatility for publicly-traded companies that we consider to be comparable, over a period equal to the expected term of the stock option grants.

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon notes in effect at the time of grant for periods corresponding with the expected term of the option.

Expected Dividend – We have not paid dividends on our common stock and do not anticipate paying dividends on our common stock; therefore, we use an expected dividend yield of zero.

The fair value of stock options granted to employees was estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions:

	2016	First Half	
		2016	2017
		(unaudited)	(unaudited)
Expected term (in years)	5.4 – 6.9	5.9 – 6.1	5.4 – 6.5
Volatility	44.3 – 47.9%	44.3 – 45.2%	44.4 – 46.0%
Risk-free interest rate	1.1 – 1.9%	1.5 – 1.9%	1.3 – 2.3%
Dividend yield	— %	— %	— %

STITCH FIX, INC.

Notes to Consolidated Financial Statements

Early Exercise of Employee Options

We allow certain employees to exercise options granted under the Plan prior to vesting in exchange for shares of restricted common stock subject to a right of repurchase that lapses according to the original option vesting schedule. The proceeds from the exercise of options are recorded in other current liabilities and other long-term liabilities in our consolidated balance sheets at the time the options are exercised and reclassified to common stock and additional paid-in capital as our repurchase right lapses. Upon termination of employment, any unvested shares are subject to repurchase by us at the original purchase price.

We issued 42,500 shares of common stock during 2016 and 42,500 (unaudited) and 88,750 (unaudited) during the first half of 2016 and the first half of 2017, respectively, upon exercise of unvested stock options. As of July 30, 2016 and January 28, 2017, 1,699,147 shares and 1,194,462 (unaudited) shares, respectively, held by employees were subject to repurchase at an aggregate price of \$1,483,000 and \$1,325,000 (unaudited), respectively.

Sales of Our Stock

In April 2016, an employee sold an aggregate of 268,095 shares of our common stock for a total of \$6,000,000 to an existing investor. The purchase price was in excess of the fair value of such shares. As a result, during 2016, we recorded the excess of the purchase price above fair value of \$4,810,000 as compensation expense with a corresponding credit to additional paid-in capital.

In November 2016, we initiated a cash tender offer which was completed in December 2016 for the purchase of our common stock, including shares underlying then-unexercised vested options, at a purchase price of \$22.61 per share (unaudited). To be eligible to participate in the tender offer, employees must have received equity grants with vesting start dates on or before October 31, 2014. Such employees could elect to sell up to 10% of their total vested holdings. The total number of tendered shares was 526,620 (unaudited) for total cash consideration of \$11,883,000 (unaudited). The purchase price per share in the tender offer was in excess of the fair value of our common stock at the time of the transaction. As a result, during the first half of 2017, we recorded the excess of the purchase price above fair value of \$8,326,000 (unaudited) as compensation expense.

In January 2017, two of our former employees sold 554,799 shares (unaudited) of our common stock for a total of \$12,544,000 (unaudited) to existing investors. In addition, an employee sold 85,000 shares (unaudited) of our Series C convertible preferred stock for a total purchase price of \$1,922,000 (unaudited) to an existing investor. The purchase price was in excess of the fair value of such shares. During the first half of 2017, we recorded \$12,957,000 (unaudited) as compensation expense related to these transactions. As of January 28, 2017, we have receivables of \$3,554,000 (unaudited) related to the tax impacts of these transactions included in prepaid expenses and other current assets.

STITCH FIX, INC.

Notes to Consolidated Financial Statements

10. Income Taxes

The components of the provision for income tax expense are as follows (in thousands):

	July 30, 2016
Current:	
Federal	\$29,204
State	4,706
Total current	<u>33,910</u>
Deferred:	
Federal	(5,458)
State	(411)
Total deferred	<u>(5,869)</u>
Provision for income taxes	<u>\$28,041</u>

The components of net deferred tax assets are as follows (in thousands):

	July 30, 2016
Deferred tax assets:	
Inventory reserve and UNICAP	\$ 9,262
Deferred rent	3,736
Accruals and reserves	3,054
Other	905
Gross deferred tax assets	<u>16,957</u>
Deferred tax liabilities:	
Depreciation and amortization	(3,522)
Other	(234)
Gross deferred tax liabilities	<u>(3,756)</u>
Net deferred tax assets	<u>\$13,201</u>

As of July 30, 2016, we had a federal net operating loss carryforward of \$1,077,000. If not utilized, this loss will begin to expire in 2033. This net operating loss carryforward is subject to an annual limitation under Internal Revenue Code §382, but is expected to be fully realized in the future.

STITCH FIX, INC.

Notes to Consolidated Financial Statements

The reconciliation of our effective tax rate to the statutory federal rate is as follows (in thousands, except percentages):

	2016	
Tax at federal statutory rate	\$21,428	35.0%
State taxes, net of federal effect	2,386	3.9
Remeasurement of preferred stock warrant liability	1,057	1.7
Nondeductible compensation	1,683	2.8
Other	1,487	2.4
Effective tax rate	<u>\$28,041</u>	<u>45.8%</u>

For the first half of 2017, we recorded an expense for income taxes of \$11,303,000 (unaudited), for an effective tax rate of 45.6% (unaudited). The effective tax rate for the first half of 2017 reflected income tax expense on earnings during such period. The effective tax rate differs from the federal income tax statutory rate of 35% principally due to the nondeductible remeasurement of the preferred stock warrant liability, nondeductible meals and entertainment expenses and the effect of state taxes, offset by the tax benefits of certain stock transactions.

Uncertain Tax Positions

A reconciliation of our unrecognized tax benefits is as follows (in thousands):

	July 30, 2016
Balance at the beginning of year	\$ 481
Settlement with tax authorities	—
Lapse of statute of limitations	—
Increase related to prior period tax positions	—
Decrease related to prior period tax positions	—
Increase related to current year tax positions	365
Balance at end of year	<u>\$ 846</u>

The amount of unrecognized tax benefits relating to our tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, we anticipate that the balance of the liability for unrecognized tax benefits and related deferred tax assets will not significantly change during the next twelve months. Our liability for uncertain tax positions as of July 30, 2016 includes \$705,000 related to amounts that would impact our current and future tax expense.

We recognize interest and penalties related to uncertain tax positions in our provision for income taxes. In 2016, we recognized \$33,000 of gross interest expense on unrecognized tax benefits, which was accrued as of July 30, 2016.

We file U.S. federal and various state and local income tax returns, including the State of California. We are subject to U.S. federal, state or local income tax examinations for all prior years.

STITCH FIX, INC.

Notes to Consolidated Financial Statements

11. Earnings Per Share and Pro Forma Earnings Per Share Attributable to Common Stockholders

Earnings Per Share Attributable to Common Stockholders

A reconciliation of the numerator and denominator used in the calculation of the basic and diluted earnings per share attributable to common stockholders is as follows (in thousands except share and per share amounts):

	2016	First Half	
		2016 (unaudited)	2017 (unaudited)
Numerator:			
Net income	\$ 33,181	\$ 20,948	\$ 13,476
Less: noncumulative dividends to preferred stockholders	(2,533)	(1,267)	(1,270)
Less: undistributed earnings to participating securities	(22,437)	(14,569)	(8,701)
Earnings attributable to common stockholders - basic	8,211	5,112	3,505
Add: adjustments to undistributed earnings to participating securities	1,285	859	443
Earnings attributable to common stockholders - diluted	<u>\$ 9,496</u>	<u>\$ 5,971</u>	<u>\$ 3,948</u>
Denominator:			
Weighted-average shares of common stock - basic	22,729,890	21,972,866	24,546,556
Effect of dilutive stock options	5,152,954	5,301,965	4,588,173
Weighted-average shares of common stock - diluted	<u>27,882,844</u>	<u>27,274,831</u>	<u>29,134,729</u>
Earnings per share attributable to common stockholders:			
Basic	<u>\$ 0.36</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.22</u>	<u>\$ 0.14</u>

The following common stock equivalents were excluded from the computation of diluted earnings per share for the periods presented because including them would have been antidilutive:

	2016	First Half	
		2016 (unaudited)	2017 (unaudited)
Convertible preferred stock	59,511,055	59,511,055	59,511,055
Stock options to purchase common stock	105,993	253,673	529,495
Preferred stock warrants	1,066,225	1,066,225	1,066,225
Total	<u>60,683,273</u>	<u>60,830,953</u>	<u>61,106,775</u>

STITCH FIX, INC.

Notes to Consolidated Financial Statements

Unaudited Pro Forma Earnings Per Share Attributable to Common Stockholders

The following table sets forth the computation of our unaudited pro forma basic and diluted earnings per share attributable to common stockholders (in thousands, except share and per share amounts) assuming the automatic conversion of the convertible preferred stock and the automatic exercise of the preferred stock warrants upon consummation of an IPO as if such event had occurred as of the beginning of the respective period:

	2016	First Half 2017
	(unaudited)	
Numerator:		
Net income	\$ 33,181	\$ 13,476
Less: undistributed earnings to participating securities	(1,056)	(246)
Add: change in fair value of preferred stock warrant liability	1,636	1,441
Net income used in calculating pro forma earnings per share attributable to common stockholders - basic	\$ 33,761	\$ 14,671
Add: adjustments to undistributed earnings to participating securities	60	12
Net income used in calculating pro forma earnings per share attributable to common stockholders - diluted	\$ 33,821	\$ 14,683
Weighted-average shares used to calculate earnings per share attributable to common stockholders, basic and diluted	22,729,890	24,546,556
Pro forma adjustment to reflect assumed exercise of preferred stock warrants	1,066,225	1,066,225
Pro forma adjustment to reflect assumed conversion of all outstanding shares of convertible preferred stock	59,511,055	59,511,055
Weighted-average shares used to calculate pro forma earnings per share attributable to common stockholders - basic	83,307,170	85,123,836
Effect of dilutive stock options	5,152,954	4,588,173
Weighted-average shares used to calculate pro forma earnings per share attributable to common stockholders - diluted	88,460,124	89,712,009
Pro forma earnings per share attributable to common stockholders:		
Basic	\$ 0.41	\$ 0.17
Diluted	\$ 0.38	\$ 0.16

STITCH FIX, INC.

Notes to Consolidated Financial Statements

12. Subsequent Events

Subsequent events have been evaluated through June 8, 2017, which is the date the consolidated financial statements were available to be issued and have been disclosed in Note 9.

Shares

Class A Common Stock



STITCH FIX

Goldman Sachs & Co. LLC

J.P. Morgan

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS**

Unless otherwise indicated, all references to “Stitch Fix,” the “company,” “we,” “our,” “us” or similar terms refer to Stitch Fix, Inc. and its subsidiaries.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

SEC registration fee	\$ *
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Custodian transfer agent and registrar fees	*
Miscellaneous	*
Total	\$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation’s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect on the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect on the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of Stitch Fix, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Stitch Fix, Inc. At present, there is no pending litigation or proceeding involving a director or officer of Stitch Fix, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

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The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding all unregistered securities sold since January 1, 2014 (after giving effect to a 1-for-5 stock split effected in December 2014):

- (1) In April 2014, we sold an aggregate of 7,474,285 shares of our Series C convertible preferred stock to nine accredited investors at a purchase price of \$3.344798 per share for an aggregate purchase price of approximately \$25.0 million.
- (2) From January 1, 2014 through June 8, 2017, we granted to our directors, employees, consultants and other service providers options to purchase 11,596,409 shares of our Class B common stock with per share exercise prices ranging from \$0.17 to \$7.38 under our 2011 Plan.
- (3) From January 1, 2014 through June 8, 2017, we issued to our directors, employees, consultants and other service providers an aggregate of 7,645,216 shares of our Class B common stock at per share purchase prices ranging from \$0.044 to \$4.94 pursuant to exercises of options granted under our 2011 Plan.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. 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 on the share 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.

See the Exhibit Index on the page immediately following the signature page for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or 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 may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has 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. In the event that a claim for indemnification against such

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liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will 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 will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on _____, 2017.

STITCH FIX, INC.

By: _____
Name: Katrina Lake
Title: Founder, Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Katrina Lake and Scott Darling, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Katrina Lake	Founder, Chief Executive Officer and Director (Principal Executive Officer)	, 2017
_____	(Principal Financial and Accounting Officer)	, 2017
_____ Steven Anderson	Director	, 2017
_____ J. William Gurley	Director	, 2017
_____ Marka Hansen	Director	, 2017
_____ Sharon McCollam	Director	, 2017

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Stitch Fix, Inc., as amended, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of Stitch Fix, Inc., to be in effect on the completion of the offering.
3.3	Amended and Restated Bylaws of Stitch Fix, Inc., as currently in effect.
3.4*	Form of Amended and Restated Bylaws of Stitch Fix, Inc., to be in effect on the completion of the offering.
4.1*	Form of Class A Common Stock Certificate.
5.1*	Opinion of Cooley LLP.
10.1	Amended and Restated Investor Rights Agreement, dated April 10, 2014.
10.2+	Stitch Fix, Inc. 2011 Equity Incentive Plan.
10.3+	Forms of grant notice, stock option agreement, notice of exercise and early exercise stock purchase agreement under the Stitch Fix, Inc. 2011 Equity Incentive Plan.
10.4+*	Stitch Fix, Inc. 2017 Incentive Plan, effective as of _____, 2017.
10.5+*	Forms of grant notice, stock option agreement and notice of exercise under the Stitch Fix, Inc. 2017 Incentive Plan, effective as of _____, 2017.
10.6+*	Forms of restricted stock unit grant notice and award agreement under the Stitch Fix, Inc. 2017 Incentive Plan, effective as of _____, 2017.
10.7+*	Stitch Fix, Inc. 2017 Employee Stock Purchase Plan.
10.8+	Form of Indemnity Agreement entered into by and between Stitch Fix, Inc. and each director and executive officer.
10.9+*	Offer Letter, by and between Stitch Fix, Inc. and Katrina Lake, dated _____, 2017.
10.10+*	Amended and Restated Offer Letter, by and between Stitch Fix, Inc. and Julie Bornstein, dated _____, 2017.
10.11+*	Amended and Restated Offer Letter, by and between Stitch Fix, Inc. and Scott Darling, dated _____, 2017, as amended.
10.12	Office Lease, by and between Stitch Fix, Inc. and Post-Montgomery Associates, dated as of November 10, 2015, as amended.
21.1	List of Subsidiaries of Stitch Fix, Inc.
23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on page II-4).

* To be filed by amendment. All other exhibits are submitted herewith.

+ Indicates management contract or compensatory plan.

**SEVENTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
STITCH FIX, INC.**

Katrina Lake hereby certifies that:

ONE: The original name of this corporation is Rack Habit Inc. and the date of filing the original certificate of incorporation of this corporation with the Secretary of State of the State of Delaware was February 11, 2011.

TWO: She is the duly elected and acting President of Stitch Fix, Inc., a Delaware corporation.

THREE: The certificate of incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of this corporation is Stitch Fix, Inc. (the “Company”).

II.

The address of the registered office of the Company in the State of Delaware is 874 Walker Road, Suite C, City of Dover, County of Kent, Delaware 19904 and the name of the registered agent of the Company in the State of Delaware at such address is United Corporate Services, Inc.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law (“DGCL”).

IV.

A. Upon the filing of this Seventh Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the “Filing Time”), automatically and without any action on the part of the holders of shares of Common Stock (as defined below) or Preferred Stock (as defined below) of the Company, each issued and outstanding share of Common Stock shall be converted into five shares of Common Stock and each issued and outstanding share of each series of Preferred Stock shall be converted into five shares of such series of Preferred Stock (the “Forward Split”). Such Forward Split shall occur whether or not certificates representing any stockholder’s shares held prior to the Forward Split are surrendered for cancellation. All numbers in this Seventh Amended and Restated Certificate of Incorporation have been adjusted to reflect the Forward Split.

B. The Company is authorized to issue two classes of stock to be designated, respectively, “Common Stock” and “Preferred Stock.” The total number of shares that the Company is authorized to issue is 154,577,280 shares, 94,000,000 shares of which shall be Common Stock (the “Common Stock”) and 60,577,280 shares of which shall be Preferred Stock (the “Preferred Stock”). The Preferred Stock shall have a par value of \$0.0001 per share and the Common Stock shall have a par value of \$0.0001 per share.

C. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by the affirmative vote of the holders of a majority of the stock of the Company entitled to vote (voting together as a single class on an as-if-converted basis).

D. 7,457,785 of the authorized shares of Preferred Stock are hereby designated “Series Seed Preferred Stock” (the “Series Seed Preferred Stock”), 11,715,050 of the authorized shares of Preferred Stock are hereby designated “Series A Preferred Stock” (the “Series A Preferred Stock”), 9,571,715 of the authorized shares of Preferred Stock are hereby designated “Series A-1 Preferred Stock” (the “Series A-1 Preferred Stock”), 24,358,445 shares of Preferred Stock are hereby designated “Series B Preferred Stock” (the “Series B Preferred Stock”) and 7,474,285 shares of Preferred Stock are hereby designated “Series C Preferred Stock” (the “Series C Preferred Stock” and together with the Series Seed Preferred Stock, the Series A Preferred Stock, the Series A-1 Preferred Stock and the Series B Preferred Stock, the “Series Preferred”).

E. The rights, preferences, privileges, restrictions and other matters relating to the Series Preferred are as follows:

1. DIVIDEND RIGHTS.

(a) Holders of Series Preferred, in preference to the holders of Common Stock, shall be entitled to receive, but only out of funds that are legally available therefor, cash dividends at the rate of 6% of the applicable Original Issue Price (as defined below) per annum on each outstanding share of Series Preferred. Such dividends shall be payable only when, as and if declared by the Board of Directors (the “Board”) and shall be non-cumulative.

(b) The “Original Issue Price” shall be \$0.1066 for the Series Seed Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time), \$0.22636 for the Series A Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time), \$0.2401 for the Series A-1 Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time), \$0.486516 for the Series B Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time) and \$3.3447986 for the Series C Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time).

(c) So long as any shares of Series Preferred are outstanding, the Company shall not pay or declare any dividend (whether in cash or property), or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock, until all dividends as set forth in Section 1(a) above on the Series Preferred shall have been paid or declared and set apart, except for:

(i) acquisitions of Common Stock by the Company pursuant to agreements that permit the Company to repurchase such shares at no more than cost upon termination of services to the Company;

(ii) distributions to holders of Common Stock in accordance with Section 3; or

(iii) distributions to holders of Common Stock approved by the holders of a majority of the outstanding Series Preferred, voting together as a single class on an as-converted basis (the "Requisite Holders").

(d) In the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series Preferred in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

(e) The provisions of Sections 1(c) and 1(d) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 4(f) hereof are applicable, or any repurchase of any outstanding securities of the Company that is approved by (i) the Board and (ii) the Series Preferred as may be required by this Certificate of Incorporation.

(f) A distribution to the Company's stockholders may be made without regard to the preferential dividends arrears amount or any preferential rights amount (each as determined under applicable law).

2. VOTING RIGHTS.

(a) **General Rights.** Each holder of shares of the Series Preferred shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series Preferred could be converted (pursuant to Section 4 hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent and shall have voting rights and powers equal to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company. Except as otherwise provided herein or as required by law, the Series Preferred shall vote together with the Common Stock with respect to all matters presented to holders of Common Stock for their consideration, whether at any annual or special meeting of the stockholders or by written consent.

(b) **Separate Vote of Series A Preferred Stock.** For so long as at least 1,221,780 shares of Series A Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time) remain outstanding, in addition to any other vote or consent required herein or by law,

without the vote or written consent of the holders of a majority of the outstanding Series A Preferred Stock, the Company shall not take any of the following actions (whether by merger, recapitalization, consolidation, amendment of the Amended and Restated Certificate of Incorporation, or otherwise):

(i) Amend, alter, or repeal (A) any provision of the Certificate of Incorporation of the Company (including any filing of a Certificate of Designation) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series A Preferred Stock so as to affect them adversely and in a manner disproportionate to other series of Preferred Stock, or to confer a benefit on another series of Series Preferred unless the Series A Preferred Stock is treated in a similar manner or (B) this Section 2(b); or

(ii) Increase or decrease the authorized number of shares of Series A Preferred Stock.

(c) Separate Vote of Series B Preferred Stock. For so long as at least 2,435,835 shares of Series B Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time) remain outstanding, in addition to any other vote or consent required herein or by law, without the vote or written consent of the holders of a majority of the outstanding Series B Preferred Stock, the Company shall not take any of the following actions (whether by merger, recapitalization, consolidation, amendment of the Amended and Restated Certificate of Incorporation, or otherwise):

(i) Amend, alter, or repeal any provision of the Certificate of Incorporation of the Company (including any filing of a Certificate of Designation) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series B Preferred Stock so as to affect them adversely and in a manner disproportionate to other series of Preferred Stock, or to confer a benefit on another series of Series Preferred unless the Series B Preferred Stock is treated in a similar manner; or

(ii) Increase or decrease the authorized number of shares of Series B Preferred Stock.

(d) Separate Vote of Series C Preferred Stock. For so long as at least 747,430 shares of Series C Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time) remain outstanding, in addition to any other vote or consent required herein or by law, without the vote or written consent of the holders of a majority of the outstanding Series C Preferred Stock, the Company shall not take any of the following actions (whether by merger, recapitalization, consolidation, amendment of the Amended and Restated Certificate of Incorporation, or otherwise):

(i) Amend, alter, or repeal any provision of the Certificate of Incorporation of the Company (including any filing of a Certificate of Designation) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series C Preferred Stock so as to affect them adversely and in a manner disproportionate to other series of Preferred Stock, or to confer a benefit on another series of Series Preferred unless the Series C Preferred Stock is treated in a similar manner; or

(ii) Increase or decrease the authorized number of shares of Series C Preferred Stock.

(e) Separate Vote of Series Preferred. For so long as at least 2,000,000 shares of Series Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time) remain outstanding, in addition to any other vote or consent required herein or by law, without the vote or written consent of the Requisite Holders, the Company shall not, and shall not permit any direct or indirect subsidiary to, take any of the following actions (whether by merger, recapitalization, consolidation, amendment of the Amended and Restated Certificate of Incorporation, or otherwise), and any such act or transaction entered into without such vote or consent shall be null and void *ab initio*, and of no force or effect:

(i) Authorize or designate, whether by reclassification or otherwise, any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series Preferred in right of redemption, liquidation preference, voting or dividend rights, or increase the authorized or designated number of any such class or series;

(ii) Redeem, repurchase, pay or declare dividends or other distributions with respect to Common Stock or Preferred Stock other than acquisitions of Common Stock by the Company permitted by Section 1(c)(i), (ii) and (iii) hereof;

(iii) Consummate a transaction that would be a Liquidation Event or other merger or consolidation or enter into any agreement by the Company or its stockholders regarding a Liquidation Event (as defined in Section 3 hereof) or other merger or consolidation;

(iv) Amend, alter, or repeal any provision of the Certificate of Incorporation of the Company (including any filing of a Certificate of Designation) or the Amended and Restated Bylaws of the Company;

(v) Increase or decrease the authorized number of members of the Company's Board;

(vi) Increase or decrease the number of authorized shares of Common Stock, or Series Preferred or any series thereof;

(vii) Consummate or enter into any transaction with the Company's executive officers or their affiliates (other than employment agreements with executive officers of the Company on customary terms which are unanimously approved by the Board); or

(viii) Create, permit the creation of, or hold capital stock in, any direct or indirect subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Company.

(f) Election of Board of Directors.

(i) For so long as at least 3,250,000 shares of Series B Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time), the holders of Series B Preferred Stock, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(ii) For so long as at least 950,000 shares of Series Seed Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Time), the holders of Series Seed Preferred, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director.

(iii) The holders of Common Stock, voting as a separate class, shall be entitled to elect two members of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(iv) The holders of Common Stock and Series Preferred, voting together as a single class on an as-if-converted basis, shall be entitled to elect all remaining members of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(v) Notwithstanding the provisions of Section 223(a)(1) and 223(a)(2) of the DGCL, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of this Restated Certificate, and vacancies created by removal or resignation of a director, may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board of Directors' action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of the Company's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders in which all members of such class or series are present and voted. Any director may be removed during his or her term of office without cause, by, and only by, the affirmative vote of the holders of the shares of the class or

series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director.

(vi) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless required by applicable law at the time of such election. During such time or times that applicable law requires cumulative voting, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder desires. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (A) the names of such candidate or candidates have been placed in nomination prior to the voting and (B) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

3. LIQUIDATION RIGHTS.

(a) Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (a "Liquidation Event"), before any distribution or payment shall be made to the holders of any Common Stock, the holders of Series Preferred shall be entitled to be paid out of the assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in an Acquisition) for each share of Series Preferred held by them, an amount per share of Series Preferred equal to greater of (i) the applicable Original Issue Price for such series of Series Preferred plus all declared and unpaid dividends on such share of Series Preferred, and (ii) the amount per share as would have been payable had all shares of Series Preferred been converted into Common Stock pursuant to Section 4 immediately prior to such Liquidation Event. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series Preferred of the liquidation preference set forth in this Section 3(a), then such assets (or consideration) shall be distributed among the holders of Series Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(b) After the payment of the full liquidation preference of the Series Preferred as set forth in Section 3(a) above, the remaining assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in an Acquisition), if any, shall be distributed ratably to the holders of the Common Stock.

(c) An Asset Transfer or Acquisition (each as defined below) shall be a Liquidation Event for all purposes of this Amended and Restated Certificate of Incorporation, unless the Requisite Holders otherwise agree.

(i) For the purposes of this Section 3: (i) “Acquisition” shall mean (A) any consolidation, merger or reorganization of the Company and/or any of its subsidiaries, by means of any transaction or series of transaction, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Company outstanding immediately prior to such consolidation, merger or reorganization, continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization, (provided that, for the purpose of this 3(c), all shares of Common Stock issuable upon exercise of options outstanding immediately prior to such consolidation or merger or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of capital stock are converted or exchanged); or (B) any transfer of shares of capital stock of the Company in any transaction or series of transactions representing a majority of the voting power of the Company, provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; and (ii) “Asset Transfer” shall mean a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(ii) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board on the date such determination is made.

(iii) The Company shall not have the power to effect an Acquisition or Asset Transfer unless the definitive agreement for such transaction (the “Agreement”) provides that the consideration payable to the stockholders of the Company in connection therewith shall be allocated among the holders of capital stock of the Company in accordance with this Section 3.

4. CONVERSION RIGHTS.

The holders of the Series Preferred shall have the following rights with respect to the conversion of the Series Preferred into shares of Common Stock (the “Conversion Rights”):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 4, any shares of Series Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series Preferred shall be entitled upon conversion shall be the product obtained by multiplying the applicable “Series Preferred Conversion Rate” then in effect for such series of Preferred Stock (determined as provided in Section 4(b)) by the number of shares of such series of Series Preferred being converted.

(b) Series Preferred Conversion Rate. The conversion rate in effect at any time for conversion of each series of Series Preferred (the “Series Preferred Conversion Rate”) shall be the quotient obtained by dividing the applicable Original Issue Price for such series of Series Preferred by the applicable “Series Preferred Conversion Price” for such series of Series Preferred, calculated as provided in Section 4(c).

(c) Series Preferred Conversion Price. The conversion price for each series of Series Preferred shall initially be the Original Issue Price of such series of Series Preferred (the “Series Preferred Conversion Price”). Such initial Series Preferred Conversion Price shall be adjusted from time to time in accordance with this Section 4. All references to the Series Preferred Conversion Price herein shall mean the applicable Series Preferred Conversion Price as so adjusted.

(d) Mechanics of Optional Conversion. Each holder of Series Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series Preferred, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series Preferred being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) any declared and unpaid dividends on the shares of Series Preferred being converted and (ii) in cash (at the Common Stock’s fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series Preferred. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) Adjustment for Stock Splits and Combinations. If at any time or from time to time on or after the Filing Time (the “Original Issue Date”) the Company effects a subdivision of the outstanding Common Stock, the applicable Series Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date the Company combines the outstanding shares of Common Stock into a smaller number of shares, the applicable Series Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If at any time or from time to time on or after the Original Issue Date the Company pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock, each Series Preferred Conversion Price then in effect shall be decreased as of the time of such issuance, as provided below:

(i) Each Series Preferred Conversion Price shall be adjusted by multiplying the applicable Series Preferred Conversion Price then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

(ii) If the Company fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the applicable Series Preferred Conversion Price shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Series Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Series Preferred Conversion Price shall be adjusted pursuant to this Section 4(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation. If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition as defined in Section 3 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 4), in any such event each share of Series Preferred shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property that a holder of the number of shares of Common Stock of the Company issuable upon conversion of one share of Series Preferred immediately prior to such recapitalization, reclassification, merger, consolidation or other transaction would have been entitled to receive pursuant to such transaction, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the applicable Series Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(h) Sale of Shares Below Series Preferred Conversion Price.

(i) If at any time or from time to time on or after the Original Issue Date the Company issues or sells, or is deemed by the express provisions of this Section 4(h) to have issued or sold, Additional Shares of Common Stock (as defined below), other than as provided in Section 4(e), 4(f) or 4(g) above, for an Effective Price (as defined below) less than the then effective Series Preferred Conversion Price for any series of Series Preferred (a “Qualifying Dilutive Issuance”), then and in each such case, the then existing Series Preferred Conversion Price for such series shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the applicable Series Preferred Conversion Price in effect immediately prior to such issuance or sale by a fraction:

(A) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock that the Aggregate Consideration (as defined below) received or deemed received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such then-existing Series Preferred Conversion Price for such series of Series Preferred, and

(B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued.

For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of Common Stock outstanding, (B) the number of shares of Common Stock into which the then outstanding shares of Series Preferred could be converted if fully converted on the day immediately preceding the given date, and (C) the number of shares of Common Stock that are issuable upon the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

(ii) No adjustment shall be made to the Series Preferred Conversion Price in an amount less than 1% of the Series Preferred Conversion Price then in effect. Any adjustment otherwise required by this Section 4(h) that is not required to be made due to the first sentence of this subsection (ii) shall be included in any subsequent adjustment to the Series Preferred Conversion Price. Any adjustment required by this Section 4(h) shall be rounded to the first decimal for which such rounding represents less than 1% of the applicable Series Preferred Conversion Price in effect after such adjustment.

(iii) For the purpose of making any adjustment required under this Section 4(h), the aggregate consideration received by the Company for any issue or sale of securities (the “Aggregate Consideration”) shall be defined as: (A) to the extent it consists of cash, the gross amount of cash received by the Company before deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale and without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, the fair market value of that property as determined in good faith by the Board, and (C) if Additional Shares of Common

Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration that covers both, the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iv) For the purpose of the adjustment required under this Section 4(h), if the Company issues or sells (x) Preferred Stock or other stock, options, warrants, purchase rights or other securities exercisable for or convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as “Convertible Securities”) or (y) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Series Preferred Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities plus:

(A) in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options; and

(B) in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); *provided* that if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(C) If the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; *provided further*, that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities.

(D) No further adjustment of the applicable Series Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock or the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the applicable Series Preferred

Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Series Preferred Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, *provided* that such readjustment shall not apply to prior conversions of Series Preferred.

(v) For the purpose of making any adjustment to the Conversion Price of any series of Series Preferred required under this Section 4(h), “Additional Shares of Common Stock” shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4(h) (including shares of Common Stock subsequently reacquired or retired by the Company), other than:

(A) shares of Common Stock issued upon conversion of the Series Preferred;

(B) shares of Common Stock or Convertible Securities issued after the Original Issue Date to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board;

(C) shares of Common Stock issued pursuant to the exercise or conversion of Convertible Securities outstanding as of the Original Issue Date;

(D) shares of Common Stock or Convertible Securities issued for consideration other than cash pursuant to a merger, consolidation, acquisition, strategic alliance or similar business combination, provided that such issuance is approved by the Board and is entered into for primarily non-equity financing purposes;

(E) any Common Stock or Convertible Securities issued in connection with any stock split, stock dividend or recapitalization by the Company;

(F) shares of Common Stock or Convertible Securities that, with the unanimous approval of the Board, are not offered to any existing stockholder of the Company;

(G) shares of Common Stock or Convertible Securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial or lending institution approved by the Board, entered into for primarily non-equity financing purposes;

(H) shares of Common Stock or Convertible Securities issued to third-party service providers in exchange for or as partial consideration for services rendered to the Company as unanimously approved by the Board; and

(I) with respect to the adjustment of the Conversion Price of any series of Series Preferred, shares of Common Stock or Convertible Securities that the holders of a majority of the outstanding shares of such series elect in writing to exclude from the definition of “Additional Shares of Common Stock” for purposes of this Section 4.

References to Common Stock in the subsections of this clause (v) above shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4(h). The “Effective Price” of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4(h), into the Aggregate Consideration received, or deemed to have been received by the Company for such issue under this Section 4(h), for such Additional Shares of Common Stock. In the event that the number of shares of Additional Shares of Common Stock or the Effective Price cannot be ascertained at the time of issuance, such Additional Shares of Common Stock shall be deemed issued immediately upon the occurrence of the first event that makes such number of shares or the Effective Price, as applicable, ascertainable.

(vi) In the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance (the “First Dilutive Issuance”), then in the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance other than the First Dilutive Issuance as a part of the same transaction or series of related transactions as the First Dilutive Issuance (a “Subsequent Dilutive Issuance”), then and in each such case upon a Subsequent Dilutive Issuance the Series Preferred Conversion Price shall be reduced to the Series Preferred Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance.

(i) Certificate of Adjustment. In each case of an adjustment or readjustment of the Series Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series Preferred, if the Series Preferred is then convertible pursuant to this Section 4, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series Preferred so requesting at the holder’s address as shown in the Company’s books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the Series Preferred Conversion Price at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property that at the time would be received upon conversion of the Series Preferred. Failure to request or provide such notice shall have no effect on any such adjustment.

(j) Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series Preferred at least 10 days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (or, in either case, such shorter period approved by the holders of a majority of the outstanding Series Preferred) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(k) Automatic Conversion.

(i) Each share of Series Preferred shall automatically be converted into shares of Common Stock, based on the then-effective applicable Series Preferred Conversion Rate for such series of Series Preferred, (A) at any time upon the affirmative election of the Requisite Holders, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least \$30,000,000 and the Company's shares have been listed for trading on the New York Stock Exchange, NASDAQ Global Select Market or NASDAQ Global Market. Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4(d).

(ii) Upon the occurrence of either of the events specified in Section 4(k)(i) above, the outstanding shares of Series Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; *provided, however*, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series Preferred are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series Preferred, the holders of Series Preferred shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series Preferred. Thereupon, there shall be issued and delivered to such holder promptly at such

office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series Preferred surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4(d).

(l) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If after the aforementioned aggregation the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(m) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series Preferred, the Company will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(n) Notices. Any notice required by the provisions of this Section 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by electronic transmission in compliance with the provisions of the DGCL if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

(o) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series Preferred so converted were registered.

5. NO REISSUANCE OF SERIES PREFERRED.

Any shares or shares of Series Preferred redeemed, purchased, converted or exchanged by the Company shall be cancelled and retired and shall not be reissued or transferred.

V.

A. The liability of the directors of the Company for monetary damages shall be eliminated to the fullest extent under applicable law.

B. To the fullest extent permitted by applicable law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise in excess of the indemnification and advancement otherwise permitted by applicable law. If applicable law is amended after approval by the stockholders of this Article V to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Company shall be eliminated or limited to the fullest extent permitted by the applicable law as so amended.

C. Any repeal or modification of this Article V shall only be prospective and shall not affect the rights or protections or increase the liability of any director under this Article V in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

D. The Company renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "Excluded Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any director of the Company who is not an employee of the Company or any of its subsidiaries, (collectively, "Covered Persons"), unless in either case such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Company.

VI.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further *provided* that:

A. The management of the business and the conduct of the affairs of the Company shall be vested in its Board. The number of directors that shall constitute the whole Board shall be fixed by the Board in the manner provided in the Bylaws, subject to any restrictions which may be set forth in this Amended and Restated Certificate.

B. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company, subject to any restrictions that may be set forth in this Amended and Restated Certificate. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Company, subject to any restrictions that may be set forth in this Amended and Restated Certificate.

C. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the Company.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

[Signature page follows]

Stitch Fix, Inc. has caused this Seventh Amended and Restated Certificate of Incorporation to be signed by its President on December 11, 2014.

STITCH FIX, INC.

Signature: /s/ Katrina Lake

Name: Katrina Lake

Title: President

**CERTIFICATE OF AMENDMENT
TO
SEVENTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
STITCH FIX, INC.**

Katrina Lake hereby certifies that:

FIRST: The original name of this corporation is Rack Habit Inc. and the date of filing of the original certificate of incorporation of this Company with the Secretary of State of the State of Delaware was February 11, 2011.

SECOND: She is the elected and acting President of this corporation.

THIRD: The Board of Directors of the corporation, acting in accordance with the provisions of Section 141 and 242 of the Delaware General Corporation Law (the "**DGCL**"), adopted resolutions amending Article IV.B. of the corporation's Seventh Amended and Restated Certificate of Incorporation as follows:

"B. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares that the Company is authorized to issue is 158,577,280 shares, 98,000,000 shares of which shall be Common Stock (the "Common Stock") and 60,577,280 shares of which shall be Preferred Stock (the "Preferred Stock"). The Preferred Stock shall have a par value of \$0.00002 per share and the Common Stock shall have a par value of \$0.00002 per share."

FOURTH: All other provisions of the corporation's Seventh Amended and Restated Certificate of Incorporation shall remain in full force and effect.

FIFTH: This Certificate of Amendment has been duly approved by the Board of Directors of this corporation in accordance with the provisions of Sections 141 and 242 of the DGCL.

SIXTH: Thereafter, pursuant to a resolution adopted by the Board of Directors, this Certificate of Amendment was submitted to the stockholders of the Corporation for their approval and adoption in accordance with the provisions of Sections 228 and 242 of the DGCL and so approved and adopted.

STITCH FIX, INC. has caused this Certificate of Amendment to the Seventh Amended and Restated Certificate of Incorporation to be signed by its President on October 25, 2016.

STITCH FIX, INC.

By: /s/ Katrina Lake

Katrina Lake
President

**AMENDED AND RESTATED BYLAWS
OF
STITCH FIX, INC.
(A DELAWARE CORPORATION)**

AMENDED AND RESTATED BYLAWS

OF

STITCH FIX, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("DGCL").

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders; (ii) by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in the following paragraph, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Amended and Restated Bylaws (the "Bylaws"), (i) the stockholder must have given timely notice thereof in writing to the Secretary of the corporation, (ii) such other business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the corporation with a Solicitation Notice (as defined in this Section 5(b)), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice, and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 5. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposed to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "**1934 Act**") and Rule 14a-4(d) thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the

corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of the proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "**Solicitation Notice**").

(c) Notwithstanding anything in the second sentence of Section 5(b) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(d) Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 5. Except as otherwise provided by law, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation proxy statement pursuant to Rule 14a-8 under the 1934 Act.

(f) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption) or (iv) by the holders of shares entitled to cast not less than twenty percent (20%) of the votes at the meeting, and shall be held at such place, on such date, and at such time as the Board of Directors shall fix.

At any time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law (“CGCL”), stockholders holding 5% or more of the outstanding shares shall have the right to call a special meeting of stockholders as set forth in Section 18(b) of these Bylaws.

(b) If a special meeting is properly called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by certified or registered mail, return receipt requested, or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his, her or its attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a

majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or

order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his, her or its act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action that may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, or by electronic transmission setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Every written consent or electronic transmission shall bear the date of signature of each stockholder who signs the consent, and no written consent or electronic transmission shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents or electronic transmissions signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing or by electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take action were

delivered to the corporation as provided in Section 228(c) of the DGCL. If the action that is consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

(d) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or other electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the state of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the board of directors of the corporation. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his or her absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without

limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters that are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The authorized number of directors shall be fixed from time to time by resolution of the Board of Directors. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Term of Directors.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, directors shall be elected at each annual meeting of stockholders to serve until his or her successor is duly elected and qualified or until his or her death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation is subject to Section 2115(b) of the CGCL. During such time or times that the corporation is subject to Section 2115(b) of the CGCL, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 18. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, *provided, however*, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Section 18 of these Bylaws in the case of the death, removal or resignation of any director.

(b) At any time or times that the corporation is subject to Section 2115(b) of the CGCL, if, after the filling of any vacancy, the directors then in office who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) any holder or holders of an aggregate of 5% or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) the Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of the stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL, the term of office of any director shall terminate upon that election of a successor.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his or her successor shall have been duly elected and qualified.

Section 20. Removal.

(a) Subject to any limitations imposed by applicable law (and assuming the corporation is not subject to Section 2115 of the CGCL), the Board of Directors or any director may be removed from office at any time (i) with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors or (ii) without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation, entitled to vote generally at an election of directors.

(b) During such time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election in which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

Section 21. Meetings

(a) **Regular Meetings.** Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware that has been designated by the Board of Directors and publicized among all directors, either orally or in writing, including a voice-messaging system or other system designated to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for a regular meeting of the Board of Directors.

(b) **Special Meetings.** Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the Chief Executive Officer (if a director), the President (if a director) or any two directors.

(c) **Meetings by Electronic Communications Equipment.** Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) **Notice of Special Meetings.** Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice

is sent by US mail, it shall be sent by first class mail, postage prepaid at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided, however*, at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of Section 25 of these Bylaws may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place that has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any

business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer (if a director), or if the Chief Executive Officer is not a director or is absent the President (if a director) or if the President is not a director or is absent, the most senior Vice President (if a director) or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his or her absence, any Assistant Secretary directed to do so by the Chief Executive Officer or President, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer and the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 28. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors, or by the Chief Executive Officer or other officer if so authorized by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no Chief Executive Officer and no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28.

(c) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairman of the Board of Directors has been appointed and is present. The Chief Executive Officer shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) Duties of President. In case of the absence or disability of the Chief Executive Officer or if the office of Chief Executive Officer is vacant, the President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors (if a director), unless the Chairman of the Board of Directors has been appointed and is present. If the office of the Chief Executive Officer is vacant, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(e) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The Chief Executive Officer may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(g) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his

or her office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time. The Chief Executive Officer may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission notice to the Board of Directors or to the Chief Executive Officer or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written or electronic consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 34. Form and Execution of Certificates. The shares of stock of the corporation shall be represented by certificate or shall be uncertificated. Certificates for the shares of stock of the corporation, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificates shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors or the Chief Executive Officer, the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares in the corporation owned by such stockholder. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Restrictions on Transfer.

(a) No holder of any of the shares of common stock of the corporation (excluding (1) any common stock issued upon conversion of shares of preferred stock of the corporation and (2) any common stock issued before September 16, 2015 (the "**Amendment Date**") held by the holder of record of such shares on the Amendment Date) may sell, transfer, assign, pledge or otherwise dispose of or encumber any of the shares of common stock of the corporation (excluding any common stock issued upon conversion of shares of preferred stock of the corporation) or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise (each, a "**Transfer**"), other than by means of a Permitted Transfer (as defined

below), without the prior written consent of the corporation, upon duly authorized action of its Board of Directors. The corporation may withhold consent for any legitimate corporate purpose, as determined by the Board of Directors. Examples of the basis for the corporation to withhold its consent include, without limitation, (i) if such Transfer to individuals, companies or any other form of entity identified by the corporation as a potential competitor or considered by the corporation to be unfriendly; or (ii) if such Transfer increases the risk of the corporation having a class of security held of record by two thousand (2,000) or more persons, or five hundred (500) or more persons who are not accredited investors (as such term is defined by the SEC), as described in Section 12(g) of the 1934 Act and any related regulations, or otherwise requiring the corporation to register any class of securities under the 1934 Act; or (iii) if such Transfer would result in the loss of any federal or state securities law exemption relied upon by the corporation in connection with the initial issuance of such shares or the issuance of any other securities; or (iv) if such Transfer is facilitated in any manner by any public posting, message board, trading portal, internet site, or similar method of communication, including without limitation any trading portal or internet site intended to facilitate secondary transfers of securities; or (v) if such Transfer is to be effected in a brokered transaction; or (vi) if such Transfer represents a Transfer of less than all of the shares then held by the stockholder and its affiliates or is to be made to more than a single transferee. For the avoidance of doubt, nothing contained in these Bylaws shall apply to, restrict or otherwise affect in any way any sale, transfer, assignment, pledge, encumbrance or other disposition of any equity or other ownership interests in any stockholder that is a venture capital fund, private equity fund or related entity (e.g., a transfer of a limited partnership interest in a venture capital fund) notwithstanding that such venture capital fund, private equity fund or related entity may beneficially own or otherwise control shares of stock or other securities of the corporation.

(b) A “Permitted Transfer” shall be defined as:

(1) A stockholder’s Transfer of any or all shares held either during such stockholder’s lifetime or on death by will or intestacy to such stockholder’s immediate family or to any custodian or trustee for the account of such stockholder or such stockholder’s immediate family or to any limited partnership of which the stockholder, members of such stockholder’s immediate family or any trust for the account of such stockholder or such stockholder’s immediate family will be the general or limited partner(s) of such partnership; “immediate family” as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such transfer;

(2) If the stockholder is a partnership, limited liability company or corporation, any Transfer by such stockholder to any Affiliate (as defined below) of such stockholder;

(3) If the stockholder is a partnership, limited liability company or corporation, a stockholder’s Transfer of any or all of its shares pursuant to and in accordance with the terms of any merger, consolidation, reclassification of shares or capital reorganization of the stockholder, or pursuant to a sale of all or substantially all of the equity interests or assets of such stockholder, to the acquiror of such stockholder or an Affiliate of such acquiror;

- (4) A corporate stockholder's Transfer of any or all of its shares to any or all of its stockholders;
- (5) A Transfer by a stockholder that is a limited or general partnership to any or all of its partners or former partners;
- (6) A Transfer by a stockholder that is a limited liability company to any or all of its members or former members; and

(7) A Transfer by an Investor (as defined in that certain Third Amended and Restated Right of First Refusal and Co-Sale Agreement dated as of April 10, 2014, as amended from time to time, or any successor agreement thereto (the "**Co-Sale Agreement**")) exercising such Investor's co-sale right thereunder.

In any such case, the Transferee, assignee or other recipient shall receive and hold such stock subject to the provisions of Section 36 of these Bylaws, and there shall be no further transfer of such stock except in accord with Section 36 of these Bylaws.

As used herein, the term "Affiliate" shall mean, with respect to any specified entity, any other entity which, directly or indirectly, controls, is controlled by, or is under common control with such specified entity, including, without limitation, any general partner, officer, director or manager of such entity and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, is under common investment management with, shares the same management or advisory company with or is otherwise affiliated with such entity.

(c) If a stockholder desires to Transfer any shares, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer. Any shares of common stock of the corporation (excluding any shares of common stock issued upon conversion of preferred stock of the corporation) proposed to be transferred to which Transfer the corporation has consented pursuant to paragraph (a) of this Section will first be subject to the corporation's right of first refusal located in Section 46 of these Bylaws.

(d) Any Transfer, or purported Transfer, of shares not made in strict compliance with this Section shall be null and void, shall not be recorded on the books of the corporation and shall not be recognized by the corporation.

(e) The foregoing restriction on Transfer shall terminate upon the earlier of (i) immediately prior to the closing of any Asset Transfer or Acquisition (as such terms are defined in the corporation's Restated Certificate of Incorporation, as amended or restated from time to time), or (ii) immediately prior to the time securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act of 1933, as amended (the "**1933 Act**").

(f) The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing Transfer restrictions are in effect:

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the

record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34 of these Bylaws), may be signed by the Chairman of the Board of Directors, the Chief Executive Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 43. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, “executive officers” shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent not prohibited by the DGCL or any other applicable law; *provided, however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further*, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly

following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding; *provided, however*, that, if the DGCL requires, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 42 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of Section 43 of these Bylaws, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation, in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of a quorum consisting of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under Section 43 of these Bylaws shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by Section 43 of these Bylaws to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise as a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual

determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

(e) Non-Exclusivity of Rights. The rights conferred on any person by Section 43 of these Bylaws shall not be exclusive of any other right that such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL or any other applicable law.

(f) Survival of Rights. The rights conferred on any person by Section 43 of these Bylaws shall continue as to a person who has ceased to be a director or executive officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL, or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to Section 43 of these Bylaws.

(h) Amendments. Any repeal or modification of Section 43 of these Bylaws shall only be prospective and shall not affect the rights under Section 43 of these Bylaws in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Section 43 of these Bylaws or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law. If this Section 43 of these Bylaws shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under applicable law.

(j) Certain Definitions. For the purposes of Section 43 of these Bylaws, the following definitions shall apply:

(1) The term “proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the “corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of Section 43 of these Bylaws with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a “director,” “executive officer,” “officer,” “employee,” or “agent” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in Section 43 of these Bylaws.

ARTICLE XII

NOTICES

Section 44. Notices.

(a) Notice to Stockholders. Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by United States mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or as provided for in Section 21 of these Bylaws. If such notice is not delivered personally, it shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 45. Amendments. The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the corporation. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the corporation; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

RIGHT OF FIRST REFUSAL

Section 46. Right of First Refusal. No stockholder shall Transfer any of the shares of common stock of the corporation (excluding any shares of common stock issued upon conversion of preferred stock of the corporation) or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a Transfer that meets the requirements hereinafter set forth in this Section 46 of these Bylaws:

(a) If the stockholder desires to Transfer any of his, her or its shares of common stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed Transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; provided, however, that if the shares were originally issued by the corporation after the Amendment Date, or otherwise with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth herein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 46 the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with the consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, subject to the corporation's approval and all other restrictions on Transfer located in Section 36 of these Bylaws (to the extent required by the terms of Section 36) within the sixty (60) day period following the expiration of the option rights granted to the corporation and/or its assignees(s) herein, Transfer the shares specified in said transferring stockholder's notice that were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of Section 46 of these Bylaws in the same manner as before said Transfer.

(f) Anything to the contrary contained herein notwithstanding, any Permitted Transfer (as defined in Section 36 above) shall be exempt from the provisions of Sections 43(a) through (d) of these Bylaws. In addition, the following Transfers of shares originally issued prior to the Amendment Date by persons who are holders of record of such shares as of the Amendment Date shall be exempt from the provisions of Sections 43(a) through (d) of these Bylaws: (1) such stockholder's bona fide pledge or mortgage of any shares with a commercial lending institution, provided that any subsequent Transfer of said shares by said institution shall be conducted in the manner set forth in this Bylaw; and (2) such stockholder's transfer of any or all of such shares to the corporation or to any other stockholder of the corporation or to a person who is an officer or director of the corporation

In any such case, the Transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of Section 46 of these Bylaws, and there shall be no further transfer of such stock except in accord with Section 46 of these Bylaws. For the avoidance of doubt, nothing contained in these Bylaws shall apply to, restrict or otherwise affect in any way any sale, transfer, assignment, pledge, encumbrance or other disposition of any equity or other ownership interests in any stockholder that is a venture capital fund, private equity fund or related entity (e.g., a transfer of a limited partnership interest in a venture capital fund) notwithstanding that such venture capital fund, private equity fund or related entity may beneficially own or otherwise control shares of stock or other securities of the corporation.

(g) The provisions of Section 46 of these Bylaws may be waived with respect to any Transfer by the corporation, upon duly authorized action of its Board of Directors.

(h) Any Transfer, or purported Transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of Section 46 of these Bylaws are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate upon the earlier of (i) immediately prior to the closing of an Asset Transfer or Acquisition (as such terms are defined in the corporation's Restated Certificate of Incorporation, as amended or restated from time to time) or (ii) immediately prior to the time securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the 1933 Act.

(j) The certificates representing shares of stock of the corporation that are subject to the right of first refusal in paragraph (a) of this Section shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE
SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN
FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S),
AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

Notwithstanding the foregoing provisions of this Article XIV, to the extent that the right of first refusal set forth herein conflicts with a right of first refusal in any written agreement between the corporation and any stockholder of the corporation, then the right of first refusal set forth in such written agreement shall supersede the right of first refusal set forth herein, but only with respect to the specific stockholder(s), share(s) of stock and proposed transfer(s) to which the conflict relates.

ARTICLE XV

LOANS TO OFFICERS

Section 47. Loans to Officers. Except as otherwise prohibited under applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

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STITCH FIX, INC.

FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

THIS FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (the "**Agreement**") is entered into as of April 10, 2014, by and among STITCH FIX, INC., a Delaware corporation (the "**Company**") and the investors listed on Exhibit A (the "**Investors**").

RECITALS

A. Certain of the Investors are purchasing shares of the Company's Series C Preferred Stock (the "**Series C Preferred Stock**") pursuant to that certain Series C Preferred Stock Purchase Agreement (the "**Purchase Agreement**") of even date herewith (the "**Financing**");

B. The obligations in the Purchase Agreement are conditioned upon the execution and delivery of this Agreement;

C. Certain of the Investors (the "**Prior Investors**") are holders of the Company's Series Seed Preferred Stock (the "**Series Seed Preferred Stock**"), Series A Preferred Stock (the "**Series A Preferred Stock**"), Series A-1 Preferred Stock (the "**Series A-1 Preferred Stock**") and/or Series B Preferred Stock (the "**Series B Preferred Stock**") and together with the Series C Preferred Stock, the Series Seed Preferred Stock, the Series A-1 Preferred Stock and the Series A Preferred Stock, the "**Preferred Stock**";

D. The Prior Investors and the Company are parties to a Third Amended and Restated Investor Rights Agreement dated August 14, 2013 (the "**Prior Agreement**");

E. The parties to the Prior Agreement desire to amend and restate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement; and

F. In connection with the consummation of the Financing, the Company and the Investors have agreed to the registration rights, information rights, and other rights as set forth below.

AGREEMENT

The parties hereto agree as follows:

SECTION 1. GENERAL.

1.1 Amendment and Restatement of Prior Agreement. The Prior Agreement is hereby amended in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the Company and the holders of a majority of the Registrable Securities (as defined in the Prior Agreement). Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect, including, without limitation, all rights of first refusal and any notice period associated therewith otherwise applicable to the transactions contemplated by the Purchase Agreement.

1.2 Definitions. As used in this Agreement the following terms shall have the following respective meanings:

(a) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(b) “**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) “**Holder**” means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.9 hereof.

(d) “**Initial Offering**” means the Company’s first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(e) “**Register,**” “**registered,**” and “**registration**” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(f) “**Registrable Securities**” means (a) Common Stock of the Company issuable or issued upon conversion of the Shares and (b) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities. Notwithstanding the foregoing, Registrable Securities shall not include any securities (i) sold by a person to the public either pursuant to a registration statement or Rule 144 or (ii) sold in a private transaction in which the transferor’s rights under Section 2 of this Agreement are not assigned.

(g) “**Registrable Securities then outstanding**” shall be the number of shares of the Company’s Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities.

(h) “**Registration Expenses**” shall mean all expenses incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements not to exceed thirty five thousand dollars (\$35,000) of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(i) “SEC” or “Commission” means the Securities and Exchange Commission.

(j) “Securities Act” shall mean the Securities Act of 1933, as amended.

(k) “Selling Expenses” shall mean all underwriting discounts and selling commissions applicable to the sale.

(l) “Shares” shall mean shares of the Company’s Preferred Stock held from time to time by the Investors listed on Exhibit A hereto and their permitted assigns.

(m) “Special Registration Statement” shall mean (i) a registration statement relating solely to any employee benefit plan or (ii) with respect to any corporate reorganization or transaction under Rule 145 of the Securities Act, any registration statements related solely to the issuance of securities issued in such a transaction or (iii) a registration related solely to stock issued upon conversion of debt securities.

SECTION 2. REGISTRATION; RESTRICTIONS ON TRANSFER.

2.1 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Shares or Registrable Securities unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144, except in unusual circumstances. After its Initial Offering, the Company will not require any transferee pursuant to Rule 144 to be bound by the terms of this Agreement if the shares so transferred do not remain Registrable Securities hereunder following such transfer.

(b) Notwithstanding the provisions of subsection (a) above, no such restriction shall apply to a transfer by a Holder that is (A) a partnership transferring to its partners or former partners in accordance with partnership interests, (B) a corporation transferring to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Holder, (C) a limited liability company transferring to its members or former members in accordance with their interest in the limited liability company, (D) an individual transferring to the Holder’s family member or trust for the benefit of an individual Holder, or (E) a venture capital fund transferring to an affiliated venture capital fund; *provided* that in each case the transferee will agree in writing to be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(c) Each certificate representing Shares or Registrable Securities shall be stamped or otherwise imprinted with legends substantially similar to the following (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “ACT”) AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN INVESTOR RIGHTS AGREEMENT BY AND BETWEEN THE STOCKHOLDER AND THE COMPANY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(d) The Company shall be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Company has completed its Initial Offering and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend, *provided that* the second legend listed above shall be removed only at such time as the Holder of such certificate is no longer subject to any restrictions hereunder.

(e) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal or an opinion of counsel reasonably acceptable to the Company.

2.2 Demand Registration.

(a) Subject to the conditions of this Section 2.2 at any time following the earlier of (i) the five year anniversary of the date of this Agreement, or (ii) the date 180 days following effective date of the registration statement pertaining to the Initial Offering, if the Company shall receive a written request from the Holders of a majority of the Registrable Securities (the “*Initiating Holders*”) that the Company file a registration statement under the Securities Act if the anticipated aggregate offering price, net of underwriting discounts and

commissions, would exceed \$15,000,000, then the Company shall, within thirty (30) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2.2, effect, as expeditiously as reasonably possible, the registration under the Securities Act of all Registrable Securities that all Holders request to be registered.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the written notice referred to in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities held by all Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a *pro rata* basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders); *provided, however*, that the number of shares of Registrable Securities to be included in such underwriting and registration will not be reduced unless all other securities of the Company are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 2.2:

(i) after the Company has effected one (1) registration pursuant to this Section 2.2, and such registration has been declared or ordered effective and has remained effective as provided hereunder;

(ii) during the period starting with the date of filing of, and ending on the date one hundred twenty (120) days following the effective date of the registration statement pertaining to the Initial Offering; *provided* that the Company is continuing to make reasonable good faith efforts to cause such registration statement to become effective;

(iii) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.2 a certificate signed by the Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require

premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential, or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, in which event the Company shall have the right to defer such filing for a period of not more than sixty (60) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not invoke this right more than twice in any twelve (12) month period for an aggregate of sixty (60) days for all such deferrals; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such sixty (60) day period other than pursuant to a Special Registration Statement;

(iv) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.4 below; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.3 Piggyback Registrations. The Company shall notify all Holders of Registrable Securities in writing at least fifteen (15) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding Special Registration Statements) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If the registration statement of which the Company gives notice under this Section 2.3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to include Registrable Securities in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the Company determines in good faith, based on consultation with the underwriter, that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a *pro rata* basis based on the total number of Registrable Securities

held by the Holders; and third, to any stockholder of the Company (other than a Holder) on a *pro rata* basis, provided, however, that no exclusion provided for herein shall reduce the amount of Registrable Securities to be included in such registration to an amount that is less than thirty percent (30%) of the total amount of shares to be included in such registration based on aggregate market value, unless such offering is the Initial Offering and no other stockholders of the Company have shares included in such registration, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding clause. In no event will shares of any other selling stockholder be included in such registration that would reduce the number of shares which may be included by Holders without the written consent of Holders of not less than a majority of the Registrable Securities. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership, limited liability company, corporation or venture capital fund, the affiliates, partners, retired partners, members, retired members, stockholders and affiliated venture capital funds of such Holder, or the estates and family members of any such partners, retired partners, members and retired members and any trusts for the benefit of any of the foregoing person shall be deemed to be a single "Holder," and any *pro rata* reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.3 whether or not any Holder has elected to include securities in such registration, and shall promptly notify any Holder that has elected to include shares in such registration of such termination or withdrawal. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5 hereof.

2.4 Form S-3 Registration. In case the Company shall receive from any Holder or Holders of Registrable Securities holding at least thirty percent (30%) of the Registrable Securities a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided, however*, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 is not available for such offering by the Holders, or

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an anticipated aggregate price to the public of less than ten million dollars (\$10,000,000);

(iii) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential, or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, in which event the Company shall have the right to defer such filing for a period of not more than sixty (60) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not invoke this right more than twice in any twelve (12) month period for an aggregate of sixty (60) days for all such deferrals; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such sixty (60) day period, other than pursuant to a Special Registration Statement, or

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 for the Holders pursuant to this Section 2.4 that have remained effective as provided hereunder, or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the requests of the Holders. Registrations effected pursuant to this Section 2.4 shall not be counted as demands for registration or registrations effected pursuant to Section 2.2.

2.5 Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 2.2, 2.3 or 2.4 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered *pro rata* on the basis of the number of shares so registered. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Section 2.2 or 2.4, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information

concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of a majority of the Registrable Securities agree to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b), as applicable, to undertake any subsequent registration, in which event such right shall be forfeited by all Holders). If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the Initiating Holders requesting and withdrawing such registration. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then such registration shall not be deemed to have been effected for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b), as applicable, to undertake any subsequent registration.

2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities as soon as is practicable (and in any event no later than 45 days following receipt of a written request by the Initiating Holders pursuant to Section 2.2, or in the case of a written request that the Company effect a registration on Form S-3 pursuant to Section 2.4, 20 days following receipt of such request) and use all reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to one hundred and eighty (180) days or, if earlier, until the Holder or Holders have completed the distribution related thereto; provided, however, in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred eighty (180) day period shall be extended for so long as requested by the Initiating Holders until all such Registrable Securities are sold, provided, further, however, that at any time, upon written notice to the participating Holders and for a period not to exceed, when added to the total number of days for any deferral with respect to such registration statement under Section 2.2 or 2.4 above, sixty (60) days thereafter (the “**Suspension Period**”), the Company may delay the filing or effectiveness of any registration statement or suspend the use or effectiveness of any registration statement (and the Initiating Holders hereby agree not to offer or sell any Registrable Securities pursuant to such registration statement during the Suspension Period) if, and so long as, the Company reasonably believes that there is or may be in existence material nonpublic information or events involving the Company, the failure of which to be disclosed in the prospectus included in the registration statement could result in a Violation (as defined below). In the event that the Company shall exercise its right to delay or suspend the filing or effectiveness of a registration hereunder, the applicable time period during which the registration statement is to remain effective shall be extended by a period of time equal to the duration of the Suspension Period. The Company may extend the Suspension Period for an additional consecutive sixty (60) days with the consent of the holders of a majority of the Registrable Securities registered under the applicable registration statement. No more than two (2) such Suspension Periods shall occur in any twelve (12) month period and in any event shall not exceed, when added to the total number of days for any deferral with respect to such registration statement under Section 2.2 or 2.4 above, an aggregate of sixty (60) days for all such Suspension Periods and deferrals. If so directed by the Company, all Holders

registering shares under such registration statement shall (i) use their commercially reasonable efforts to not offer to sell any Registrable Securities pursuant to the registration statement during the period in which the delay or suspension is in effect after receiving notice of such delay or suspension; and (ii) use their best efforts to deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holders' possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. Notwithstanding the foregoing, the Company shall not be required to file, cause to become effective or maintain the effectiveness of any registration statement, other than a registration statement on Form S-3, that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above.

(c) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company will use reasonable efforts to amend or supplement such prospectus in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Use its reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) After such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

(j) Otherwise use its commercially reasonable efforts to make available to its securities holders, as soon as reasonably practicable, an earning statement covering the period of at least twelve (12) months after the effective date of such registration statement, which earning statement shall satisfy Section 11(a) of the Securities Act and any applicable regulations thereunder, including Rule 158.

(k) Use its reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters.

2.7 Delay of Registration; Furnishing Information.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls, or is alleged to control, such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such

losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “**Violation**”) by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, any issuer information (as defined in Rule 433 of the Securities Act) filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any other document incident to such registration prepared by or on behalf of the Company, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other federal or state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any other federal or state securities law in connection with the offering covered by such registration statement; and the Company will reimburse each such Holder, partner, member, officer, director, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided however*, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, unless such consent is unreasonably withheld or delayed, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, member, officer, director, underwriter or controlling person of such Holder.

(b) To the extent permitted by law, each Holder will, severally and not jointly, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder’s partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any of the following statements: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, Exchange Act or other federal or state securities law (collectively, a “**Holder Violation**”), in each case to the extent (and only to the extent) that such Holder Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will reimburse any legal or other

expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Holder Violation; *provided, however*, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, unless such consent is unreasonably withheld or delayed; *provided further*, that in no event shall any indemnity under this Section 2.8, together with any amounts paid or payable by such Holder in connection with such registration pursuant to Section 2.8(d), exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however*, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses thereof to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8 to the extent, and only to the extent, prejudicial to its ability to defend such action, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) or Holder Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact or other violation relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided, that* in no event shall any contribution by a Holder hereunder, together with any amounts paid or payable by such Holder in connection with such registration pursuant to Section 2.8(b), exceed the net proceeds from the offering received by such Holder.

(e) The obligations of the Company and Holders under this Section 2.8 shall survive completion of any offering of Registrable Securities in a registration statement and, with respect to liability arising from an offering to which this Section 2.8 would apply that is covered by a registration filed before termination of this Agreement, such termination. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

2.9 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a transferee or assignee of Registrable Securities (for so long as such shares remain Registrable Securities) that (a) is an affiliate, subsidiary, parent, general partner, limited partner, retired partner, member or retired member, or stockholder of a Holder that is a corporation, partnership or limited liability company, (b) is a Holder's family member or trust for the benefit of an individual Holder, (c) acquires at least 25,000 shares of Registrable Securities (as adjusted for stock splits and combinations), or (d) is an entity affiliated by common control (or other related entity, including affiliated venture capital funds) with such Holder; *provided, however*, (i) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

2.10 Limitation on Subsequent Registration Rights. Other than as provided in Section 5.10, after the date of this Agreement, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder rights to demand the registration of shares of the Company's capital stock, or to include such shares in a registration statement that would reduce the number of shares includable by the Holders.

2.11 Market Stand-Off Agreement. Each Holder hereby agrees that such Holder shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) during the 180-day period following the effective date of the Initial Offering; provided, that all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities are bound by and have entered into similar agreements. Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the managing underwriters that are entirely consistent with the Holder's obligations under this Section 2.11 or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to such shares of Common Stock (or other securities) until the end of such period. Each Holder agrees that any transferee of any shares of Registrable Securities shall be bound by Sections 2.11. The underwriters of the Company's stock are intended third party beneficiaries of Sections 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply to all Holders subject to such agreements pro rata based on the number of shares subject to such agreements.

2.12 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(b) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company filed with the Commission; and such other reports and documents as a Holder may reasonably request in connection with availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.2, Section 2.3, or Section 2.4 hereof shall terminate upon the earlier to occur of (a) at such time as such Holder, as reflected on the Company's list of stockholders, holds less than 1% of the Company's outstanding Common Stock (treating all shares of Preferred Stock on an as converted basis) and all Registrable Securities of the Company issuable or issued upon conversion of the Shares held by and issuable to such Holder (and its affiliates) may be sold pursuant to Rule 144 during any ninety (90) day period, and (b) on the five year anniversary of the effective date of the registration statement pertaining to the QPO (as defined below). Upon such termination, such shares shall cease to be "Registrable Securities" hereunder for all purposes.

SECTION 3. COVENANTS OF THE COMPANY.

3.1 Basic Financial Information and Reporting.

(a) The Company will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied (except as noted therein or as disclosed to the recipients thereof), and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

(b) As soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred twenty (120) days thereafter, the Company will furnish to any Investor that, together with its affiliates, owns at least 500,000 shares of Registrable Securities (as adjusted for stock splits and combinations) that requests such information (each such Investor, a “**Major Investor**”) an audited balance sheet of the Company, as at the end of such fiscal year, and an audited statement of income and an audited statement of cash flows of the Company, for such year, all prepared in accordance with generally accepted accounting principles consistently applied (except as noted therein or as disclosed to the recipients thereof) and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be accompanied by a report and opinion thereon by independent public accountants of national standing selected by the Company’s Board of Directors.

(c) The Company will furnish each Major Investor, as soon as practicable after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, and in any event within forty-five (45) days thereafter, a balance sheet of the Company as of the end of each such quarterly period, and a statement of income and a statement of cash flows of the Company for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles consistently applied (except as noted therein or as disclosed to the recipients thereof), with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

(d) The Company will furnish each Major Investor as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit each Major Investor to calculate their respective percentage equity ownership in the Company.

(e) The Company will furnish each Major Investor, as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet and statement of stockholders’ equity as of the end of such month, all prepared in accordance with generally accepted accounting principles consistently applied (except as noted therein or as disclosed to the recipients thereof) (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with generally accepted accounting principles).

(f) The Company will furnish each Major Investor: (i) at least sixty (60) days prior to the beginning of each fiscal year an annual budget and operating plans for such fiscal year (and as soon as available, any subsequent written revisions thereto); and (ii) as soon as practicable after the end of each month, and in any event within twenty (20) days thereafter, a balance sheet of the Company as of the end of each such month, and a statement of income and a statement of cash flows of the Company for such month and for the current fiscal year to

date, including a comparison to plan figures for such period, prepared in accordance with generally accepted accounting principles consistently applied (except as noted thereon), with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

3.2 Inspection Rights. Each Major Investor shall have the right to visit and inspect any of the properties of the Company or any of its subsidiaries, and to discuss the affairs, finances and accounts of the Company or any of its subsidiaries with its officers, and to review such information as is reasonably requested all at such reasonable times and as often as may be reasonably requested; *provided, however*, that the Company shall not be obligated under this Section 3.2 with respect to any Major Investor other than Lightspeed Venture Partners VIII, L.P. ("**Lightspeed**") (a) that the Board of Directors determines in good faith is a competitor of the Company, and (b) any Investor whom the Company reasonably determines to be an officer, employee, consultant, director or holder of 10% or more of the capital stock of a competitor of the Company, in each case with respect to information which the Board of Directors determines in good faith is confidential or attorney-client privileged and should not, therefore, be disclosed.

3.3 Confidentiality of Records. Each Investor agrees to use the same degree of care as such Investor uses to protect its own confidential information to keep confidential any information furnished to such Investor that the Company identifies as being confidential or proprietary (so long as such information is not in the public domain), except that such Investor may disclose such proprietary or confidential information (i) to any partner, member, subsidiary or parent of such Investor as long as such partner, member, subsidiary or parent is advised of and agrees or has agreed to be bound by the confidentiality provisions of this Section 3.3 or comparable restrictions; (ii) at such time as it enters the public domain through no fault of such Investor; (iii) that is communicated to it free of any obligation of confidentiality; (iv) that is developed by Investor or its agents independently of and without reference to any confidential information communicated by the Company; (v) as required by applicable law, or (vi) to Investor's attorneys, accountants, consultants, and other professionals, in connection with their services in connection with monitoring the Investor's investment in the Company. Notwithstanding the foregoing, each Investor that is a limited partnership or limited liability company may disclose such proprietary or confidential information to any former partners or members who retained an economic interest in such Investor, current or prospective partner of the partnership or any subsequent partnership under common investment management, limited partner, general partner, member or management company of such Investor (or any employee or representative of any of the foregoing) (each of the foregoing persons, a "**Permitted Disclosee**") or legal counsel, accountants or representatives for such Investor, provided in each case that the recipient of such information agrees to maintain the confidentiality of such information and not to use such information for any purpose not permitted by this Section 3.3. Furthermore, nothing contained herein shall prevent any Investor or any Permitted Disclosee from (A) entering into any business, entering into any agreement with a third party, or investing in or engaging in investment discussions with any other company (whether or not competitive with the Company), provided that such Investor or Permitted Disclosee does not, except as permitted in accordance with this Section 3.3, disclose or otherwise make use of any proprietary or confidential information of the Company in connection with such activities, or (B) making any disclosures required by law, rule, regulation or court or other governmental order.

3.4 Reservation of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

3.5 Stock Vesting; Acceleration of Vesting. Unless otherwise approved by the Board of Directors, all stock options and other stock equivalents issued after the date of this Agreement to employees, directors, consultants and other service providers shall be subject to vesting as follows: (a) 25% of such stock shall vest at the end of the first year following the earlier of the date of issuance or such person's services commencement date with the Company, and (b) 75% of such stock shall vest over the remaining three years. The Company shall not accelerate, or enter into agreements providing for the acceleration of, the vesting of any stock options or other stock equivalents issued to employees, directors, consultants and other service providers without the unanimous consent of the Board of Directors.

3.6 Key Person Insurance. Subject to the approval of the Board of Directors, the Company will use its best efforts to obtain and maintain in full force and effect term life insurance in the amount reasonably acceptable to the Board of Directors on the life of Katrina Lake; naming the Company as beneficiary.

3.7 Visitation Rights. The Company shall allow one representative designated by Lightspeed to attend all meetings of the Company's Board of Directors and its committees and of the board of directors and committees of every direct or indirect subsidiary of the Company in a nonvoting capacity, and in connection therewith, the Company shall give such representative copies of all notices, minutes, consents and other materials, financial or otherwise, which the Company provides to such boards of directors and committees; provided, however, that the Company reserves the right to exclude such representative from access to any material or meeting or portion thereof to the extent the Company believes upon advice of counsel that such exclusion is reasonably necessary to preserve the attorney-client privilege. The decision of the Board with respect to the privileged nature of such information shall be final and binding. The Company shall reimburse such representative for all costs and expenses incurred by such representative in attending any such meetings and for traveling, at the request of the Company, on Company business.

3.8 Proprietary Information and Inventions Agreement. The Company shall require all employees and consultants to execute and deliver a Proprietary Information and Inventions Agreement substantially in a form approved by the Company's counsel or Board of Directors.

3.9 [Intentionally Omitted].

3.10 Termination of Covenants. All covenants of the Company contained in Section 3 of this Agreement (other than the provisions of Section 3.3) shall expire and terminate as to each Investor upon the earlier of (i) the consummation of an Initial Offering that results in the conversion of all Shares into Common Stock pursuant to the Company's Certificate of Incorporation as in effect as of the date hereof (the "**QPO**") or (ii) upon an "**Acquisition**" as defined in the Company's Certificate of Incorporation as in effect as of the date hereof, in which the consideration received by the Investors is in the form of cash and/or marketable securities.

SECTION 4. RIGHTS OF FIRST REFUSAL.

4.1 Subsequent Offerings.

(a) Until such time as Benchmark Capital Partners VII, L.P. and its affiliates ("**Benchmark**") own at least 25% of the Company's stock on a Fully Diluted Basis (as defined below): (i) subject to applicable securities laws, each Investor shall have a right of first refusal to purchase its *pro rata* share, sufficient to maintain such Investor's percentage ownership of the Company's stock on a Fully Diluted Basis, of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement other than the Equity Securities excluded by Section 4.6 hereof; and (ii) Benchmark shall additionally have the right to purchase up to all of the Equity Securities that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities subscribed for by other Investors pursuant to this Section 4.1(a) and Equity Securities excluded by Section 4.6 hereof, until Benchmark owns at least 25% of the Company's stock on a Fully Diluted Basis. The term "**Fully Diluted Basis**" shall mean on an as-if converted to Common Stock basis, assuming conversion or exercise of all convertible or exercisable securities, and including any shares reserved for issuance pursuant to the Company's equity incentive plan.

(b) Following the first date on which Benchmark owns at least 25% of the Company's stock on a Fully Diluted Basis, subject to applicable securities laws, each Investor shall have a right of first refusal to purchase its *pro rata* share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 4.6 hereof. Each Investor's *pro rata* share is equal to the ratio of (a) the number of shares of the Company's Common Stock (including all shares of Common Stock issuable or issued upon conversion of the Shares or upon the exercise of outstanding warrants or options) of which such Investor is deemed to be a holder immediately prior to the issuance of such Equity Securities to (b) the total number of shares of the Company's outstanding Common Stock (including all shares of Common Stock issued or issuable upon conversion of the Shares or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities. The term "**Equity Securities**" shall mean (i) any Common Stock, Preferred Stock or other security of the Company, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, any Common Stock, Preferred Stock or other security (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any Common Stock, Preferred Stock or other security or (iv) any such warrant or right.

4.2 Exercise of Rights. If the Company proposes to issue any Equity Securities, it shall give each Investor written notice of its intention, describing the Equity Securities, the price and the terms and conditions upon which the Company proposes to issue the same. Each Investor shall have fifteen (15) days from the giving of such notice to agree to purchase up to its *pro rata* share of the Equity Securities (or, with respect to Benchmark, such greater amount as may be permitted pursuant to Section 4.1(a)) for the price and upon the terms and conditions specified in the notice by giving written notice to the Company and stating therein the quantity of Equity Securities to be purchased. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to any Investor who would cause the Company to be in violation of applicable federal securities laws by virtue of such offer or sale.

4.3 Issuance of Equity Securities to Other Persons. The Company shall have ninety (90) days thereafter to sell the Equity Securities in respect of which the Investor's rights were not exercised, at a price not lower and upon general terms and conditions not materially more favorable to the purchasers thereof than specified in the Company's notice to the Investors pursuant to Section 4.2 hereof. If the Company has not sold such Equity Securities within ninety (90) days of the notice provided pursuant to Section 4.2, the Company shall not thereafter issue or sell any Equity Securities, without first offering such securities to the Investors in the manner provided above.

4.4 Termination and Waiver of Rights of First Refusal. The rights of first refusal established by this Section 4 shall not apply to, and shall terminate upon the earlier of (i) the consummation of the QPO or (ii) an Acquisition in which the consideration received by the Investors is in the form of cash and/or marketable securities.

4.5 Assignment of Rights of First Refusal. The rights of first refusal of each Investor under this Section 4 may be assigned to the same parties, subject to the same restrictions as any transfer of registration rights pursuant to Section 2.9.

4.6 Excluded Securities. The rights of first refusal established by this Section 4 shall have no application to any of the following Equity Securities:

- (a) stock issued or to be issued after the date hereof to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary, pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors;
- (b) stock issued or issuable pursuant to any rights or agreements, options, warrants or convertible securities outstanding as of the date of this Agreement; and stock issued pursuant to any such rights or agreements granted after the date of this Agreement, so long as the rights of first refusal established by this Section 4 were complied with, waived, or were inapplicable pursuant to any provision of this Section 4.6 with respect to the initial sale or grant by the Company of such rights or agreements;
- (c) any Equity Securities issued for consideration other than cash pursuant to a merger, consolidation, acquisition or similar business combination that is approved by the Board of Directors and entered into for primarily non-equity financing purposes;
- (d) any Equity Securities issued in connection with any stock split, stock dividend or recapitalization by the Company;
- (e) any Equity Securities that, with the unanimous approval of the Board of Directors, are not offered to any existing stockholder of the Company;
- (f) any Equity Securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement, or debt financing from a bank or similar financial or lending institution approved by the Board of Directors, entered into for primarily non-equity financing purposes;

(g) any Equity Securities issued to third party service providers in exchange for or as partial consideration for services rendered to the Company as approved by the Board of Directors;

(h) any Equity Securities that are issued by the Company pursuant to a bona fide, firmly underwritten public offering; and

(i) any Equity Securities issued by the Company pursuant to the terms of Section 2.3 of the Purchase Agreement.

SECTION 5. MISCELLANEOUS.

5.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California in all respects as such laws are applied to agreements among California residents entered into and to be performed entirely within California, without reference to conflicts of laws or principles thereof. The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in the County of San Francisco, California.

5.2 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, assigns, heirs, executors, and administrators and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time; *provided, however*, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

5.3 Entire Agreement. This Agreement, the Exhibits and Schedules hereto, the Purchase Agreement and the other documents delivered pursuant thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any oral or written representations, warranties, covenants and agreements except as specifically set forth herein and therein. Each party expressly represents and warrants that it is not relying on any oral or written representations, warranties, covenants or agreements outside of this Agreement.

5.4 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5.5 Amendment and Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified, and the obligations of the Company and the rights of the Holders under this Agreement may be waived, only upon the written consent of the Company and the holders of a majority of the then-outstanding Registrable Securities; provided that, if the provisions of Section 4 of this Agreement are waived with respect to a particular transaction and any Investor purchases Equity Securities in such transaction, then each other Investor shall be permitted to participate in such transaction on a pro rata basis, based on the level of participation of the Investor (which, in the case of any transaction subject to section 4.1(a), shall not include Benchmark) purchasing the largest portion of such Investor's pro rata share, which participation amount shall in no event exceed the amounts such Investor would be entitled to purchase pursuant to Section 4 above notwithstanding any such waiver. In addition to the foregoing, at any time prior to the first date on which Benchmark owns at least 25% of the Company's stock on a Fully Diluted Basis, Section 4.1(a) of this Agreement may be amended, modified or waived only upon the written consent of the Company and Benchmark. In addition to the foregoing, neither of the following actions shall be taken without the written consent of the Company and Lightspeed: (i) any amendment or modification to the number of shares provided for in Section 3.1(b) of this Agreement or that would otherwise amend or modify the number of shares required to be owned by any Investor (together with its affiliates) in order to qualify as a "Major Investor" for the purposes hereof or (ii) any amendment, modification or waiver of Lightspeed's rights under Section 3.2 or 3.7 of this Agreement.

(b) For the purposes of determining the number of Holders or Investors entitled to vote or exercise any rights hereunder, the Company shall be entitled to rely solely on the list of record holders of its stock as maintained by or on behalf of the Company.

5.6 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any party's part of any breach, default or noncompliance under this Agreement or any waiver on such party's part of any provisions or conditions of the Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

5.7 Notices. All notices required in connection with this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written notification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or Exhibit A hereto or at such other address or electronic mail address as such party may designate by ten (10) days advance written notice to the other parties hereto.

5.8 Attorneys' Fees. Subject to Section 5.15, in the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

5.9 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

5.10 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional shares of its Preferred Stock pursuant to the Purchase Agreement, any purchaser of such shares of Preferred Stock shall become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "**Investor**," a "**Holder**" and a party hereunder. Notwithstanding anything to the contrary contained herein, if the Company shall issue Equity Securities in accordance with Section 4.6 (c), (e) or (i) of this Agreement, any purchaser of such Equity Securities may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "**Investor**," a "**Holder**" and a party hereunder.

5.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

5.12 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons or persons or entities under common management or control shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.13 Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as to the identity of the parties hereto may require.

5.14 Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to a party hereto or to their heirs, personal representatives, or assigns by reason of a failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable. If any party hereto or his heirs, personal representatives, or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that such party or such personal representative has an adequate remedy at law, and such person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

5.15 Dispute Resolution. Any unresolved controversy or claim arising out of or relating to this Agreement, except as (i) otherwise provided in this Agreement, or (ii) any such controversies or claims arising out of either party's intellectual property rights for which a provisional remedy or equitable relief is sought, shall be submitted to arbitration by one arbitrator mutually agreed upon by the parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed by the American Arbitration Association (the "AAA"), then by one arbitrator having reasonable experience in corporate finance transactions of the type provided for in this Agreement and who is chosen by the AAA. The arbitration shall take place in the State of California, County of San Francisco, in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with Section 5.1 hereof, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

[Signature page follows]

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

COMPANY:

STITCH FIX, INC.

By: /s/ Katrina Lake

Name: Katrina Lake

Title: Chief Executive Officer and President

**STITCH FIX, INC. FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT
SIGNATURE PAGE**

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BENCHMARK CAPITAL PARTNERS VII, L.P.

as nominee for
Benchmark Capital Partners VII, L.P.,
Benchmark Founders' Fund VII, L.P.,
Benchmark Founders' Fund VII-B, L.P.

By: Benchmark Capital Management Co. VII, L.L.C.,
its general partner

By: /s/ Steven M. Spurlock

Managing Member

BENCHMARK CAPITAL PARTNERS VI, L.P.

as nominee for
Benchmark Capital Partners VI, L.P.,
Benchmark Founders' Fund VI, L.P., and
Benchmark Founders' Fund VI-B, L.P.
and related individuals

By: Benchmark Capital Management Co. VI, L.L.C., its
general partner

By: /s/ Steven M. Spurlock

Managing Member

Address: 2965 Woodside Road
Woodside, CA 94062

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

LIGHTSPEED VENTURE PARTNERS VIII, L.P.

By: Lightspeed General Partner VIII, L.P., its general partner

By: Lightspeed Ultimate General Partner VIII, Ltd., its general partner

By: /s/ Ravi Mhatre

Name:

Duly Authorized Signatory

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BASELINE CABLE CAR, LLC

By: /s/ Steve Anderson

Name: Steve Anderson

Title: Managing Member

Address for notice:

Baseline Ventures

#####

#####

###@###.com

Fax: (###) ###-###

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BASELINE INCREASED EXPOSURE FUND, LLC

By: /s/ Steve Anderson

Name: Steve Anderson

Title: Managing Member

Address for notice:

Baseline Ventures

#####

#####

###@###.com

(###) ###-####

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

BASELINE VENTURES 2009, LLC

By: /s/ Steve Anderson

Name: Steve Anderson

Title: Managing Member

Address for notice:

Baseline Ventures

#####

#####

###@###.com

(###) ###-####

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

VENTURE LENDING AND LEASING VI, LLC

By: /s/ Maurice Werdegar _____

Name: Maurice Werdegar

Title: President and CEO

VENTURE LENDING AND LEASING VII, LLC

By: /s/ Maurice Werdegar _____

Name: Maurice Werdegar

Title: President and CEO

The parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTORS:

/s/ Julie Bornstein

JULIE BORNSTEIN

EXHIBIT A

SCHEDULE OF INVESTORS

<u>NAME OF INVESTOR</u>	<u>SHARES OF PREFERRED</u>
Benchmark Capital Partners VII, L.P.	302,666 shares of Series C Preferred Stock
	3,576,448 shares of Series B Preferred Stock
Benchmark Capital Partners VI, L.P.	605,333 shares of Series C Preferred Stock
Lightspeed Venture Partners VIII, L.P.	89,692 shares of Series C Preferred Stock
	1,667,096 shares of Series A Preferred Stock
	310,846 shares of Series A-1 Preferred Stock
Baseline Increased Exposure Fund, LLC	346,807 shares of Series C Preferred Stock
	1,213,024 shares of Series B Preferred Stock
Baseline Ventures 2009, LLC	44,844 shares of Series C Preferred Stock
	1,249,479 shares of Series A-1 Preferred Stock
	530,129 shares of Series A Preferred Stock
	1,407,131 shares of Series Seed Preferred Stock
Baseline Cable Car, LLC	45,721 shares of Series C Preferred Stock
Venture Lending and Leasing VI, LLC	20,928 shares of Series C Preferred Stock
	41,109 shares of Series B Preferred Stock
	88,355 shares of Series A Preferred Stock
	83,299 shares of Series A-1 Preferred Stock

Venture Lending and Leasing VII, LLC

20,928 shares of Series C Preferred Stock

41,108 shares of Series B Preferred Stock

83,299 shares of Series A-1 Preferred Stock

Sukhinder Singh Cassidy

62,474 shares of Series A-1 Preferred Stock

9,380 shares of Series Seed Preferred Stock

Eric Colson

22,089 shares of Series A Preferred Stock

John Fleming

22,088 shares of Series A Preferred Stock

Julie Bornstein

17,938 shares of Series C Preferred Stock

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STITCH FIX, INC.

2011 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: FEBRUARY 22, 2011

APPROVED BY THE STOCKHOLDERS: FEBRUARY 22, 2011

AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS: APRIL 8, 2011

AMENDMENT APPROVED BY THE STOCKHOLDERS: APRIL 8, 2011

AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS: FEBRUARY 14, 2012

AMENDMENT APPROVED BY THE STOCKHOLDERS: FEBRUARY 14, 2012

AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS: FEBRUARY 13, 2013

AMENDMENT APPROVED BY THE STOCKHOLDERS: FEBRUARY 13, 2013

AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS: MARCH 18, 2015

AMENDMENT APPROVED BY THE STOCKHOLDERS: MARCH 18, 2015

AMENDMENT ADOPTED BY THE BOARD OF DIRECTORS: JULY 11, 2016

AMENDMENT APPROVED BY THE STOCKHOLDERS: JULY 11, 2016

TERMINATION DATE: FEBRUARY 22, 2021

1. GENERAL.

(a) Eligible Stock Award Recipients. The persons eligible to receive Stock Awards are Employees, Directors and Consultants.

(b) Available Stock Awards. The Plan provides for the grant of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, and (v) Restricted Stock Unit Awards.

(c) Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Stock Awards as set forth in Section 1(a), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards.

2. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Stock Awards; (B) when and how each Stock Award shall be granted; (C) what type or combination of types of Stock Award shall be granted; (D) the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(v) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Stock Awards granted under the Plan into compliance therewith, subject to the limitations, if any, of applicable law. However, except as provided in Section 9(a) relating to Capitalization Adjustments, to the extent required by applicable law, stockholder approval shall be required for any amendment of the Plan that either (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Stock Awards available for issuance under the Plan. Except as provided above, rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that, the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Stock Awards if necessary to maintain the qualified status of the Stock Award as an Incentive Stock Option or to bring the Stock Award into compliance with Section 409A of the Code.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

(xi) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (A) the reduction of the exercise price (or strike price) of any outstanding Option or SAR under the Plan, (B) the cancellation of any outstanding Option or SAR under the Plan and the grant in substitution therefore of (1) a new Option or SAR under the Plan or another equity plan of the Company covering the same or a different number of shares of Common Stock, (2) a Restricted Stock Award, (3) a Restricted Stock Unit Award, (4) cash and/or (5) other valuable consideration (as determined by the Board, in its sole discretion), or (C) any other action that is treated as a repricing under generally accepted accounting principles; *provided, however*, that no such reduction or cancellation may be effected if it is determined, in the Company's sole discretion, that such reduction or cancellation would result in any such outstanding Option becoming subject to the requirements of Section 409A of the Code.

(c) **Delegation to Committee.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(d) **Delegation to an Officer.** The Board may delegate to one or more Officers of the Company the authority to do one or both of the following: (i) designate Officers and Employees of the Company or any of its Subsidiaries to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Officers and Employees; *provided, however*, that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding the foregoing, the Board may not delegate authority to an Officer to determine the Fair Market Value pursuant to Section 13(t) below.

(e) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) **Share Reserve.** Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed twenty million three hundred sixty-four

thousand two hundred ninety-seven (20,364,297) shares (the “**Share Reserve**”). Furthermore, if a Stock Award (i) expires or otherwise terminates without having been exercised in full or (ii) is settled in cash (*i.e.*, the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation in this Section 3(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a).

(b) Reversion of Shares to the Share Reserve. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares which are forfeited shall revert to and again become available for issuance under the Plan. Also, any shares reacquired by the Company pursuant to Section 8(g) or as consideration for the exercise of an Option shall again become available for issuance under the Plan. Notwithstanding the provisions of this Section 3(b), any such shares shall not be subsequently issued pursuant to the exercise of Incentive Stock Options.

(c) Incentive Stock Option Limit. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options shall be equal to two times the Share Reserve.

(d) Source of Shares. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405, unless the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or the sale of the Company’s securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Incentive Stock Options granted to Ten Percent Stockholders, the exercise price (or strike price) of each Option or SAR shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Option or SAR is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise price (or strike price) lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR if such Option or SAR is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and 424(a) of the Code (whether or not such Stock Awards are Incentive Stock Options). Each SAR will be denominated in shares of Common Stock equivalents.

(c) Consideration for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such

reduction in the number of whole shares to be issued; *provided, further*, that shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest shall compound at least annually and shall be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise and Payment of a SAR. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs shall apply:

(i) Restrictions on Transfer. An Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option or SAR to such extent as permitted by Rule 701 and in a manner consistent with applicable tax and securities laws upon the Participant’s request.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, an Option or SAR may be transferred pursuant to a domestic relations order; *provided, however*, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant’s estate shall be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than thirty (30) days if necessary to comply with applicable state laws unless such termination is for Cause) or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(h) Extension of Termination Date. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause or upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period of three (3) months after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Stock Award Agreement, if a Participant's Continuous Service is terminated for Cause, the Option or SAR shall terminate upon the termination date of such Participant's Continuous Service, and the Participant shall be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. No Option or SAR granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, in the event of the Participant's death or Disability, upon a Corporate Transaction or a Change in Control in which the vesting of such Options or SARs accelerates, or upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines) any such vested Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 8(l), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 8(l) is not violated, the Company shall not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(n) Right of Repurchase. Subject to the “Repurchase Limitation” in Section 8(l), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

(o) Right of First Refusal. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal shall be subject to the “Repurchase Limitation” in Section 8(l). Except as expressly provided in this Section 5(o) or in the Stock Award Agreement, such right of first refusal shall otherwise comply with any applicable provisions of the Bylaws of the Company.

6. PROVISIONS OF RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company’s Bylaws, at the Board’s election, shares of Common Stock may be (x) held in book entry form subject to the Company’s instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided, however*, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash or cash equivalents, (B) past or future services actually or to be rendered to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. Subject to the “Repurchase Limitation” in Section 8(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant’s Continuous Service. If a Participant’s Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical, *provided, however*, that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all the terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify. The Company shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars (\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (x) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(g) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding payment from any amounts otherwise payable to the Participant; (iv) withholding cash from a Stock Award settled in cash; or (v) by such other method as may be set forth in the Stock Award Agreement.

(h) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

(i) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may

provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(j) Compliance with Section 409A. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(k) Compliance with Exemption Provided by Rule 12h-1(f). If: (i) the aggregate of the number of Optionholders and the number of holders of all other outstanding compensatory employee stock options to purchase shares of Common Stock equals or exceeds five hundred (500), and (ii) the assets of the Company at the end of the Company's most recently completed fiscal year exceed \$10 million, then the following restrictions shall apply during any period during which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act: (A) the Options and, prior to exercise, the shares of Common Stock acquired upon exercise of the Options may not be transferred until the Company is no longer relying on the exemption provided by Rule 12h-1(f) promulgated under the Exchange Act ("**Rule 12h-1(f)**"), except: (1) as permitted by Rule 701(c) promulgated under the Securities Act, (2) to a guardian upon the disability of the Optionholder, or (3) to an executor upon the death of the Optionholder (collectively, the "**Permitted Transferees**"); *provided, however*, the following transfers are permitted: (i) transfers by the Optionholder to the Company, and (ii) transfers in connection with a change of control or other acquisition involving the Company, if following such transaction, the Options no longer remain outstanding and the Company is no longer relying on the exemption provided by Rule 12h-1(f); *provided further*, that any Permitted Transferees may not further transfer the Options; (B) except as otherwise provided in (A) above, the Options and shares of Common Stock acquired upon exercise of the Options are restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" as defined by Rule 16a-1(h) promulgated under the Exchange Act, or any "call equivalent position" as defined by Rule 16a-1(b) promulgated under the Exchange Act by the Optionholder prior to exercise of an Option until the Company is no longer relying on the exemption provided by Rule 12h-1(f); and (C) at any time that the Company is relying on the exemption provided by Rule 12h-1(f), the Company shall deliver to Optionholders (whether by physical or electronic delivery or written notice of the availability of the information on an internet site) the information required by Rule 701(e)(3), (4), and (5) promulgated under the Securities Act every six (6) months, including financial statements that are not more than one hundred eighty (180) days old; *provided, however*, that the Company may condition the delivery of such information upon the Optionholder's agreement to maintain its confidentiality.

(l) Repurchase Limitation. The terms of any repurchase right shall be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock shall be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock shall be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company shall not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions shall apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the holder of the Stock Award or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. Except as otherwise stated in the Stock Award Agreement, in the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the holder of the Stock Award would have received upon the exercise of the Stock Award, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action with respect to all Stock Awards or with respect to all Participants.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur.

10. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated by the Board pursuant to Section 2, the Plan shall automatically terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

11. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Effective Date.

12. CHOICE OF LAW.

The law of the State of California shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) "Affiliate" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

(b) “**Board**” means the Board of Directors of the Company.

(c) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards No. 123 (revised). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(d) “**Cause**” shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause shall be made by the Company in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not

Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date this Plan is adopted by the Board, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(f) "**Code**" means the Internal Revenue Code of 1986, as amended, as well as any applicable regulations and guidance thereunder.

(g) "**Committee**" means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) "**Common Stock**" means the common stock of the Company.

(i) "**Company**" means Stitch Fix, Inc., a Delaware corporation.

(j) "**Consultant**" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(k) "Continuous Service" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director, or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, shall not terminate a Participant's Continuous Service; *provided, however*, if the Entity for which a Participant is rendering service ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a Director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(l) "Corporate Transaction" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) the consummation of a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) the consummation of a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) "Director" means a member of the Board.

(n) "Disability" means the inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(o) “**Effective Date**” means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company’s stockholders, or (ii) the date this Plan is adopted by the Board.

(p) “**Employee**” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an “Employee” for purposes of the Plan.

(q) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(r) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(s) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities.

(t) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(u) “**Incentive Stock Option**” means an option that qualifies as an “incentive stock option” within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) “**Nonstatutory Stock Option**” means an Option that does not qualify as an Incentive Stock Option.

(w) “**Officer**” means any person designated by the Company as an officer.

(x) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(y) “**Option Agreement**” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(z) “**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aa) “**Own,**” “**Owned,**” “**Owner,**” “**Ownership**” A person or Entity shall be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(bb) “*Participant*” means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(cc) “*Plan*” means this Stitch Fix, Inc. 2011 Equity Incentive Plan.

(dd) “*Restricted Stock Award*” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

(ee) “*Restricted Stock Award Agreement*” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ff) “*Restricted Stock Unit Award*” means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

(gg) “*Restricted Stock Unit Award Agreement*” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

(hh) “*Rule 405*” means Rule 405 promulgated under the Securities Act.

(ii) “*Rule 701*” means Rule 701 promulgated under the Securities Act.

(jj) “*Securities Act*” means the Securities Act of 1933, as amended.

(kk) “*Stock Appreciation Right*” or “*SAR*” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

(ll) “*Stock Appreciation Right Agreement*” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(mm) “*Stock Award*” means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, or a Stock Appreciation Right.

(nn) “*Stock Award Agreement*” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(oo) “Subsidiary” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(pp) “Ten Percent Stockholder” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

STITCH FIX, INC. (F/K/A RACK HABIT INC.)
STOCK OPTION GRANT NOTICE
(2011 EQUITY INCENTIVE PLAN)

Stitch Fix, Inc. (f/k/a rack habit inc.) (the “Company”), pursuant to its 2011 Equity Incentive Plan (the “Plan”), hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement, the Plan, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Shares Subject to Option: _____
Exercise Price (Per Share): _____
Total Exercise Price: _____
Expiration Date: _____

Type of Grant: Incentive Stock Option Nonstatutory Stock Option
Exercise Schedule: Same as Vesting Schedule Early Exercise Permitted

Vesting Schedule: 1/4th of the shares shall vest on the one year anniversary of the Vesting Commencement Date; the balance of the shares vest in a series of thirty-six (36) successive equal monthly installments measured from one month following the first anniversary of the Vesting Commencement Date, provided that the optionholder is providing continuous services to the Company as of each such date.

Payment: By cash or check

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to Optionholder under the Plan, and (ii) the following agreements only:

OTHER AGREEMENTS: _____

STITCH FIX, INC. (F/K/A RACK HABIT INC.)

OPTIONHOLDER:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

OPTION AGREEMENT
(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

ISSUED UNDER THE
2011 EQUITY INCENTIVE PLAN

Pursuant to your Stock Option Grant Notice (“**Grant Notice**”) and this Option Agreement, Stitch Fix, Inc. (f/k/a rack habit inc.) (the “**Company**”) has granted you an option under its 2011 Equity Incentive Plan (the “**Plan**”) to purchase the number of shares of the Company’s Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (*i.e.*, a “**Non-Exempt Employee**”), you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. EXERCISE PRIOR TO VESTING (“EARLY EXERCISE”). If permitted in your Grant Notice (*i.e.*, the “Exercise Schedule” indicates “Early Exercise Permitted”) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however*, that:

(a) a partial exercise of your option shall be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company’s form of Early Exercise Stock Purchase Agreement;

(c) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the time of grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars (\$100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

5. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(i) Interest shall be compounded at least annually and shall be charged at the minimum rate of interest necessary to avoid (1) the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement and (2) the classification of your option as a liability for financial accounting purposes.

(ii) In order to elect the deferred payment alternative, you must, as a part of your written notice of exercise, give notice of the election of this payment alternative and, in order to secure the payment of the deferred exercise price to the Company hereunder, if the Company so requests, you must tender to the Company a promissory note and a pledge agreement covering the purchased shares of Common Stock, both in form and substance satisfactory to the Company, or such other or additional documentation as the Company may request.

6. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

7. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) months after the termination of your Continuous Service for any reason other than your Disability or death, provided that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(b) twelve (12) months after the termination of your Continuous Service due to your Disability;

(c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(d) the Expiration Date indicated in your Grant Notice; or

(e) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your option and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (3) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the date of your option grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By exercising your option you agree that you shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as necessary to permit compliance with NASD Rule 2711 or NYSE Member Rule 472 and similar rules and regulations (the “**Lock-Up Period**”); *provided, however*, that nothing contained in this section shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. The underwriters of the Company’s stock are intended third party beneficiaries of this Section 9(d) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. TRANSFERABILITY. Your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option. In addition, if permitted by the Company you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust, provided that you and the trustee enter into a transfer and other agreements required by the Company.

11. RIGHT OF FIRST REFUSAL. Shares of Common Stock that you acquire upon exercise of your option are subject to any right of first refusal that may be described in the Company’s bylaws in effect at such time the Company elects to exercise its right; *provided, however*, that if your option is an Incentive Stock Option and the right of first refusal described in the Company’s bylaws in effect at the time the Company elects to exercise its right is more beneficial to you than the right of first refusal described in the Company’s bylaws on the Date of

Grant, then the right of first refusal described in the Company's bylaws on the Date of Grant shall apply. The Company's right of first refusal shall expire on the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on a national securities exchange or quotation system.

12. RIGHT OF REPURCHASE. To the extent provided in the Company's bylaws in effect at such time the Company elects to exercise its right, the Company shall have the right to repurchase all or any part of the shares of Common Stock you acquire pursuant to the exercise of your option.

13. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective stockholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

14. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein unless such obligations are satisfied.

15. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

16. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

17. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

I further acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the stock of the Company becomes publicly traded (i.e., subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as necessary to permit compliance with NASD Rule 2711 or NYSE Member Rule 472 and similar rules and regulations (the "**Lock-Up Period**"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

Address: _____

STITCH FIX, INC. (F/K/A RACK HABIT INC.)
EARLY EXERCISE STOCK PURCHASE AGREEMENT
UNDER THE 2011 EQUITY INCENTIVE PLAN

THIS AGREEMENT is made by and between **STITCH FIX, INC.** (f/k/a rack habit inc.), a Delaware corporation (the "**Company**"), and _____ ("**Purchaser**").

WITNESSETH:

WHEREAS, Purchaser holds a stock option dated _____ to purchase shares of common stock ("**Common Stock**") of the Company (the "**Option**") pursuant to the Company's 2011 Equity Incentive Plan (the "**Plan**"); and

WHEREAS, the Option consists of a Stock Option Grant Notice and a Stock Option Agreement; and

WHEREAS, Purchaser desires to exercise the Option on the terms and conditions contained herein; and

WHEREAS, Purchaser wishes to take advantage of the early exercise provision of Purchaser's Option and therefore to enter into this Agreement;

NOW, THEREFORE, IT IS AGREED between the parties as follows:

18. INCORPORATION OF PLAN AND OPTION BY REFERENCE. This Agreement is subject to all of the terms and conditions as set forth in the Plan and the Option. If there is a conflict between the terms of this Agreement and/or the Option and the terms of the Plan, the terms of the Plan shall control. If there is a conflict between the terms of this Agreement and the terms of the Option, the terms of the Option shall control. Defined terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan. Defined terms not explicitly defined in this Agreement or the Plan but defined in the Option shall have the same definitions as in the Option.

19. PURCHASE AND SALE OF COMMON STOCK.

(a) Agreement to purchase and sell Common Stock. Purchaser hereby agrees to purchase from the Company, and the Company hereby agrees to sell to Purchaser, shares of the Common Stock of the Company in accordance with the Notice of Exercise duly executed by Purchaser and attached hereto as **Exhibit A**.

(b) Closing. The closing hereunder, including payment for and delivery of the Common Stock, shall occur at the offices of the Company immediately following the execution of this Agreement, or at such other time and place as the parties may mutually agree; *provided, however*, that if stockholder approval of the Plan is required before the Option may be exercised, then the Option may not be exercised, and the closing shall be delayed, until such stockholder approval is obtained. If such stockholder approval is not obtained within the time limit specified in the Plan, then this Agreement shall be null and void.

20. UNVESTED SHARE REPURCHASE OPTION.

(a) Repurchase Option. In the event Purchaser's Continuous Service terminates, then the Company shall have an irrevocable option (the "**Repurchase Option**") for a period of six (6) months after said termination (or in the case of shares issued upon exercise of the Option after such date of termination, within six (6) months after the date of the exercise), or such longer period as may be agreed to by the Company and Purchaser, to repurchase from Purchaser or Purchaser's personal representative, as the case may be, those shares that Purchaser received pursuant to the exercise of the Option that have not as yet vested as of such termination date in accordance with the Vesting Schedule indicated on Purchaser's Stock Option Grant Notice (the "**Unvested Shares**").

(b) Share Repurchase Price. The Company may repurchase all or any of the Unvested Shares at the lower of (i) the Fair Market Value of the such shares (as determined under the Plan) on the date of repurchase, or (ii) the price equal to Purchaser's Exercise Price for such shares as indicated on Purchaser's Stock Option Grant Notice.

21. EXERCISE OF REPURCHASE OPTION. The Repurchase Option shall be exercised by written notice signed by such person as designated by the Company, and delivered or mailed as provided herein. Such notice shall identify the number of shares of Common Stock to be purchased and shall notify Purchaser of the time, place and date for settlement of such purchase, which shall be scheduled by the Company within the term of the Repurchase Option set forth above. The Company shall be entitled to pay for any shares of Common Stock purchased pursuant to its Repurchase Option at the Company's option in cash or by offset against any indebtedness owing to the Company by Purchaser (including without limitation any Promissory Note given in payment for the Common Stock), or by a combination of both. Upon delivery of such notice and payment of the purchase price in any of the ways described above, the Company shall become the legal and beneficial owner of the Common Stock being repurchased and all rights and interest therein or related thereto, and the Company shall have the right to transfer to its own name the Common Stock being repurchased by the Company, without further action by Purchaser.

22. CAPITALIZATION ADJUSTMENTS TO COMMON STOCK. In the event of a Capitalization Adjustment, then any and all new, substituted or additional securities or other property to which Purchaser is entitled by reason of Purchaser's ownership of Common Stock shall be immediately subject to the Repurchase Option and be included in the word "Common Stock" for all purposes of the Repurchase Option with the same force and effect as the shares of the Common Stock presently subject to the Repurchase Option, but only to the extent the Common Stock is, at the time, covered by such Repurchase Option. While the total Option Price shall remain the same after each such event, the Option Price per share of Common Stock upon exercise of the Repurchase Option shall be appropriately adjusted.

23. CORPORATE TRANSACTIONS. In the event of a Corporate Transaction, then the Repurchase Option may be assigned by the Company to the successor of the Company (or such successor's parent company), if any, in connection with such Corporate Transaction. To the extent the Repurchase Option remains in effect following such Corporate Transaction, it shall apply to the new capital stock or other property received in exchange for the Common Stock in consummation of the Corporate Transaction, but only to the extent the Common Stock was at the time covered by such right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Option to reflect the Corporate Transaction upon the Company's capital structure; *provided, however*, that the aggregate price payable upon exercise of the Repurchase Option shall remain the same.

24. ESCROW OF UNVESTED COMMON STOCK. As security for Purchaser's faithful performance of the terms of this Agreement and to insure the availability for delivery of Purchaser's Common Stock upon exercise of the Repurchase Option herein provided for, Purchaser agrees, at the closing hereunder, to deliver to and deposit with the Secretary of the Company or the Secretary's designee ("**Escrow Agent**"), as Escrow Agent in this transaction, three (3) stock assignments duly endorsed (with date and number of shares blank) in the form attached hereto as **Exhibit B**, together with a certificate or certificates evidencing all of the Common Stock subject to the Repurchase Option; said documents are to be held by the Escrow Agent and delivered by said Escrow Agent pursuant to the Joint Escrow Instructions of the Company and Purchaser set forth in **Exhibit C**, attached hereto and incorporated by this reference, which instructions also shall be delivered to the Escrow Agent at the closing hereunder.

25. RIGHTS OF PURCHASER. Subject to the provisions of the Option, Purchaser shall exercise all rights and privileges of a stockholder of the Company with respect to the shares deposited in escrow. Purchaser shall be deemed to be the holder of the shares for purposes of receiving any dividends that may be paid with respect to such shares and for purposes of exercising any voting rights relating to such shares, even if some or all of such shares have not yet vested and been released from the Company's Repurchase Option.

26. LIMITATIONS ON TRANSFER. In addition to any other limitation on transfer created by applicable securities laws, Purchaser shall not sell, assign, hypothecate, donate, encumber or otherwise dispose of any interest in the Common Stock while the Common Stock is subject to the Repurchase Option. After any Common Stock has been released from the Repurchase Option, Purchaser shall not sell, assign, hypothecate, donate, encumber or otherwise dispose of any interest in the Common Stock except in compliance with the provisions herein and applicable securities laws. Furthermore, the Common Stock shall be subject to any right of first refusal in favor of the Company or its assignees that may be contained in the Company's Bylaws.

27. RESTRICTIVE LEGENDS. All certificates representing the Common Stock shall have endorsed thereon legends in substantially the following forms (in addition to any other legend which may be required by other agreements between the parties hereto):

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN OPTION SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR SUCH HOLDER'S PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS COMPANY. ANY TRANSFER OR ATTEMPTED TRANSFER OF ANY SHARES SUBJECT TO SUCH OPTION IS VOID WITHOUT THE PRIOR EXPRESS WRITTEN CONSENT OF THE COMPANY."

(b) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

(c) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A TRANSFER RESTRICTION, AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(d) "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE COMPANY AND/OR ITS ASSIGNEE(S) AS PROVIDED IN THE BYLAWS OF THE COMPANY."

(e) "THE SHARES REPRESENTED BY THIS CERTIFICATE WERE ISSUED PURSUANT TO THE EXERCISE OF AN INCENTIVE/A NONSTATUTORY STOCK OPTION."

(f) Any legend required by appropriate blue sky officials.

28. INVESTMENT REPRESENTATIONS. In connection with the purchase of the Common Stock, Purchaser represents to the Company the following:

(a) Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Common Stock. Purchaser is acquiring the Common Stock for investment for Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act.

(b) Purchaser understands that the Common Stock has not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.

(c) Purchaser further acknowledges and understands that the Common Stock must be held indefinitely unless the Common Stock is subsequently registered under the Securities Act or an exemption from such registration is available. Purchaser further acknowledges and understands that the Company is under no obligation to register the Common Stock. Purchaser understands that the certificate evidencing the Common Stock will be imprinted with a legend that prohibits the transfer of the Common Stock unless the Common Stock is registered or such registration is not required in the opinion of counsel for the Company.

(d) Purchaser is familiar with the provisions of Rules 144 and 701, under the Securities Act, as in effect from time to time, which, in substance, permit limited public resale of “restricted securities” acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of issuance of the securities, such issuance will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the securities exempt under Rule 701 may be sold by Purchaser ninety (90) days thereafter, subject to the satisfaction of certain of the conditions specified by Rule 144 and the market stand-off provision described in Purchaser’s Stock Option Agreement.

(e) In the event that the sale of the Common Stock does not qualify under Rule 701 at the time of purchase, then the Common Stock may be resold by Purchaser in certain limited circumstances subject to the provisions of Rule 144, which requires, among other things: (i) the availability of certain public information about the Company, and (ii) the resale occurring following the required holding period under Rule 144 after Purchaser has purchased, and made full payment of (within the meaning of Rule 144), the securities to be sold.

(f) Purchaser further understands that at the time Purchaser wishes to sell the Common Stock there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public current information requirements of Rule 144 or 701, and that, in such event, Purchaser would be precluded from selling the Common Stock under Rule 144 or 701 even if the minimum holding period requirement had been satisfied.

29. SECTION 83(b) ELECTION. Purchaser understands that Section 83(a) of the Code taxes as ordinary income the difference between the amount paid for the Common Stock and the fair market value of the Common Stock as of the date any restrictions on the Common Stock lapse. In this context, “restriction” includes the right of the Company to buy back the Common Stock pursuant to the Repurchase Option set forth above. Purchaser understands that Purchaser may elect to be taxed at the time the Common Stock is purchased, rather than when and as the Repurchase Option expires, by filing an election under Section 83(b) (an “**83(b) Election**”) of the Code with the Internal Revenue Service within thirty (30) days of the date of purchase. Even if the fair market value of the Common Stock at the time of the execution of this Agreement equals the amount paid for the Common Stock, the 83(b) Election must be made to avoid income under Section 83(a) in the future. Purchaser understands that failure to file such an 83(b) Election in a timely manner may result in adverse tax consequences for Purchaser. Purchaser further understands that Purchaser must file an additional copy of such 83(b) Election with his or her federal income tax return for the calendar year in which the date of this Agreement falls. Purchaser acknowledges that the foregoing is only a summary of the effect of United States federal income taxation with respect to purchase of the Common Stock hereunder, and does not purport to be complete. Purchaser further acknowledges that the Company has directed Purchaser to seek independent advice regarding the applicable provisions of the Code, the income tax laws of any municipality, state or foreign country in which Purchaser may reside, and the tax consequences of Purchaser’s death. Purchaser assumes all responsibility for filing an 83(b) Election and paying all taxes resulting from such election or the lapse of the restrictions on the Common Stock.

30. REFUSAL TO TRANSFER. The Company shall not be required (a) to transfer on its books any shares of Common Stock of the Company which shall have been transferred in violation of any of the provisions set forth in this Agreement, or (b) to treat as owner of such shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such shares shall have been so transferred.

31. NO EMPLOYMENT RIGHTS. This Agreement is not an employment contract and nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company or its Affiliates to terminate Purchaser's employment for any reason at any time, with or without cause and with or without notice.

32. MISCELLANEOUS.

(a) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (c) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party's address hereinafter set forth on the signature page hereof, or at such other address as such party may designate by ten (10) days advance written notice to the other party hereto.

(b) Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, be binding upon Purchaser, Purchaser's successors, and assigns. The Company may assign the Repurchase Option hereunder at any time or from time to time, in whole or in part.

(c) Attorneys' Fees; Specific Performance. Purchaser shall reimburse the Company for all costs incurred by the Company in enforcing the performance of, or protecting its rights under, any part of this Agreement, including reasonable costs of investigation and attorneys' fees. It is the intention of the parties that the Company, upon exercise of the Repurchase Option and payment for the shares repurchased, pursuant to the terms of this Agreement, shall be entitled to receive the Common Stock, *in specie*, in order to have such Common Stock available for future issuance without dilution of the holdings of other stockholders. Furthermore, it is expressly agreed between the parties that money damages are inadequate to compensate the Company for the Common Stock and that the Company shall, upon proper exercise of the Repurchase Option, be entitled to specific enforcement of its rights to purchase and receive said Common Stock.

(d) Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The parties agree that any action brought by either party to interpret or enforce any provision of this Agreement shall be brought in, and each party agrees to, and does hereby, submit to the jurisdiction and venue of, the appropriate state or federal court for the district encompassing the Company's principal place of business.

(e) Further Execution. The parties agree to take all such further action(s) as may reasonably be necessary to carry out and consummate this Agreement as soon as practicable, and to take whatever steps may be necessary to obtain any governmental approval in connection with or otherwise qualify the issuance of the securities that are the subject of this Agreement.

(f) Independent Counsel. Purchaser acknowledges that this Agreement has been prepared on behalf of the Company by Cooley LLP, counsel to the Company and that Cooley LLP does not represent, and is not acting on behalf of, Purchaser. Purchaser has been provided with an opportunity to consult with Purchaser's own counsel with respect to this Agreement.

(g) Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral. This Agreement may not be amended, modified or revoked, in whole or in part, except by an agreement in writing signed by each of the parties hereto.

(h) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of _____.

STITCH FIX, INC.

By _____
Title _____
Address: One Montgomery Tower
Suite 1500
San Francisco, CA 94104

[Optionee name]

Address: _____

ATTACHMENTS:

Exhibit A Notice of Exercise

Exhibit B Assignment Separate from Certificate

Exhibit C Joint Escrow Instructions

NOTICE OF EXERCISE

Stitch Fix, Inc.
One Montgomery Tower
Suite 1500
San Francisco, CA 94104

Date of Exercise: _____

Ladies and Gentlemen:

This constitutes notice under my stock option that I elect to purchase the number of shares for the price set forth below.

Type of option (check one):	Incentive	<input type="checkbox"/>	Nonstatutory	<input type="checkbox"/>
Stock option dated:	_____			
Number of shares as to which option is exercised:	_____			
Certificates to be issued in name of:	_____			
Total exercise price:	\$	_____		
Cash payment delivered herewith:	\$	_____		

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 2011 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the shares of Common Stock issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such shares of Common Stock are issued upon exercise of this option.

I hereby make the following certifications and representations with respect to the number of shares of Common Stock of the Company listed above (the “Shares”), which are being acquired by me for my own account upon exercise of the Option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and are deemed to constitute “restricted securities” under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the stock of the Company becomes publicly traded (i.e., subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as necessary to permit compliance with NASD Rule 2711 or NYSE Member Rule 472 and similar rules and regulations (the "**Lock-Up Period**"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

[Optionee name]

EXHIBIT B

STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, [*Optionee name*] hereby sells, assigns and transfers unto **STITCH FIX, INC.**, a Delaware corporation (the "Company"), pursuant to the Repurchase Option under that certain Early Exercise Stock Purchase Agreement, dated _____ by and between the undersigned and the Company (the "Agreement"), (_____) shares of Common Stock of the Company standing in the undersigned's name on the books of the Company represented by Certificate No(s). _____ and does hereby irrevocably constitute and appoint the Company's Secretary attorney-in-fact to transfer said Common Stock on the books of the Company with full power of substitution in the premises. This Assignment may be used only in accordance with and subject to the terms and conditions of the Agreement, in connection with the repurchase of shares of Common Stock issued to the undersigned pursuant to the Agreement, and only to the extent that such shares remain subject to the Company's Repurchase Option under the Agreement.

Dated: _____

(Signature)

(Print Name)

(INSTRUCTION: Please do not fill in any blanks other than the "Signature" line and the "Print Name" line. Please print out, sign and return three copies to the Company.)

EXHIBIT C

JOINT ESCROW INSTRUCTIONS

Secretary
Stitch Fix, Inc.
One Montgomery Tower
Suite 1500
San Francisco, CA 94104

Dear Sir or Madam:

As Escrow Agent for both Stitch Fix, Inc., a Delaware corporation (“Company”), and the undersigned purchaser of Common Stock of the Company (“Purchaser”), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Early Exercise Stock Purchase Agreement (“Agreement”), dated _____ to which a copy of these Joint Escrow Instructions is attached as Exhibit C, in accordance with the following instructions:

1. In the event the Company or an assignee shall elect to exercise the Repurchase Option set forth in the Agreement, the Company or its assignee will give to Purchaser and you a written notice specifying the number of shares of Common Stock to be purchased, the purchase price, and the time for a closing hereunder at the principal office of the Company. Purchaser and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing you are directed (a) to date any stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver same, together with the certificate evidencing the shares of Common Stock to be transferred, to the Company against the simultaneous delivery to you of the purchase price (which may include suitable acknowledgment of cancellation of indebtedness) of the number of shares of Common Stock being purchased pursuant to the exercise of the Repurchase Option.

3. Purchaser irrevocably authorizes the Company to deposit with you any certificates evidencing shares of Common Stock to be held by you hereunder and any additions and substitutions to said shares as specified in the Agreement. Purchaser does hereby irrevocably constitute and appoint you as the Purchaser’s attorney-in-fact and agent for the term of this escrow to execute with respect to such securities and other property all documents of assignment and/or transfer and all stock certificates necessary or appropriate to make all securities negotiable and complete any transaction herein contemplated.

4. This escrow shall terminate and the shares of stock held hereunder shall be released in full upon the later of (a) the expiration or exercise in full of the Repurchase Option, whichever occurs first, and (b) the payment in full of all principal and interest due and payable under the promissory note attached to the Agreement, if any.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Purchaser, you shall deliver all of same to Purchaser and shall be discharged of all further obligations hereunder; *provided, however*, that if at the time of termination of this escrow you are advised by the Company that the property subject to this escrow is the subject of a pledge or other security agreement, you shall deliver all such property to the pledgeholder or other person designated by the Company.

6. Except as otherwise provided in these Joint Escrow Instructions, your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties or their assignees. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Purchaser while acting in good faith and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree of any court, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver the Agreement or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under any statute of limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be Secretary of the Company or if you shall resign by written notice to the Company party. In the event of any such termination, the Secretary of the Corporation shall automatically become the successor Escrow Agent unless the Company shall appoint another successor Escrow Agent, and Purchaser hereby confirms the appointment of such successor as Purchaser's attorney-in-fact and agent to the full extent of your appointment.

12. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

13. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities, you are authorized and

Very truly yours,

STITCH FIX, INC.

By: _____
Katrina Lake, Chief Executive Officer

PURCHASER:

[Optionee name]

ESCROW AGENT:

By: _____
Secretary, Stitch Fix, Inc.

FORM OF INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this “**Agreement**”) dated as of _____, is made by and between **STITCH FIX, INC.**, a Delaware corporation (the “**Company**”), and _____ (“**Indemnitee**”).

RECITALS

A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

B. The Company’s bylaws (the “**Bylaws**”) require that the Company indemnify its directors and officers, and empowers the Company to indemnify its employees and agents, as authorized by the Delaware General Corporation Law, as amended (the “**Code**”), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

C. Indemnitee does not regard the protection currently provided by applicable law, the Bylaws, the Company’s other governing documents, and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

D. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

E. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

AGREEMENT

Now THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For purposes of this Agreement, the term “Agent” of the Company means any person who: (i) is or was a director, officer, employee, agent, or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the convenience of, or representing the interests of, the Company or a subsidiary of the Company, as a director, officer, employee, agent, or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise. References to “serving at the request of the Company” shall include, but not be limited to, any service as a director, officer, employee or agent of the Company or any other entity which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, including as a deemed fiduciary thereto.

(b) Change in Control. For purposes of this Agreement, a “**Change in Control**” shall be deemed to have occurred if (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company’s then outstanding Voting Securities, (ii) individuals who on the date of this Agreement are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board (*provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall be considered as a member of the Incumbent Board), or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company’s assets.

(c) Expenses. For purposes of this Agreement, the term “Expenses” shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys’, witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise. The term “Expenses” shall also include reasonable compensation for time spent by Indemnitee for which he or she is not compensated by the Company or any subsidiary or third party: (i) for any period during which Indemnitee is not an Agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which Expenses are incurred, for Indemnitee while an Agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(d) Independent Counsel. For purposes of this Agreement, the term “Independent Counsel” means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, 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. The Company will pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(e) Liabilities. For purposes of this Agreement, the term “Liabilities” shall be broadly construed and shall include, without limitation, judgments, damages, deficiencies, liabilities, losses, penalties, excise taxes, fines, assessments and amounts paid in settlement, including any interest and any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payment under this Agreement.

(f) Proceedings. For purposes of this Agreement, the term “proceeding” shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness, or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting as an Agent; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses may be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a proceeding, this shall be considered a proceeding under this paragraph.

(g) Subsidiary. For purposes of this Agreement, the term “subsidiary” means any corporation, limited liability company, or other entity, of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as an Agent.

(h) Voting Securities. For purposes of this Agreement, “*Voting Securities*” shall mean any securities of the Company that vote generally in the election of directors.

2. Agreement to Serve. Indemnitee will serve, or continue to serve, as the case may be, as an Agent, faithfully and to the best of his or her ability, at the will of such entity designated by the Company and at the request of the Company (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves such entity, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable

provisions of the governance documents of such entity, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as an Agent, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an Agent.

3. Indemnification.

(a) Indemnification in Third Party Proceedings. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, to the fullest extent of the law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, other than a proceeding by or in the right of the Company to procure a judgment in its favor, for any and all Expenses and Liabilities (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses and Liabilities) incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation of the Company, the Bylaws, vote of its stockholders or disinterested directors, or applicable law.

(b) Indemnification in Derivative Actions and Direct Actions by the Company. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, fullest extent permitted by applicable law, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all Expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3(b) in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court competent jurisdiction to be liable to the Company, unless and only to the extent that the Chancery Court of the State of Delaware or any court in which the proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, in circumstances where indemnification is not available under Section 3(a) or 3(b), as the case may be, to the fullest extent permitted by law and to the extent that Indemnitee is a party to (or a participant in) any proceeding and has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, in whole or part, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all Expenses and Liabilities in connection with the investigation, defense or appeal of such proceeding. 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 and Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For these purposes, Indemnitee will be deemed to have been "successful on the merits" in circumstances including but not limited to the termination of any Proceeding or of any claim, issue or matter therein, by the winning of a motion to dismiss (with or without prejudice), motion for summary judgment, settlement (with or without court approval, but provided the Indemnitee complies with Section 11(c)), or upon a plea of nolo contendere or its equivalent.

5. Partial Indemnification; Witness Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses and Liabilities incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's acting as an Agent, a witness or otherwise asked to participate in any proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. No Presumptions/Burden of Proof. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval, but provided Indemnitee complies with Section 11 (c)) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish by clear and convincing evidence that Indemnitee is not so entitled.

7. Advancement of Expenses. The Company shall advance the Expenses incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the Expenses. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Advances shall include any and all Expenses incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other undertaking shall be required. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. Without limiting the generality or effect of the foregoing, within twenty days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement,

8. Notice and Other Indemnification Procedures.

(a) Notification of Proceeding. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement.

(b) Request for Indemnification Payments. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification under the terms of this Agreement, and shall request payment thereof by the Company.

(c) Determination of Right to Indemnification Payments. Upon written request by Indemnitee for indemnification pursuant to the Section 7(b) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board of Directors: (1) by a

majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, or (3) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee; *provided, however*, that if there has been a Change in Control, then such determination shall be made by Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). For purposes hereof, disinterested directors are those members of the board of directors of the Company who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company no later than sixty (60) days after receipt of the written request of Indemnitee. Claims for advancement of Expenses shall be made under the provisions of Section 6 herein.

(d) Application for Enforcement. In the event the Company fails to make timely payments as set forth in Sections 6 or 7(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of Expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove that indemnification or advancement of Expenses to Indemnitee is not required under this Agreement or permitted by applicable law. In any such proceeding to enforce any rights pursuant to this Agreement, the Company shall be precluded from asserting 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 and is precluded from making any assertion to the contrary. Any determination by the Company (including its Board of Directors, a committee thereof, Independent Counsel) or stockholders of the Company, that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of Expenses hereunder.

(e) Indemnification of Certain Expenses. The Company shall indemnify Indemnitee against all Expenses incurred in connection with any hearing or proceeding under this Section 8 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

9. Assumption of Defense. In the event the Company shall be requested by Indemnitee to pay the Expenses of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and Expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of Expenses provisions of this Agreement.

10. Insurance.

(a) To the extent that the Company maintains an insurance policy or policies providing liability insurance for Agents (“D&O Insurance”), Indemnitee shall be covered by such policy or policies in accordance with its or their terms in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company’s independent directors, if Indemnitee is an independent director; or of the Company’s officers, if Indemnitee is not a director of the Company but is an officer; or of the Company’s key employees, if Indemnitee is not an officer or director but is a key employee. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect or otherwise potentially available, 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 Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(b) In the event of a change of control or the Company’s becoming insolvent, the Company shall, to the extent reasonably practicable, maintain in force any and all insurance policies then maintained by the Company in providing insurance—directors’ and officers’ liability, fiduciary, employment practices or otherwise—in respect of the individual directors and officers of the Company, for a fixed period of six years thereafter (a “Tail Policy”). Such coverage shall be non-cancellable and shall be placed with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy placed shall be substantially comparable in scope and amount as the expiring policies, and the insurance carriers for the Tail Policy shall have an AM Best rating that is the same or better than the AM Best ratings of the expiring policies).

11. Exceptions.

(a) **Certain Matters.** Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to: (i) remuneration paid to Indemnitee if it is determined by final judgment not subject to further appeal that such remuneration was in violation of law; (ii) a final judgment not subject to further appeal rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee’s conduct from which Indemnitee received monetary personal profit to which Indemnitee was not entitled, pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; or (iii) a final judgment not subject to further appeal that Indemnitee’s conduct was in bad faith, knowingly

fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment not subject to further appeal as constituting a breach of Indemnatee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnatee is not legally entitled. For purposes of the foregoing sentence, a final judgment may be reached solely in the underlying proceeding.

(b) Claims Initiated by Indemnatee. Notwithstanding any provision herein to the contrary, the Company shall not be obligated to indemnify or advance Expenses to Indemnatee with respect to proceedings or claims initiated or brought by Indemnatee against the Company or its Agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification or advancement under this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnatee that is either approved by the Board of Directors or Indemnatee's participation is required by applicable law. However, indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors determines it to be appropriate.

(c) Settlements. Notwithstanding any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnatee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnatee shall unreasonably withhold consent to any proposed settlement. The Company shall not settle any action or claim in any manner which would impose any penalty or obligation on the Indemnatee without Indemnatee's written consent, which may be given or withheld in Indemnatee's sole discretion. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnatee is party with respect to other parties (including the Company) without the written consent of Indemnatee if any portion of such settlement is to be funded from any corporate insurance policy under which Indemnatee is an insured and for which Indemnitees claims may be covered unless approved by (1) the written consent of Indemnatee or (ii) a majority of the independent directors of the board; provided, however, that the right to constrain the Company's use of corporate insurance as described in this section shall terminate at the time the Company concludes (per the terms of this Agreement) that (i) Indemnatee is not entitled to indemnification pursuant to this agreement, or (ii) such indemnification obligation to Indemnatee has been fully discharged by the Company.

(d) Prior Payments. Notwithstanding any provision herein to the contrary, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnatee under this Agreement for which payment has actually been made to or on behalf of Indemnatee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or indemnity policy; provided, however, that payment made to Indemnatee pursuant to an insurance policy purchased and maintained by Indemnatee at his or her own expense of any amounts otherwise indemnifiable or obligated to be made pursuant to this Agreement shall not reduce the Company's obligations to Indemnatee pursuant to this Agreement.

12. Nonexclusivity and Survival of Rights. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Company's Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an Agent, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an Agent and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

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 or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation, 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, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

13. Term. All the rights and privileges afforded by this agreement, including the right to indemnification and the advancement of legal fees provided under this Agreement, shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an indemnifiable event even though Indemnitee may have ceased to serve in such capacity at the time of any Proceeding.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two (2) year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

14. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

15. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of Expenses to Indemnitee to the fullest extent now or hereafter permitted by law.

16. Severability/No Imputation. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 15 hereof. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or the Company itself shall not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

17. Amendment and Waiver. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

18. Notice. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by electronic transmission, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company.

19. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

21. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

22. Entire Agreement. Subject to Section 11 hereof, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Company's Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

23. Determination of Good Faith/Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be presumed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Company by an independent certified public accountant or by an appraiser, investment banker, compensation consultant, or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of this Section 23 shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct. Whether or not the foregoing provisions of this Section are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

24. Monetary Damages Insufficient/Specific Performance. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

25. Information Sharing. If Indemnitee is the subject of or is implicated in any way during an investigation, whether formal or informal, the Company shall promptly notify the Indemnitee of such investigation, unless such notice is prohibited by any law, rule, regulation or formal order from a regulatory agency. The Company shall further share with Indemnitee any

information it has turned over to any third parties concerning the investigation (“Shared Information”) at the time such information is so furnished, unless such notice is prohibited by any law, rule, regulation or formal order from a regulatory agency, would breach a confidentiality obligation owed to a third party or would waive the Company’s attorney-client privilege. By executing this agreement, Indemnitee agrees that such Shared Information is material non-public information that Indemnitee is obligated to hold in confidence and may not disclose publicly; provided, however, that Indemnitee is permitted to use the Shared Information and to disclose such Shared information to Indemnitee’s legal counsel and third parties solely in connection with defending Indemnitee from legal liability.

26. Contribution. 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, 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 is deemed 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 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 Indemnitee in connection with such event(s) and/or transaction(s).

27. Consent to Jurisdiction. 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) agree to appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, an agent in the State of Delaware as such party’s agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (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.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date first above written.

COMPANY

By: _____

Name: _____

Title: _____

INDEMNITEE

Signature of Indemnitee

Print or Type Name of Indemnitee

OFFICE LEASE

POST MONTGOMERY CENTER
One Montgomery Tower San Francisco, California

LANDLORD:

POST-MONTGOMERY ASSOCIATES

TENANT: STITCH FIX, INC.

OFFICE LEASE

POST MONTGOMERY CENTER
ONE MONTGOMERY TOWER
San Francisco, California

BASIC LEASE INFORMATION

Lease Date: November 10, 2015

Landlord: Post-Montgomery Associates, a California general partnership

Tenant: Stitch Fix, Inc., a Delaware corporation

Premises: The Premises shall mean:

(i) approximately 38,127 square feet of rentable area comprised of:
(a) approximately 19,063 square feet of rentable area located on the eleventh (11th) Floor of the Building and commonly referred to as Suite 1100; and (b) approximately 19,064 square feet of rentable area located on the twelfth (12th) Floor of the Building and commonly referred to as Suite 1200 (collectively, the “**Initial Premises**”), as shown on the Floor Plan(s) attached to this Lease as Exhibit A;

(ii) as of the First Must-Take Effective Date (defined below Section 32.1), the Premises shall collectively consist of: (A) the Initial Premises; and approximately 38,055 square feet of rentable area comprised of (a) approximately 18,953 rentable square feet commonly known as Suite 1400 on the fourteenth (14th) Floor of the Building and (b) approximately 19,102 rentable square feet commonly known as Suite 1500 located on the fifteenth (15th) Floor of the Building (collectively, the “**First Must-Take Space**”), as shown on the demising plan attached hereto as Exhibit E; and

(i)

(iii) as of the Second Must-Take Effective Date (defined below in Section 35.2), the Premises shall collectively consist of: (A) the Initial Premises; the First Must-Take Space; and approximately 19,068 square feet of rentable area commonly known as Suite 1300 located on the thirteenth (13th) Floor of the Building (the “**Second Must-Take Space**”), as shown on the demising plan attached hereto as Exhibit G.

Term:

Subject to automatic extension pursuant to Article 32, eighty-four (84) full calendar months, commencing on the Commencement Date.

Commencement Date:

The later to occur of (x) January 1, 2016 and (y) the date that is thirty (30) days following the mutual execution and delivery of this Lease.

Expiration Date:

The expiration of eighty-four (84) full calendar months following the Commencement Date, estimated to be November 30, 2022 (as the same shall be extended pursuant to Article 32 of this Lease).

Extended Expiration Date:

As defined in Section 32.4 of this Lease (Upon the First Must-Take Effective Date, the Term of this Lease shall be automatically extended and shall terminate on the last day of the eighty-fourth (84th) full calendar month following the First Must-Take Effective Date).

(ii)

Base Rent:

<u>Period of Term*</u>	<u>Rentable Square Feet</u>	<u>Annual Per Square Foot Base Rent Rate</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1/ 1/16 – 6/30/ 17	38,127	\$ 70.00	\$2,668,890.00	\$ 222,407.50
7// 1/17 – 6/30/ 18	38,127	\$ 72.10	\$2,748,956.70	\$ 229,079.73
7/ 1/ 18 – 6/30/19	38,127	\$ 74.26	\$2,831,425.40	\$ 235,952.12
7/ 1/ 19 – 6/30/20	38,127	\$ 76.49	\$2,916,368.16	\$ 243,030.68
7/ 1/20 – 6/30/21	38,127	\$ 78.79	\$3,003,859.21	\$ 250,321.60
7/1/21 – 6/30/22	38,127	\$ 81.15	\$3,093,974.98	\$ 257,831.25
<u>7/1/22</u>				
<u>11/30/22***</u>	38,127	\$ 83.58	\$3,186,794.23	\$ 265,566.19

(iii)

- * If the Commencement Date is other than December 1, 2015, the parties shall set forth in the Confirmation of Lease Term (defined below) the Commencement Date and restated Base Rent schedule based upon such actual Commencement Date, it being acknowledged that the foregoing schedule of Base Rent is predicated upon the assumption that the Commencement Date will be January 1, 2016.
- ** Base Rent for the first full calendar month of the initial Term with respect to the Initial Premises is subject to abatement pursuant to Section 4.6 of this Lease.
- *** The Term shall be automatically extended from the Expiration Date to be the Extended Expiration Date in accordance with Article 32 of this Lease. Pursuant to Article 32, that portion of the Term commencing the day immediately following the Expiration Date (“**Extension Date**”) and ending on the Extended Expiration Date shall be referred to as the “**Extended Term.**” During the Extended Term, the Base Rent rate for the entire Premises (that is, the Initial Premises and the First Must-Take Space) shall be increased by an amount equal to one hundred three percent (103%) of the Base Rent rate then in effect as of the Expiration Date. Thereafter, the monthly Base Rent for the entire Premises (including the Second Must-Take Space when applicable) shall increase by three percent (3%) annually through the Extended Term. The Base Rent amounts and dates as applicable to the Premises shall be included in the amendments entered into by each of Landlord and Tenant for each of the First Must-Take Space and the Second Must-Take Space, as further described in Articles 32 and 35 of this Lease.

Base Year:	2016
Tenant’s Percentage Share for the Initial Premises:	5.64% (i.e., 38,127/675,432), subject to remeasurement of the Premises and/or Building as described in <u>Section 1.1</u> below.
Permitted Use:	General office use consistent with first-class office buildings in the San Francisco downtown financial district.
Security Deposit:	None
Initial Letter of Credit Amount:	\$4,187,258.44
Parking Spaces:	Nine (9) (i.e., one (1) space for every 4,000 square feet of rentable area in the Initial Premises (the “ Parking Ratio ”); as and when the Premises is expanded (whether through the addition of First Must-Take Space, Second Must-Take Space, or otherwise, Tenant will be entitled to additional parking spaces in accordance with Parking Ratio).

Tenant's Address:

Prior to Commencement Date:

731 Market Street, Suite 500
San Francisco, California 94103
Attention : Chief Financial Officer

On and after Commencement Date:

The Premises; Attention: Chief Financial Officer

With, at all times, a copy to:

Shartsis Friese LLC
One Maritime Plaza, 18th Floor
San Francisco, California 94111
Attention: Jonathan Kennedy and Kathleen K. Bryski

Landlord's Address:

Post-Montgomery Associates
c/o Prudential Real Estate Investors
4 Embarcadero Center, Suite 2700
San Francisco, California 94111
Attn: PRISA Asset Manager

With a copy by the same method to:

Post-Montgomery Associates
c/o The Prudential Insurance Company of America
7 Giralda Farms
Madison, New Jersey 07940
Attn: Frances Felice, Esquire

With a copy by the same method to:

Jones Long LaSalle Americas, Inc
Post Montgomery Center
One Montgomery
Street, Suite 450
San Francisco, CA 94104

Rent Payment Address:

Post Montgomery Associates
P.O. Box 51654
Los Angeles, CA 90051-5954

Brokers:

Landlord's Broker:

Jones Lang LaSalle

Tenant's Broker:

Jones Lang LaSalle

(v)

Exhibits:

- Exhibit A: Floor Plan(s) of Initial Premises
- Exhibit B: Rules and Regulations
- Exhibit C: Work Letter
- Exhibit D: Confirmation of Lease Term
- Exhibit E: Form of Letter of Credit
- Exhibit F: Floor Plan(s) of First Must-Take Space
- Exhibit G: Floor Plan(s) of Second Must-Take Space

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OFFICE LEASE

THIS LEASE is made and entered into by and between Landlord and Tenant as of the Lease Date.

Landlord and Tenant hereby agree as follows:

1. Definitions.

1.1 Terms Defined. The following terms have the meanings set forth below.

Certain other terms have the meanings set forth elsewhere in this Lease.

Alterations: Alterations, additions or other improvements to the Premises made by or on behalf of Tenant (other than the initial leasehold improvements, if any, made by or on behalf of Tenant pursuant to the Work Letter).

ADA: ADA shall mean the Americans with Disabilities Act, a federal law codified at 42 U.S.C. Section 12101 et seq., including, but not limited to, Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of the California Unruh Civil Rights Act (Civil Code Section 51 et seq.), the Disabled Persons Act (Civil Code Section 54 et seq.), and the building standards set forth in Title 24 of the California Code of Regulations, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented.

Anti-Terrorism Law: Any Requirements relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act, and any regulations promulgated under any of them.

Bankruptcy Code: Bankruptcy Code shall mean the United States Bankruptcy Code.

Base Building Operating Expenses and Base Building Real Estate Taxes: The Building Operating Expenses and the Building Real Estate Taxes allocable to the Base Year.

Base Year: Base Year shall have the meaning set forth in the Basic Lease Information.

Building: The high-rise office portion of the Project, commonly known as One Montgomery Tower, including related Common Areas and the Project parking garage. The Building does not include the Galleria, other than the Project parking garage.

Building Holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day.

Building Operating Expenses: Operating Expenses allocable to the Building. Landlord, in its reasonable discretion, shall determine the portion of Operating Expenses allocable to the Building in accordance with its operating principles and practices for the Project and/or the Building, as equitably determined by Landlord from time to time; provided, however, that Landlord shall make such allocation in a consistent and nondiscriminatory manner. If less than ninety-five percent (95%) of the rentable area of the Building is occupied during the Base Year or any subsequent calendar year during the Term, then those components of actual Building Operating Expenses for the Base Year and such subsequent calendar year which vary with variations in Building occupancy shall be adjusted to reflect Landlord's reasonable estimate of Building Operating Expenses as if ninety-five percent (95%) of the entire rentable area of the Building had been occupied. Landlord's reasonable "**gross up**" of such variable Building Operating Expenses shall be final and binding on Tenant, in the absence of manifest error. Notwithstanding any provision in this Lease to the contrary, in no event shall the amount of Building Operating Expenses for any calendar year subsequent to the Base Year be deemed to be less than the amount of Base Building Operating Expenses.

Building Real Estate Taxes: Eighty-eight and Four Tenths Percent (88.4%) of Real Estate Taxes, except that to the extent the Building, or a portion thereof, is separately assessed, then One Hundred Percent (100%) of such separately assessed Real Estate Taxes. Notwithstanding any provision in this Lease to the contrary, in no event shall the amount of Building Real Estate Taxes for any calendar year subsequent to the Base Year be deemed to be less than the amount of Base Building Real Estate Taxes.

Building Standard Hours: 7:00 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to 2:00 p.m. on Saturdays (except Building Holidays).

Building Systems: The life-safety, electrical, mechanical (including elevators), heating, ventilation, air-conditioning, plumbing, fire-protection, telecommunications, or plumbing other utility systems serving the Premises, the Building, the Project or the Galleria, as applicable.

Casualty: Fire, earthquake, or any other similar event of a sudden, unexpected, or unusual nature.

Casualty Discovery Date: Casualty Discovery Date shall have the meaning set forth in Section 12.1.

Claims: Any and all obligations, losses, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, suits, orders or judgments), causes of action, liabilities, penalties, damages (including consequential and punitive damages), costs and expenses (including reasonable attorneys' and consultants' fees and expenses).

Common Areas: Those areas of the Project designated by Landlord, in its sole discretion, from time to time for the nonexclusive use of occupants of the Project, and their agents, employees, customers, invitees and licensees, and other members of the public, including the roof-top garden terrace located in the Project. Common Areas do not include the exterior windows and walls and the roof of the Project (other than the roof-top garden terrace), or any space in the Project (including in the Premises) used for common shafts, stacks, pipes, conduits, ducts, electrical or other utilities, telecommunication systems, or other installations for Building Systems serving the Project.

Comparable Buildings: Comparable Buildings shall have the meaning set forth in Section 36.3.

Confidential Information: Confidential Information shall have the meaning set forth in Section 31.24.

Construction Guide: The Post Montgomery Center Construction Alterations Guide, as updated, revised and/or superseded from time to time.

Consumer Price Index: The United States Department of Labor, Bureau of Labor Statistics (“**Bureau**”), Consumer Price Index (All Urban Consumers, All Items, 1982-1984 = 100) for the Metropolitan Area of which San Francisco, California, is a part. If the Consumer Price Index is discontinued or revised, the Consumer Price Index shall mean the index designated as the successor or substitute index by the Bureau, or its successor agency, and if none is designated, a comparable index as determined by Landlord in its sole discretion, which would likely achieve a comparable result to that achieved by the use of the Consumer Price Index. If the base year of the Consumer Price Index is changed, then the conversion factor specified by the Bureau, or successor agency, shall be utilized to determine the Consumer Price Index.

Control: Ownership of more than fifty percent (50%) of all of the voting stock of a corporation or more than fifty percent (50%) of all of the legal and equitable interest in any other business entity.

Encumbrance: Any ground lease or underlying lease, or the lien of any mortgage, deed of trust, or any other security instrument now or hereafter affecting or encumbering the Project, or any part thereof or interest therein.

Encumbrancer: The holder of the beneficial interest under an Encumbrance.

Environmental Laws: All Requirements relating to the environment, health and safety, or the use, generation, handling, emission, release, discharge, storage or disposal of Hazardous Materials.

Equipment: Equipment shall have the meaning set forth in Section 31.1 . Escalation Rent: Tenant’s Percentage Share of the total dollar increase, if any, in Building Operating Expenses allocable to each calendar year, or part thereof, after the Base Year, over the amount of Base Building Operating Expenses, and Tenant’s Percentage Share of the total dollar increase, if any, in Building Real Estate Taxes allocable to the tax year or years occurring in each such calendar year over the Base Building Real Estate Taxes for the tax year or years occurring in the Base Year.

Event of Default: Event of Default shall have the meaning set forth in Section 20.1.

Excess Rent: Excess Rent shall have the meaning set forth in Section 17.5(a).

Executive Order No. 13224: Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism,” as may be amended from time to time.

Floor: The entire rentable area of any floor in the Building.

FSHP: The First Source Hiring Program, as described in Section 38.27.

Galleria: The retail shopping center portion of the Project, commonly known as The Crocker Galleria, including related Common Areas and the Project parking garage.

Hazardous Materials: Petroleum, asbestos, polychlorinated biphenyls, radioactive materials, radon gas, mold, or any chemical, material or substance now or hereafter defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “pollutants,” “contaminants,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substances,” or words of similar import, under any Environmental Laws.

Impositions: Taxes, assessments, charges, excises and levies, business taxes, license, permit, inspection and other authorization fees, transit development fees, assessments or charges for housing funds, service payments in lieu of taxes and any other fees or charges of any kind at any time levied, assessed, charged or imposed by any Federal, State or local entity, (i) upon, measured by or reasonably attributable to the cost or value of Tenant’s equipment, furniture, fixtures or other personal property located in the Premises, or the cost or value of any Alterations; (ii) upon, or measured by, any Rent payable hereunder or services herein, including any gross receipts tax; (iii) upon, with respect to or by reason of the development, possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; or (iv) upon this Lease transaction, or any document to which Tenant is a party creating or transferring any interest or estate in the Premises. Impositions do not include franchise, transfer, inheritance or capital stock taxes, or income taxes measured by the net income of Landlord from all sources, unless any such taxes are levied or assessed against Landlord as a substitute for, in whole or in part, any Imposition.

Indemnitees: Indemnitees shall have the meaning set forth in Section 16.1. Inducements: Inducements shall have the meaning set forth in Section 4.5.

Interest Rate: The greater of (i) ten percent (10%) per annum, or (ii) the Prime Rate plus six percent (6%); provided, however, that if such rate of interest shall exceed the maximum rate allowed by law, the Interest Rate shall be automatically reduced to the maximum rate of interest permitted by applicable law.

Interference: Interference shall have the meaning set forth in Section 31.1.

Land: The parcel of land shown as Lots 4, 5, 6, 7, 8, 14, 15 and 16 on that certain Parcel Map, filed February 13, 1981, at Page 6, in Book 19, of Parcel Maps, of the Official Records of the City and County of San Francisco, California.

Lease Year: Each consecutive twelve (12) month period during the Term of this Lease, provided that the last Lease Year shall end on the Expiration Date.

Lines: Lines shall have the meaning set forth in Section 31.1.

Major Alterations: Alterations which (i) may affect the structural portions of the Project, (ii) may affect or interfere with the Project roof, walls, elevators, heating, ventilating, air conditioning, electrical, plumbing, telecommunications, security, life -safety or other Building Systems, (iii) may affect the use and enjoyment by other tenants or occupants of the Project of their premises, (iv) may be visible from outside the Premises, (v) utilize materials or equipment which are inconsistent with Landlord's standard building materials and equipment for the Project, (vi) result in the imposition on Landlord of any requirement to make any alterations or improvements to any portion of the Project (including handicap access and life safety requirements) in order to comply with Requirements, or (vii) materially increase the cost to clean, maintain or repair, or increase the cost to relet, the Premises.

Minor Alterations: Alterations (i) that are not Major Alterations, (ii) that do not require the issuance of a building or other governmental permit, authorization or approval, (iii) that do not require work to be performed outside the Premises in order to comply with Requirements, and (iv) the cost of which does not exceed Seventy-Five Thousand Dollars (\$75,000.00) in any one instance.

Net Worth: The excess of total assets over total liabilities, determined in accordance with generally accepted accounting principles, excluding, however, from the determination of total assets, goodwill and other intangibles.

Operating Expenses: All costs of management, operation, ownership, maintenance and repair of the Project, including: (i) salaries, wages, bonuses, other compensation and all payroll burden of employees, payroll, social security, worker's compensation, unemployment and similar taxes and impositions with respect to such employees, and the cost of providing disability or other benefits imposed by law or otherwise with respect to such employees; (ii) property management fees (not to exceed three percent (3%) of gross revenues for the Project) and expenses, including Landlord's fees and expenses for any management performed by it; (iii) rental and other costs and expenses for Landlord's, property management, and marketing offices in the Project; (iv) electricity, natural gas, water, waste disposal and recycling, sewer, heating, lighting, air conditioning and ventilating and other utilities; (v) janitorial, maintenance, security, life safety and other services, such as alarm service, window cleaning, elevator maintenance, landscaping and uniforms (and the cleaning and/or replacement thereof) for personnel providing services; (vi) materials, supplies, tools and rental equipment; (vii) license, permit and inspection fees and costs; (viii) insurance premiums and costs (including earthquake and/or flood if so elected by Landlord in its sole discretion), and the deductible portion of any insured loss under Landlord's insurance or the amount that would be the deductible portion of such loss but for self-insurance thereof by Landlord; (ix) sales, use and excise taxes; (x) legal, accounting and other professional services for the Project, including costs, fees and expenses of contesting the validity or applicability of any law, ordinance, rule, regulation or order relating to the Building; (xi) the cost of supplies and services such as telephone, courier services, postage and stationery supplies; (xii) normal repair and replacement of worn-out equipment, facilities and installations; (xiii) depreciation on personal property, including exterior window draperies provided by Landlord

and Common Area floor coverings, and/or rental costs of leased furniture, fixtures, and equipment ; (xiv) the costs and expenses of complying with, or participating in, conservation, recycling, sustainability, energy efficiency, waste reduction or other programs or practices implemented or enacted from time to time at the Building, including, without limitation, in connection with any LEED (Leadership in Energy and Environmental Design) rating or compliance system or program , including that currently coordinated through the U.S. Green Building council or Energy Star rating and/or compliance system or program (collectively, "**Conservation Costs**") provided that Conservation Costs (and Operating Expenses) will not include any capital cost incurred solely to initially achieve any specific conservation-related certifications such as a LEED rating, Energy Star rating or otherwise (provided, however, that Tenant acknowledges and agrees that the Building is, as of the date of this Lease, LEED certified (Platinum) and capital costs incurred in connection with maintaining such certification shall be included in Operating Expenses); and (xv) expenditures for capital improvements made at any time to the Project (A) that are intended in Landlord's judgment as labor saving devices, or to reduce or eliminate other Operating Expenses or to effect other economies in the operation, maintenance, or management of the Project, or (B) that are necessary or appropriate in Landlord's reasonable judgment for the health and safety of occupants of the Project and are consistent with the practices of owners of Comparable Buildings which owners are comparable to Landlord, or (C) that are necessary under any Requirements which were not applicable to the Project at the time it was constructed, (D) that are replacements of items which Landlord is obligated to maintain, or (E) Conservation Costs (collectively "**Permitted Capital Expenditures**"); Permitted Capital Expenditures shall be amortized by Landlord on a straight line basis over the useful life of the capital item in question, as determined by Landlord using generally accepted accounting principles consistently applied. The amortized Permitted Capital Expenditures may include interest at the rate paid by Landlord on any funds borrowed for such expenditures from an unaffiliated third-party financial institution, but in no event in excess of the market rate of interest customarily paid on such borrowed funds for such purposes; however Landlord may treat as costs chargeable in the calendar year incurred, and not as Permitted Capital Expenditures, any item that is less than two percent (2%) of Operating Expenses estimated by Landlord for the calendar year in question. Operating Expenses do not include:

- (1) Real Estate Taxes;
- (2) legal fees, brokers' commissions or other costs incurred in the negotiation, termination, or extension of leases or in proceedings involving a specific tenant;
- (3) depreciation , except as set forth above;
- (4) interest, except as set forth above;
- (5) capital items, except Permitted Capital Expenditures;
- (6) sums (other than management fees, it being agreed that the management fees included in Operating Expenses are as described above) paid to subsidiaries or other affiliates of Landlord for services on or to the Building and/or Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by persons or entities of similar skill, competence and experience;

(6)

- (7) attorney 's fees and other expenses incurred in connection with negotiations or disputes with prospective tenants or tenants or other occupants of the Building;
- (8) salaries or fringe benefits of (i) employees above the grade of general manager, and (ii) employees whose time is not spent directly and solely in the operation of the Building, provided that if any employee performs services in connection with the Building and other buildings, costs associated with such employee may be proportionately included in Operating Expenses based on the percentage of time such employee spends in connection with the operation, maintenance and management of the Building;
- (9) any expenses for which Landlord has received actual reimbursement (other than through Operating Expenses);
- (10) costs in connection with leasing space in the Building, including brokerage commissions, brochures and marketing supplies, legal fees in negotiating and preparing lease documents;
- (11) any "tenant allowances", "tenant concessions" and other costs or expenses incurred in fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants or other occupants of the Building, or vacant leaseable space in the Building, except in connection with general maintenance and repairs provided to the tenants of the Building in general ;
- (12) The cost or expense of any services or benefits provided generally to other tenants in the Building and not provided or available to Tenant;
- (13) advertising and promotional expenditures;
- (14) fines, costs or penalties incurred as a result and to the extent of a violation by Landlord of any applicable Requirements;
- (15) any fines, penalties or interest resulting from the gross negligence or willful misconduct of Landlord;
- (16) Landlord's entertainment expenses and travel expenses, except for those travel expenses that are necessary, reasonable and incurred in connection with Landlord's operation and maintenance of the Building;
- (17) any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Materials existing as of the date of this Lease in or about the Building, common areas or project except to the extent such removal, cleaning, abatement or remediation is related to the general and normal repair and maintenance of the Building;
- (18) costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is reimbursed for such costs by insurance proceeds or would have received had Landlord maintained the insurance required under this Lease;

- (19) reserves not spent by Landlord by the end of the calendar year for which Operating Expenses are paid;
- (20) all bad debt loss, rent loss, or reserves for bad debt or rent loss;
- (21) ground lease rental; and
- (22) all costs associated with the operation of the business of the entity which constitutes "Landlord" (as distinguished from the costs of operating, maintaining, repairing and managing the Building) including, but not limited to, Landlord's or Landlord's managing agent's general corporate overhead and general administrative expenses.

In addition, Base Building Operating Expenses shall not include market-wide labor-rate increases due to extraordinary circumstances, such as boycotts and strikes, nor utility rate increases due to extraordinary circumstances, including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages ("**Atypical Increases**"); provided, however, that if Landlord excludes from Operating Expenses, any Atypical Increase(s) and such Atypical Increase(s) continues beyond the expiration of the Base Year, Operating Expenses during such subsequent year(s) shall similarly not include such Atypical Increase(s). If Landlord does not maintain earthquake insurance coverage during the Base Year and elects, in its sole and absolute discretion, to maintain such coverage during any calendar year of the Term after the Base Year (a "**New Earthquake Insurance Line Item**"), Operating Expenses for the Base Year shall be increased by an amount that would have been payable for such New Earthquake Insurance Line Item in the Base Year had such New Earthquake Insurance Line Item been included in the Base Year, as reasonably determined by Landlord (and, in the event that the New Earthquake Insurance Line Item is initially incurred for only a partial calendar year, the cost of such New Earthquake Insurance Line Item shall be grossed up to represent a full calendar year for both the Base Year and the calendar year in which the New Earthquake Insurance Line Item first is incurred) and, following the expiration of the calendar year during which the New Earthquake Insurance Line Item initially occurs, Tenant shall be liable for Tenant's Percentage Share of the total dollar increase, if any, in Building Operating Expenses over the adjusted amount of Base Building Operating Expenses; provided, however, that any earthquake insurance related Operating Expenses that are renamed or recategorized (by applicable Requirements or otherwise) or that otherwise in substance were included in the Base Year shall not be included in or treated as a New Earthquake Insurance Line Item for purposes of this Section. Notwithstanding the foregoing, in no event shall any Operating Expenses for any calendar year following the Base Year in excess of the amount incurred in the Base Year but preceding the calendar year in which the New Earthquake Insurance Line Item occurs be retroactively adjusted as a result of such increase in Operating Expenses for the Base Year, and in no event shall Tenant be entitled to a credit as a result of such increase. Further, in the event that during the Term or any extension thereto, earthquake insurance is removed from the Base Year (as opposed to shifted or combined with another category), and is omitted from Operating Expenses, Base Building Operating Expenses shall be reduced to reflect what Operating Expenses would have been in the Base Year had such category not been included in the Base Year.

Pre-Default Inducements: Pre-Default Inducements shall have the meaning set forth in Section 4.5.

Prime Rate: The prime rate (or base rate) reported in the Money Rates column or Section of The Wall Street Journal as being the base rate on corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by any such bank) on the first day on which The Wall Street Journal is published in the month in which the subject sums are payable or incurred.

Prohibited Person: (i) A person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/tlstdn.pdf>, or at any replacement website or other official publication of such list.

Project: The Land, all buildings and other improvements at any time located on the Land (including the Building and the Galleria), and all appurtenances related thereto, including the roof-top garden terrace and loading dock area, collectively commonly known as Post Montgomery Center.

Real Estate Taxes: Taxes, assessments and charges now or hereafter levied or assessed upon, or with respect to, the Project, or any personal property of Landlord used in the operation thereof or located therein, or Landlord’s interest in the Project or such personal property, by any Federal, State or local entity, including : (i) all real property taxes and general, special, supplemental and escape assessments; (ii) charges, fees or assessments for transit, public improvements, employment, job training, housing, day care, open space, art, police, fire or other governmental services or benefits; (iii) service payments in lieu of taxes; (iv) any tax, fee or excise on the use or occupancy of any part of the Project; (v) any tax, assessment, charge, levy or fee for environmental matters, or as a result of the imposition of mitigation measures, such as parking taxes, employer parking regulations or fees, charges or assessments due to the treatment of the Project, or any portion thereof or interest therein, as a source of pollution or stormwater runoff; (vi) any other tax, fee or excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes; and (vii) consultants’ and attorneys’ fees and expenses incurred in connection with proceedings to contest, determine or reduce Real Estate Taxes. Real Estate Taxes do not include: (A) franchise, transfer, inheritance or capital stock taxes, or income taxes measured by the net income of Landlord from all sources, unless any such taxes are levied or assessed against Landlord as a substitute for, in whole or in part, any Real Estate Tax; and (B) penalties, fines, interest or charges due for late payment of Real Estate Taxes by Landlord. If any Real Estate Taxes are payable, or may at the option of the taxpayer be paid, in installments, such Real Estate Taxes shall, together with any interest that would otherwise be payable with such installment, be deemed to have been paid in installments, amortized over the maximum time period allowed by applicable law. In the event

that during the Term Landlord receives any tax credit or tax rebate from any public authority with respect to the Premises to the extent applicable to the Term and of which Tenant has paid Tenant's Percentage Share, Tenant shall be entitled to a Rent credit or, at Landlord's option, refund of Tenant's Percentage Share of such tax credit or tax rebate after first deducting any of Landlord's costs and expenses in obtaining such tax credit or tax rebate. Such Rent credit or refund, at Landlord's option, shall be credited against future installments of Rent or refunded to Tenant within forty-five (45) days of Landlord's receipt of the tax credit or tax rebate. Notwithstanding the foregoing, Landlord's obligation to provide Tenant with such Rent credit or refund shall expire eighteen (18) months after the expiration of the Term of the Lease.

Related Company: (i) An entity which controls, is controlled by, or is under common control with Tenant; (ii) an entity into or with which Tenant is merged or consolidated; (iii) an entity to which at least ninety percent (90%) of Tenant's assets are transferred; or (iv) Tenant, where Tenant admits additional members in connection with obtaining additional equity investment in Tenant, so long as the identity of the persons responsible for the operation and management of the business of Tenant does not change.

Rent: Base Rent, Escalation Rent and all other additional charges and amounts payable by Tenant in accordance with this Lease.

Rent Payment Direction: Rent Payment Direction shall have the meaning set forth in Section 21.3.

Requirements: All laws, including Environmental Laws, ordinances, rules, regulations, orders, decrees, permits, and Requirements of courts and governmental authorities now or hereafter in effect, including the Americans With Disabilities Act (42 U.S.C. § 12101 et seq.) and Title 24 of the California Code of Regulations and all regulations and guidelines promulgated thereunder; the provisions of any insurance policy carried by Landlord or Tenant on any portion of the Project, or any property therein; the requirements of any independent board of fire underwriters; any directive or certificate of occupancy issued pursuant to any law by any public officer or officers applicable to the Project; the provisions of all recorded documents affecting any portion of the Project (including the Declaration of Crocker Properties, Inc., regarding building electric lighting, recorded August 26, 1981, as modified by Amended and Restated Declaration, dated December 5, 1984, recorded December 5, 1984), as any such document may be amended from time to time; and all life safety programs, procedures and rules from time to time or at any time implemented or promulgated by Landlord.

Tenant Parties: Tenant, all persons or entities claiming by, through or under Tenant, and their respective employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members .

Tenant's Percentage Share: The percentage set forth in the Basic Lease Information as Tenant's Percentage Share, as adjusted by Landlord from time to time to take into account a remeasurement of or changes in the physical size of the Premises, the Building or the Project, whether such changes in size are due to an addition to or a sale or conveyance of a portion of the Project or otherwise. Landlord reserves the right as of the commencement of the Second Extension Term to remeasure the Premises and the Building in accordance with the then current

measurement standards promulgated by the Building Owners and Managers Association (BOMA) or other generally accepted measurement standards and thereafter to adjust Tenant's Percentage Share accordingly . Notwithstanding the foregoing, except in the case of any expansion of the square footage of the Premises, in no event shall any such adjustment in the square footage of the Building increase Tenant's Percentage Share during the initial Term of this Lease; provided, however, that in the event the rentable square footage of the entire Project is adjusted, Landlord shall be entitled to adjust Tenant's Percentage Share in a consistent and equitable manner.

USA Patriot Act: The "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

Work Letter: The agreement attached hereto as Exhibit C, which sets forth the respective responsibilities of Landlord and Tenant regarding the design and construction of alterations, additions and improvements to the Initial Premises and First Must-Take Space.

1.2 Basic Lease Information. The Basic Lease Information is incorporated into and made a part of this Lease. Each reference in this Lease to any Basic Lease Information shall mean the applicable information set forth in the Basic Lease Information, except that in the event of any conflict between an item in the Basic Lease Information and this Lease, this Lease shall control.

1.3 Certain Defined Terms. The parties acknowledge that (i) the rentable area of the Premises and the Building have been finally determined by the parties for all purposes under this Lease, including the calculation of Tenant's Percentage Share, and will not, except as determined by Landlord or otherwise provided in this Lease, be changed, and (ii) the percentage for allocation of Building Real Estate Taxes is conclusive and binding on the parties. If, following the initial Term of this Lease, any space is added to or deleted from the Premises, or any abatement of Rent is based on rentable area, or any portion of the Project is remeasured, the rentable area for the added or deleted space, or such abatement or remeasurement, shall be determined in accordance with Landlord's then current measurement standard, which is currently the American National Standard Institute/BOMA Method of Floor Measurement for office space, as promulgated by the Building Owners and Managers Association (commonly known as BOMA ANSI-Z-65.1-2010).

2. Lease of Premises. Landlord leases to Tenant and Tenant leases from Landlord the Premises, together with the non-exclusive right to use, in common with others, the Common Areas, subject to the terms, covenants and conditions set forth in this Lease. Landlord reserves from the leasehold estate hereunder (i) all exterior walls and windows bounding the Premises, (ii) all space located within the Premises for common shafts, stacks, pipes, conduits, ducts, utilities, telecommunications systems, and other installations for Building Systems, the use thereof and access thereto, and (iii) the right to install, remove or relocate any of the foregoing for service to any part of the Project, including the premises of other tenants of the Building.

3. Term; Condition and Acceptance of Premises.

3.1 Delivery of Initial Premises; Term Commencement. This Lease shall be effective as of the Lease Date. The Term of this Lease shall commence on the Commencement Date and end on the Expiration Date, unless sooner terminated or extended pursuant to the provisions of this Lease. The design and construction of any alterations, additions or improvements that Tenant may deem necessary or appropriate to prepare the Initial Premises for occupancy by Tenant shall be governed by the Work Letter. Except as otherwise expressly provided in this Lease, Tenant agrees to accept the Initial Premises in their "as-is" condition, without any representations or warranties by Landlord, and with no obligation of Landlord to make any alterations or improvements to the Initial Premises. As of the date hereof, to Landlord's actual knowledge, Landlord has no actual knowledge that the Premises is in violation of Requirements. For purposes of this Section, "Landlord's actual knowledge" and "knowledge" shall be deemed to mean and limited to the current actual knowledge of the Property Manager at the time of execution of this Lease and not any implied, imputed, or constructive knowledge of said individual or of Landlord or any Landlord of Landlord's agents, employees or related entities and without any independent investigation or inquiry having been made or any implied duty to investigate or make any inquiries; it being understood and agreed that such individual shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby. However, notwithstanding the foregoing, Landlord agrees that the Building Systems located in or serving the Initial Premises, the First Must-Take Space and the Second Must-Take Space shall be in good working order as of the date Landlord delivers possession of the Initial Premises, the First Must-Take Space and the Second Must-Take Space, respectively, to Tenant. Except to the extent caused by the acts or omissions of Tenant or any of the other Tenant Parties or by any alterations or improvements performed by or on behalf of Tenant, if such Building Systems are not in good working order as of the date possession of the Initial Premises, the First Must-Take Space and the Second Must-Take Space, as applicable, is delivered to Tenant and Tenant provides Landlord with notice of the same within sixty (60) days following the date Landlord delivers possession of the portion of the Premises in which such Building Systems are not in good working order, Landlord shall be responsible for repairing or restoring the same and will proceed to do so promptly upon receipt of notice tendered to Landlord within such sixty (60) day period. Tenant agrees that in the event of the inability of Landlord to deliver possession of the Initial Premises on the Commencement Date set forth on the Basic Lease Information for any reason, Landlord shall not be liable for any damage resulting from such inability, but except to the extent such delay is the result of the acts or omissions of Tenant or any Tenant Parties, the Commencement Date shall be similarly delayed on a day-for-day basis. To the extent that any delay is the result of the acts or omissions of Tenant or any Tenant Parties, the Commencement Date and the commencement of Tenant's obligation to pay Rent under this Lease with respect to the applicable portion of the Premises shall be accelerated by the number of days of such delay. Within ten (10) days after request, Tenant shall execute and deliver to Landlord a Confirmation of Lease Term in the form of Exhibit D attached hereto.

3.2 Early Entry. Subject to the terms of this Section 3.2 and provided that this Lease has been fully executed by all parties and Tenant has delivered all prepaid rental, the Letter of Credit, and insurance certificates required hereunder, Landlord grants Tenant the right to enter the Initial Premises, at Tenant's sole risk, solely for the purpose of performing the Tenant Improvements (as described in the Work Letter) and installing telecommunications and data cabling, equipment, furnishings and other personalty. Such possession prior to the Commencement Date shall be subject to all of the terms and conditions of this Lease, except that

Tenant shall not be required to pay Base Rent or Escalation Rent or for the use of the elevators located in the Building with respect to the period of time prior to the Commencement Date during which Tenant occupies the Premises solely for such purposes. However, Tenant shall be liable for any utilities or special services provided to Tenant during such period. If Tenant takes possession of the Premises before the Commencement Date for such purpose, such possession shall be subject to the terms and conditions of this Lease, except that Tenant shall not be required to pay Base Rent or Escalation Rent during such period. Said early possession shall not advance the Expiration Date.

4. Rent.

4.1 Obligation to Pay Base Rent. Tenant shall pay Base Rent to Landlord during the Term, in advance, in equal monthly installments, commencing on the Commencement Date, and thereafter on or before the first day of each calendar month during the Term; provided, however, that upon signing this Lease, Tenant shall pay to Landlord an amount equal to the Base Rent for the first full month of the Term, which amount shall be applied to the Base Rent owing for the first month of the Term following the Rent Abatement Period (as defined below). If the Commencement Date is other than the first day of a calendar month, the installment of prepaid Base Rent for the first month of the Term shall be prorated on the basis of a thirty (30) day month, and the balance shall be credited to Base Rent owing for the second month of the Term. If the Expiration Date is other than the last day of a calendar month, or if this Lease shall be terminated as of a day other than the last day of a calendar month (except in the case of an Event of Default), the installment of Base Rent for the last fractional month of the Term shall be prorated on the basis of a thirty (30) day month.

4.2 Manner of Rent Payment. All Rent shall be paid by Tenant without notice, demand, abatement, deduction or offset (except as otherwise expressly provided herein), in lawful money of the United States of America, and if payable to Landlord, at the Rent Payment Address, or to such other person or at such other place as Landlord may from time to time designate by notice to Tenant. Subject to the terms of this Section 4.2, at either parties' election, and upon written notice to the other party, all payments required to be made by Tenant to Landlord hereunder (or to such other party as Landlord may from time to time specify in writing) shall be made by Electronic Transfers of Funds ("ETFs") of immediately available federal funds before 11:00 a.m., Eastern Time, at such place, within the continental United States, as Landlord may from time to time designate to Tenant in writing. Notwithstanding anything to the contrary contained herein, Tenant acknowledges that ETFs may include without limitation transfers by automated clearinghouse ("ACH"), and Tenant shall have the right in its sole discretion to pay Rent due hereunder by ACH. Any such ACH transfers shall be paid by Tenant, from Tenant's account in a bank or financial institution designated by Tenant and credited to Landlord's bank account as Landlord shall have designated in Landlord's ACH Account Information in Article I herein. Tenant acknowledges and agrees that Landlord shall have the right to designate a different bank or financial institution into which any ACH transfer is to be deposited.

4.3 Additional Rent. All Rent not characterized as Base Rent or Escalation Rent shall constitute additional rent, and if payable to Landlord shall, unless otherwise specified in this Lease, be due and payable thirty (30) days after Tenant's receipt of Landlord's invoice therefor.

4.4 Late Payment of Rent; Interest. Tenant acknowledges that late payment by Tenant of any Rent will cause Landlord to incur administrative costs not contemplated by this Lease, the exact amount of which is extremely difficult and impracticable to ascertain based on the facts and circumstances pertaining as of the Lease Date. Accordingly, if any Rent is not paid by Tenant when due, then Tenant shall pay to Landlord a late charge equal to six percent (6%) of such Rent; provided, however, that Tenant shall be entitled to a grace period of five (5) days following delivery of notice by Landlord for the first late payment in a calendar year. Any Rent, other than late charges, due Landlord under this Lease, if not paid when due, shall also bear interest at the Interest Rate from the date due until paid. The parties acknowledge that such late charge and interest represent a fair and reasonable estimate of the administrative costs and loss of use of funds Landlord will incur by reason of a late Rent payment by Tenant, but Landlord's acceptance of such late charge and/or interest shall not constitute a waiver of an Event of Default with respect to such Rent or prevent Landlord from exercising any other rights and remedies provided under this Lease.

4.5 Additional Rent Upon Tenant's Failure to Perform. Landlord and Tenant acknowledge that to induce Tenant to enter into this Lease, and in consideration of Tenant's agreement to perform all of the terms, covenants and conditions to be performed by Tenant under this Lease, as and when performance is due during the Term, Landlord has incurred (or will incur) significant costs, including, without limitation, the following: (i) expenditures incurred to prepare the Premises for Tenant's occupancy, (ii) commissions to Landlord's Broker and/or Tenant's Broker, (iii) attorneys' fees and related costs incurred and/or paid by Landlord in connection with the negotiation and preparation of this Lease, and/or (iv) rent abatements or concessions (collectively, the "**Inducements**"). Landlord and Tenant further acknowledge that Landlord would not have granted the Inducements to Tenant but for Tenant's agreement to perform all of the terms, covenants, and conditions to be performed by it under this Lease for the entire Term, and that Landlord's agreement to incur such expenditures and grant such inducements is, and shall remain, conditioned upon Tenant's faithful performance of all of the terms, covenants and conditions to be performed by Tenant under this Lease for the entire Term. Accordingly, if an Event of Default shall occur hereunder, Landlord shall be relieved of any unfulfilled obligation to grant Inducements hereunder, or to incur further expenses in connection therewith, and Tenant shall pay as liquidated damages for Landlord's granting the Inducements and not as a penalty, within thirty (30) days after the occurrence of the Event of Default, as Additional Rent, the unamortized (as of the date of the Event of Default) amount of those Inducements incurred or granted prior to the date of the Event of Default (the "**Pre-Default Inducements**"), assuming the Pre-Default Inducements are amortized on a straight line basis over the Term. Landlord may or, at Tenant's request, shall, after the occurrence of an Event of Default, forward a statement to Tenant setting forth the amount of the Pre-Default Inducements, but the failure to deliver such a statement shall not be or be deemed to be a waiver of the right to collect the Pre-Default Inducements or extend the date upon which such amount shall be due and payable.

4.6 Abated Base Rent. Notwithstanding anything in this Lease to the contrary, so long as Tenant is not in default under this Lease beyond applicable notice and cure periods, Tenant shall be entitled to an abatement of Base Rent with respect to each of the Initial Premises for the first full calendar month of the initial Term for such portion of the Premises (each, a "**Rent Abatement Period**"). The maximum total amount of Base Rent abated with respect to the

Initial, Premises in accordance with the foregoing shall equal **\$222,407.50** (the “**Abated Base Rent**”). If Tenant defaults under this Lease beyond applicable notice and cure periods at any time during the Rent Abatement Period and fails to cure such default within any applicable cure period under the Lease, then Tenant’s right to receive the Abated Base Rent shall toll (and Tenant shall be required to pay Base Rent during such period of any Tenant default) until Tenant has cured, to Landlord’s reasonable satisfaction, such default and at such time Tenant shall be entitled to receive any unapplied Abated Base Rent until fully applied. Only Base Rent shall be abated pursuant to this Section, as more particularly described herein , and Escalation Rent and all other rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.

5. Calculation and Payments of Escalation Rent. During each full or partial calendar year of the Term subsequent to the Base Year, Tenant shall pay to Landlord Escalation Rent in accordance with the following procedures :

5.1 Payment of Estimated Escalation Rent. During December of the Base Year and December of each subsequent calendar year, or as soon thereafter as practicable, Landlord shall give Tenant notice setting forth its estimate of Escalation Rent due for the ensuing calendar year with reasonable specificity. On or before the first day of each month during each ensuing calendar year, Tenant shall pay to Landlord in advance, in addition to Base Rent, one-twelfth (1/12th) of such estimated Escalation Rent, unless such notice is not given in December, in which event Tenant shall continue to pay on the basis of the prior calendar year’s estimate until the month after such notice is given, and subsequent payments by Tenant shall be based on Landlord’s notice. With the first monthly payment based on Landlord’s notice, Tenant shall also pay the difference, if any, between the amount previously paid for such calendar year and the amount which Tenant would have paid through the month in which such notice is given, based on Landlord’s noticed estimate. If at any time Landlord reasonably determines that the Escalation Rent for the current calendar year will vary from Landlord’s estimate, Landlord may, by notice to Tenant, revise its estimate for such calendar year, and subsequent payments by Tenant for such calendar year shall be based upon such revised estimate.

5.2 Escalation Rent Statement and Adjustment. Within one hundred twenty (120) days after the close of each calendar year, or as soon thereafter as practicable, Landlord shall deliver to Tenant a statement of the actual Escalation Rent for such calendar year, showing in reasonable detail (i) the Building Operating Expenses and the Building Real Estate Taxes comprising the actual Escalation Rent, and (ii) payments made by Tenant on account of Building Operating Expenses and Building Real Estate Taxes for such calendar year (“**Landlord’s Statement**”). If Landlord’s Statement shows that Tenant owes an amount that is more than the payments previously made by Tenant for such calendar year, Tenant shall pay the difference to Landlord within thirty (30) days after delivery of Landlord’s Statement. If Landlord’s Statement shows that Tenant owes an amount that is less than the payments previously made by Tenant for such calendar year, Landlord shall credit the difference first against any sums then owed by Tenant to Landlord and then against the next payment or payments of Rent due Landlord, except that if a credit amount is due Tenant after the termination of this Lease, Landlord shall pay to Tenant any excess remaining after Landlord credits such amount against any sums owed by Tenant to Landlord. Notwithstanding any provision in this Lease to the contrary, however, in no event shall any decrease in Building Operating Expenses or Building Real Estate Taxes below

the Base Building Operating Expenses or Base Building Real Estate Taxes, respectively, entitle Tenant to any refund, decrease in Base Rent, or any credit against sums due under this Lease. Each Landlord Statement shall be conclusive and binding upon Tenant; provided, however, that Landlord may revise the Landlord Statement for any calendar year if Landlord first receives invoices from third parties, tax bills or other information relating to adjustments to Building Operating Expenses or Building Real Estate Taxes allocable to such calendar year after the initial issuance of such Landlord Statement, and/or the amount of Building Operating Expenses or Building Real Estate Taxes allocable to the Base Year is subsequently adjusted. However, if Landlord fails to furnish Tenant Landlord's Statement for a given calendar year within twenty-four (24) months after the end of the last calendar year of the Term (as the same may be extended) and such failure continues for an additional thirty (30) days after Landlord's receipt of a written request from Tenant that such Landlord's Statement is furnished, Landlord shall be deemed to have waived any rights to recover any underpayment of Operating Expenses from Tenant (except to the extent such underpayment is attributable to a default by Tenant in its obligation to make estimated payments of Operating Expenses), and Tenant shall be deemed to have waived any credit regarding overpayment of Operating Expenses by Tenant; provided that such twenty-four (24) month time limit shall not apply to Real Estate Taxes. Further, in no event shall the foregoing provision describing the time period during which Landlord is to deliver Landlord's Statement in any manner limit or otherwise prejudice Landlord's right to modify such Landlord's Statement after such time period if new, additional or different information relating to such Landlord's Statement is discovered or otherwise determined.

5.3 Proration for Partial Year. If the Commencement Date is other than the first day of a calendar year or if this Lease terminates other than on the last day of a calendar year (other than due to an Event of Default), the amount of Escalation Rent for such fractional calendar year shall be prorated on the basis of twelve (12) thirty (30) day months in each calendar year. Upon such termination, Landlord may, at its option, calculate the adjustment in Escalation Rent prior to the time specified in Section 5.2 above.

5.4 Audit Right. Tenant shall have one hundred eighty (180) days after receipt of Landlord's annual statement (including any revised annual statement) to notify Landlord in writing that Tenant desires to review Landlord's books and records used in the preparation of such statement in connection with a Tenant dispute of such annual statement ("**Audit Notice**"). If Tenant timely delivers an Audit Notice to Landlord, Tenant's auditor ("**Tenant's Auditor**") shall have the right, upon reasonable prior notice, during normal business hours, to examine all relevant records of Landlord concerning the year that is covered by such annual statement at the Building management office or other location designated by Landlord. Tenant's Auditor shall be subject to Landlord's prior written approval, which shall not be unreasonably, withheld or delayed. Without limiting the generality of the preceding sentence, Tenant's Auditor shall be one of national standing, must have at least five (5) years of experience reviewing financial operating records of comparable office buildings in the San Francisco downtown financial district and/or the South of Market area of San Francisco and must not be retained on a contingency fee basis. The inspection of Landlord's records must be completed within thirty (30) business days after Tenant's Auditor commences its inspection and within sixty (60) days after Landlord's receipt of the Audit Notice (provided that Landlord makes its books and records available to Tenant's Auditor commencing within ten (10) business days after Landlord's receipt of the Audit Notice). Tenant agrees to keep, and to cause Tenant's Auditor to keep, all information obtained by Tenant

or Tenant's Auditor confidential. If requested by Landlord, Tenant shall require Tenant's Auditor to sign and deliver a confidentiality agreement to Landlord, reasonably acceptable in form and content to Landlord, prior to Landlord making its books and records available for inspection. If Tenant fails to deliver an Audit Notice to Landlord within one hundred eighty (180) days after receipt of the annual statement, Tenant shall have no further right to dispute the correctness of such annual statement. If, as a consequence of any such audit, Landlord and Tenant mutually and reasonably determined that Landlord's statement overstated Operating Expenses payable hereunder by more than five percent (5%), Landlord will reimburse Tenant for the commercially reasonable and actual, out of pocket costs and/or fees charged by Tenant's Auditor.

6. Impositions Payable by Tenant. Tenant shall pay all Impositions prior to delinquency. If billed directly, Tenant shall pay such Impositions and concurrently present to Landlord satisfactory evidence of such payments . If any Impositions are billed to Landlord or included in bills to Landlord for Real Estate Taxes, then Tenant shall pay to Landlord all such amounts within thirty (30) days after receipt of Landlord's invoice therefor. If applicable law prohibits Tenant from reimbursing Landlord for an Imposition, but Landlord may lawfully increase the Base Rent to account for Landlord's payment of such Imposition, the Base Rent payable to Landlord shall be increased to net to Landlord the same return without reimbursement of such Imposition as would have been received by Landlord with reimbursement of such Imposition.

7. Use of Premises.

7.1 Permitted Use. The Premises shall be used solely for the Permitted Use and for no other use or purpose.

7.2 No Violation of Requirements. Tenant shall not do or permit to be done, or bring or keep or permit to be brought or kept, in or about the Premises, or any other portion of the Project, anything which (i) is prohibited by, will in any way conflict with, or would invalidate any Requirements; or (ii) would cause a cancellation of any insurance policy carried by Landlord or Tenant, or give rise to any defense by an insurer to any claim under any such policy of insurance, or increase the existing rate of or adversely affect any insurance policy carried by Landlord, or subject Landlord to any liability or responsibility for injury to any person or property; or (iii) will in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them. If Tenant does or permits anything to be done which increases the cost of any policy of insurance carried by Landlord, or which results in the need, in Landlord's good faith judgment, for additional insurance to be carried by Landlord or Tenant with respect to any portion of the Project, then Tenant shall reimburse Landlord, upon demand, for any such additional premiums or costs, and/or procure such additional insurance, at Tenant's sole cost and expense. Invocation by Landlord of such right shall not limit or preclude Landlord from prohibiting Tenant's impermissible use that gives rise to the additional insurance premium or requirement or from invoking any other right or remedy available to Landlord under this Lease. Tenant shall not bring into the Premises or any portion thereof, any furniture, fixtures and/or equipment, and/or make any Alterations to the Premises, the aggregate weight of which would exceed the specified live load capacity of the Floor or Floors on which the Premises are located.

7.3 Compliance with Requirements. Tenant, at its cost and expense, shall promptly comply with all Requirements applicable to Tenant's use or occupancy of, or business conducted in, the Premises, and shall maintain the Premises and all portions thereof in compliance with all applicable Requirements. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding involving Tenant, whether or not Landlord is party thereto, that Tenant is in non-compliance with any Requirement shall be conclusive of that fact. In addition, Tenant shall make all modifications to any portion of the Project outside the Premises (including whether structural or capital in nature), which are necessitated, in whole or in part, by (i) Tenant's use or occupancy of, or business conducted in, the Premises, (ii) any acts or omissions of Tenant or any other Tenant Parties, (iii) any Alterations, or (iv) an Event of Default, or Landlord may elect to perform such modifications at Tenant's expense. Notwithstanding the foregoing, as between Tenant and Landlord, Landlord shall be responsible for correcting any violations of Requirements existing and as interpreted and enforced as of the date hereof, with respect to the Common Areas, the Building Structure and the Building Systems; however, Tenant's right to require Landlord to perform any such work will be limited to the extent that (a) such correction is necessary for Tenant to use the Premises for general office use in a normal and customary manner and/or for Tenant's employees and visitors to have reasonably safe access to and from the Premises, or (b) Landlord's failure to perform such correction would impose liability upon Tenant under Requirements. The cost of any such work will, to the extent permitted by Article 5, be included in Operating Expenses. However, Landlord shall not be required to correct any violation that (i) is triggered by the acts or omissions of Tenant or any other Tenant Parties, including without limitation as a result of any matter that is Tenant's responsibility under this Section 7.3 or any other provision hereof (but not including general office usage or the construction of normal office improvements); or (ii) arises under any provision of the ADA other than Title III thereof. Landlord may contest any alleged violation in good faith, including by applying for and obtaining a waiver or deferment of compliance, asserting any defense allowed by Requirements, and appealing any order or judgment to the extent permitted by Requirements; provided, however, that, after exhausting any rights to contest or appeal, Landlord shall perform any work necessary to comply with any final order or judgment. Notwithstanding the foregoing, Tenant, not Landlord, shall be responsible for the correction of any violations of Requirements that arise out of or in connection with any claims brought with respect to the Premises or Tenant's occupancy therein (including if such violation is outside the Premises) under any provision of the Americans with Disabilities Act other than Title III, the specific nature of the occupancy or use of or business in the Premises by Tenant or any of the other Tenant Parties (other than general office use and occupancy density), or the presence of one or more persons with a particular disability, the acts or omissions of Tenant or any of the other Tenant Parties and any repairs, alterations, additions or improvements performed by or on behalf of Tenant or any of the other Tenant Parties.

7.4 No Nuisance. Tenant shall not (i) do or permit anything to be done in or about the Premises, or any other portion of the Project, which would injure or annoy, or obstruct or interfere with the rights of, Landlord or other occupants of the Project, or others lawfully in or about the Project; (ii) use or allow the Premises to be used in any manner inappropriate for a first-class office building and the Project, or for any improper or objectionable purposes, or do or permit any act which in Landlord's sole judgment might damage the reputation of the Project; or (iii) cause, maintain or permit any nuisance or waste in, on or about the Premises, or any other portion of the Project.

7.5 Compliance With Environmental Laws; Use of Hazardous Materials. Without limiting the generality of Section 7.3 above, Tenant and all other Tenant Parties shall at all times comply with all applicable Environmental Laws with respect to: (i) the use and occupancy of the Premises pursuant to this Lease, and (ii) Tenant's and Tenant's Parties' access and/or use of any other areas at the Project. Tenant and all other Tenant Parties shall not generate, store, handle, or otherwise use, or allow, the generation, storage, handling, or use of, Hazardous Materials in the Premises or transport the same through the Project, except in accordance with the Rules and Regulations. Notwithstanding the foregoing, Tenant may handle, store, use and dispose of products containing small quantities of Hazardous Materials for "general office purposes" (such as toner for copiers and typical office cleaning products) to the extent customary and necessary for the Permitted Use of the Premises; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous Materials to contaminate the Premises, Building, or Project or surrounding land or environment. In the event of a release of any Hazardous Materials caused by, or due to the act or neglect of, Tenant or any other Tenant Parties, Tenant shall immediately notify Landlord and take such remedial actions as Landlord may direct in Landlord's sole discretion as necessary or appropriate to abate, remediate and/or clean up the same. If so elected by Landlord by notice to Tenant, Landlord shall take such remedial actions on behalf of Tenant at Tenant's sole cost and expense. In any event, Landlord shall have the right, without liability or obligation to Tenant, to direct and/or supervise Tenant's remedial actions and to specify the scope thereof and specifications therefor. Tenant and the other Tenant Parties shall use, handle, store and transport any Hazardous Materials in accordance with applicable Environmental Laws, and shall notify Landlord of any notice of violation of Environmental Laws which it receives from any governmental agency having jurisdiction. In no event shall Landlord be designated as the "generator" on, nor shall Landlord be responsible for preparing, any manifest relating to Hazardous Materials generated or used by Tenant or any other Tenant Parties.

8. Building Services.

8.1 Maintenance of Project. Landlord shall maintain the Common Areas, all exterior landscaping, the windows in the Building, the Building Systems, the telephone cable distribution system serving the Building to the telephone terminal on each Floor, the common shafts, stacks, pipes, conduits, and ducts containing such equipment and systems and the space containing them, and the structure of the Building, in good condition, except for ordinary wear and tear, damage by Casualty or condemnation (governed by Articles 12 and 13, respectively), or damage occasioned by the act or omission of Tenant or any other Tenant Parties, which damage shall be repaired by Landlord at Tenant's expense. Landlord shall have the right, exercised by Landlord in its sole discretion, in connection with its maintenance of the Project hereunder, (i) to change the arrangement and/or location of any Common Area amenity, installation or improvement, or other public parts of the Project, and (ii) to utilize portions of the Common Areas from time to time for entertainment, displays, product shows, leasing of kiosks or such other uses that Landlord may determine are desirable; provided that Landlord shall not have any right in connection therewith to materially and adversely affect Tenant's access to the Premises, except only as may be required to comply with Requirements or as a result of any fire or other Casualty or condemnation.

8.2 Building-Standard Services. Landlord shall cause to be furnished to Tenant: (i) tepid and cold water to those points of supply and in volumes provided for general use of tenants in the Building; (ii) electricity to the Premises for the operation of Tenant's electrical systems as follows: (A) for plug load at a demand load on a monthly basis of not less than five (5) watts per rentable square foot of the Premises; the foregoing demand load requirement shall exclude electrical wiring and facilities for connection to Tenant's lighting fixtures; the electricity so furnished for incidental use equipment will be at a nominal one hundred twenty (120) volts and no electrical circuit for the supply of such incidental use equipment will require a current capacity exceeding twenty (20) amperes, and (B) for the operation of Tenant's lighting at a demand load on a monthly basis of not less than 1.25 watts per rentable square foot of the Premises; (iii) so long as Tenant maintains an overall consistent occupancy density within the Premises (that is, portions of the Premises are not occupied in an overly dense clustered environment), heat, ventilation and air conditioning ("HVAC") generally consistent with Comparable Buildings (as reasonably determined by Landlord) from 7:00 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to 2:00 p.m. on Saturdays (except Building Holidays); (iv) passenger elevator service; (v) freight elevator service subject to then applicable Building-standard procedures and scheduling; (vi) lighting replacement for Building-standard lights; (vii) restroom supplies; (viii) window washing as determined by Landlord; and (ix) janitor service on a five (5) day per week basis (excluding Building holidays), except Landlord shall not be required to clean portions of the Premises used for preparing or consuming food or beverages or provide special treatment or services for above-standard tenant improvements. Landlord may establish in the Premises or other portions of the Project such measures as it deems necessary or appropriate to conserve energy, including automatic switching of lights and/or more efficient forms of lighting. When and if so elected by Landlord, in its sole discretion from time to time or at any time, Landlord may also provide security services for the Project (but not individually for Tenant or the Premises) of such scope and type as Landlord may determine in its sole discretion. Landlord shall not be liable in any manner to Tenant or any other Tenant Parties for any acts (including criminal acts) of others, or for any direct, indirect, or consequential damages, or any injury or damage to, or interference with, Tenant's business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, or other loss or damage, bodily injury or death, related to any malfunction, circumvention or other failure of any security services which Landlord elects to provide, or on account of Landlord's election not to provide any security service or services, or for the failure of any security services to prevent bodily injury, death, or property damage, or loss, or to apprehend any person suspected of causing such injury, death, damage or loss. If Tenant is billed directly by a public utility with respect to Tenant's energy usage at the Premises, then, upon request, Tenant shall provide monthly energy utility usage for the Premises to Landlord for the period of time requested by Landlord (in electronic or paper format) or, at Landlord's option, provide any written authorization or other documentation required for Landlord to request information regarding Tenant's energy usage with respect to the Premises directly from the applicable utility company.

8.3 Interruption or Unavailability of Services. Landlord shall not be in default hereunder or liable for any damages directly or indirectly resulting from, Rent shall not be abated, no constructive or other eviction shall be construed to have occurred, and Tenant shall not be relieved from any of its obligations under this Lease, by reason of the failure to furnish or delay in furnishing any maintenance or services under this Article 8, regardless of the cause of

such failure. Landlord shall use commercially reasonable efforts promptly to remedy any failure or interruption in the furnishing of such maintenance or services. Landlord makes no warranty or representation to Tenant regarding the adequacy or fitness of the heating, air conditioning or ventilation equipment in the Project or the Premises to maintain temperatures that may be required for, or because of, any of Tenant's fixtures or equipment which uses other than the fractional horsepower normally required for standard office equipment and Landlord shall have no liability for loss or damage suffered by Tenant or others in connection therewith. However, notwithstanding the foregoing, if the Premises, or a material portion of the Premises, are made untenable for a period in excess of five (5) consecutive business days solely as a result of an interruption, diminishment or termination of any essential services that Landlord is obligated to provide pursuant to the terms of this Lease due to Landlord's (or Landlord's employees' contractors' or representatives') active negligence or willful misconduct and such interruption, diminishment or termination of services is otherwise reasonably within the control of Landlord to correct (a "**Service Failure**"), then Tenant, as its sole remedy, shall be entitled to receive an abatement of the Base Rent payable hereunder during the period beginning on the sixth (6th) consecutive business day of the Service Failure and ending on the day the interrupted service has been restored. If the entire Premises have not been rendered untenable by the Service Failure, the amount of abatement shall be equitably prorated.

8.4 Tenant's Use of Excess Electricity and Water; Premises Occupancy Load. Tenant shall not, without Landlord's prior consent, which shall not be unreasonably withheld: (i) install in the Premises, (A) lighting, equipment, and/or apparatus, the aggregate average monthly power usage of which exceeds the usage Landlord reasonably determines to be typical, normal and customary for occupants of the Building and consistently applies to all such occupants, (B) heat-generating or heat-sensitive equipment, or lighting other than Building-standard lights, (C) supplementary air conditioning facilities, (D) Alterations which reconfigure the Premises, or fixtures or equipment therein, which adversely affect the temperature otherwise maintained by the Building-standard HVAC system, or (E) equipment that requires a separate temperature-controlled room, or (ii) subject to the terms and conditions of this Lease, permit occupancy levels in excess of one person per one hundred fifty (150) feet of rentable area (the "**Standard Density**"). If, pursuant to this Section 8.4, Landlord consents to any installation or occupancy pursuant to clauses (i) or (ii) above, Landlord may, at Landlord's election after notice to Tenant or upon Tenant's request, install such supplementary air conditioning facilities in the Premises, or otherwise modify the heating, ventilation and air conditioning system serving the Premises, and/or increase the supply of electricity to the Premises, in order to maintain the temperature otherwise maintained by the Building HVAC system, and/or to supply any increase in the electricity demand of the Premises, and/or to serve any separate temperature-controlled room. Tenant shall pay the cost of any transformers, additional risers, panel boards, and all other facilities if, when and to the extent installed hereunder or required to furnish power for, and all costs of supplying and maintaining, any supplementary air conditioning facilities or modified ventilating and air conditioning equipment. The capital, maintenance and service costs of installing, supplying, and maintaining any such facilities, utilities, and modifications, as reasonably determined by Landlord, shall be paid by Tenant as Rent.

Tenant acknowledges and agrees that the improvements in the Initial Premises existing as of the date of this Lease were designed to accommodate an occupancy level of one person per two hundred (200) square feet of rentable area (the "**Initial Premises Standard Density**"). If and to

the extent that Tenant desires additional HVAC services to service the Initial Premises as a result of Tenant's occupancy of the Initial Premises at a density greater than the Initial Premises Standard Density, and/or desires additional HVAC services to service the other components of the Premises as a result of Tenant's occupancy of such other components of the Premises at a density greater than the Standard Density, Tenant will bear the actual cost of providing such additional HVAC service (which may include modification of the HVAC or other systems and/or the installation of new or upgraded equipment and components thereof). Unless and until the Premises are upgraded (if necessary) to accommodate Tenant's occupancy density as set forth above, with respect to services affected thereby, or if Tenant, not Landlord, performs the upgrade, the standard to which Landlord is required to provide such services as set forth in this Lease shall not apply.

If Landlord reasonably believes that Tenant is using excess electricity or water, Landlord, at its election, may also install and maintain an electric current meter or water meter (together with all necessary wiring and related equipment) at the Premises to measure the power and/or water usage of electricity and/or such ventilation and air conditioning equipment, or may otherwise cause such usage to be measured by reasonable methods; if any such meter verifies that Tenant is using excess electricity or water, the cost of procurement and installation of such meter shall be reimbursed by Tenant to Landlord. If Tenant is billed directly by a public utility with respect to Tenant's energy usage at the Premises, then, upon request, Tenant shall provide monthly energy utility usage for the Premises to Landlord for the period of time requested by Landlord (in electronic or paper format) or, at Landlord's option, provide any written authorization or other documentation required for Landlord to request information regarding Tenant's energy usage with respect to the Premises directly from the applicable utility company.

8.5 Provision of Additional Services. If Tenant desires services in amounts additional to or at times different from those set forth in Section 8.2 above, or any other services that are not provided for in this Lease, Tenant shall make a request for such services to Landlord with such advance notice as Landlord may reasonably require. If Landlord provides such services to Tenant, Tenant shall pay Landlord's then-standard charges for such services (including Landlord's then Building-standard administrative fee and such indirect costs as engineers' expenses and a reasonable allowance for wear and tear on the Building Systems) within thirty (30) days after Tenant's receipt of Landlord's invoice.

8.6 Tenant's Supplemental Air Conditioning. If Landlord consents to Tenant's installation of supplementary air conditioning facilities under Section 8.4 above or the Work Letter, Tenant shall have access to and use of the Building's condenser water up to and not to exceed five (5) tons per full floor of Premises for such facilities. Tenant shall reimburse Landlord for (i) Landlord's then-current Building standard charges for Tenant's usage of such condenser water, and (ii) Tenant's Percentage Share of Landlord's then-current Building standard charges for maintaining the system that supplies such condenser water, within thirty (30) days after Tenant's receipt of Landlord's invoice. Landlord shall have the right to install, at Tenant's cost and expense, meters to measure Tenant's usage hereunder for purposes of calculating the charges payable by Tenant for such condenser water.

8.7 Access. Tenant shall have access to the Building and the Premises for Tenant and its employees 24 hours per day/7 days per week, subject to the terms of this Lease and such security or monitoring systems as Landlord may reasonably impose, including, without limitation, sign-in procedures and/or presentation of identification cards to the extent applicable.

9. Maintenance of Premises. Tenant shall, at Tenant's cost and expense, keep the non-structural portions of the Premises in good condition and repair, except for ordinary wear and tear, damage by Casualty or condemnation, and the maintenance and repair to be performed by Landlord pursuant to Section 8.1 above. Except as specifically set forth in this Lease, Landlord (i) has no obligation to alter, remodel, improve, repair, decorate or paint the Premises, or any part thereof, and (ii) has no obligation respecting the condition, maintenance and repair of the Premises or any other portion of the Project. Tenant hereby waives all rights, including under SubSection I of Section 1932 and Sections 1941 and 1942 of the California Civil Code and under any similar law now or hereafter in effect, to make repairs which are Landlord's obligation under this Lease at the expense of Landlord or to receive any setoff or abatement of Rent or in lieu thereof to vacate the Premises or terminate this Lease.

10. Alterations to Premises. All Alterations shall be made in accordance with the Construction Guide, the Building-standard procedures, specifications, and details (including the standard for construction and quality of materials in the Project) as then established by Landlord, all applicable Requirements, and the provisions of this Article 10. In the event of any conflict between this Article 10 and the Construction Guide, the Building-standard procedures, specifications or details then in effect, the provisions of this Article 10 shall govern.

10.1 Landlord Consent; Procedure. Tenant shall not make or permit to be made any Alterations without Landlord's prior written consent, which as to only any Major Alterations may be given or withheld in Landlord's sole discretion.

Landlord agrees to respond to any written request by Tenant for approval of Alterations tendered to Landlord in accordance with the terms and conditions of this Lease which approval is required hereunder within ten (10) business days after delivery of Tenant's written request (provided, however, of such Alterations are structural in nature, such time period shall be increased to fifteen (15) business days); Landlord's response shall be in writing and, if Landlord withholds its consent, Landlord shall specify in reasonable detail in Landlord's notice of disapproval, the basis for such disapproval. If Landlord fails to notify Tenant of Landlord's approval or disapproval within such ten (10) business day period (or fifteen (15) business day period, as the case may be), Tenant shall have the right to provide Landlord with a second written request for approval (a "**Second Request**") that specifically identifies the applicable Plans and contains the following statement in bold and capital letters: "**THIS IS A SECOND REQUEST FOR APPROVAL PURSUANT TO THE PROVISIONS OF SECTION 10.1 OF THE LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE ALTERATIONS DESCRIBED HEREIN.**" If Landlord fails to respond to such Second Request within five (5) business days after receipt by Landlord, the work in question (other than structural Alterations) shall be deemed approved by Landlord. If Landlord timely delivers to Tenant notice of Landlord's disapproval of any plans, Tenant may revise Tenant's plans to incorporate the changes suggested by Landlord in Landlord's notice of disapproval, and resubmit such plans to Landlord; in such event, the scope of Landlord's review of such plans shall be limited to Tenant's correction of the items in which Landlord had

previously objected in writing and to any other portion of such plans affected or otherwise impacted by the changes. Landlord's review and approval (or deemed approval) of such revised plans shall be governed by the provisions set forth above in this Section 10.1). The procedure set out above for approval of Tenant's plans will also apply to any change, addition or amendment to Tenant's plans.

10.2 General Requirements.

(a) Except as otherwise provided in the Work Letter with respect to the initial leasehold improvements to the Premises (if any), all Alterations shall be designed and performed by Tenant at Tenant's cost and expense; provided, however, that if any Alterations require work to be performed outside the Premises, Landlord may elect to perform such portion of such work at Tenant's expense.

(b) All Alterations shall be performed only by contractors, engineers or architects approved by Landlord, and shall be made in accordance with complete and detailed architectural, mechanical and engineering plans and specifications approved in writing by Landlord. Landlord shall not unreasonably withhold or delay its approval of any such contractors, engineers, architects, plans or specifications; provided, however, that Landlord may specify contractors, engineers or architects to perform work affecting the structural portions of the Project or the Building Systems, provided that such vendors will charge commercially reasonable rates for providers of similar services with similar experience and expertise. Landlord and Tenant acknowledge and agree that as of the date of this Lease, the following are the approved structural professionals to be used at the Building provided that Landlord may amend the list of approved structural professionals by providing written notice thereof to Tenant): Patrick Buscovich & Associates and Rivera Consulting Group. Tenant shall engage only labor that is harmonious and compatible with other labor working in the Project. In the event of any labor disturbance caused by persons employed by Tenant or Tenant's contractor, Tenant shall immediately take all actions necessary to eliminate such disturbance.

(c) Prior to commencement of the Alterations (including, without limitation, the Tenant Improvements in the Premises), Tenant shall deliver to Landlord (i) any building or other permit required by Requirements in connection with the Alterations; and (ii) a copy of executed construction contract(s). In addition, Tenant shall require its general contractor to carry and maintain the following insurance at no expense to Landlord, and Tenant shall furnish Landlord with satisfactory evidence thereof prior to the commencement of construction of the Alterations: (A) commercial general liability insurance with limits of not less than Five Million Dollars (\$5,000,000.00) combined single limit for bodily injury and property damage, including personal injury and death, and contractor's protective liability, and products and completed operations coverage in an amount not less than Five Million Dollars (\$5,000,000.00) in the aggregate; (B) commercial automobile liability insurance with a policy limit of not less than Five Million Dollars (\$5,000,000.00) each accident for bodily injury and property damage, providing coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto," and insuring against all loss in connection with the ownership, maintenance and operation of automotive equipment that is owned, hired or non-owned; and (C) worker's compensation with statutory limits and employer's liability insurance with a limit of not less than One Million Dollars (\$1,000,000.00) per

occurrence. All insurance required by this Article 10 shall be issued by solvent companies qualified to do business in the State of California, and with a Best & Company rating of A:VII or better. All such insurance policies (except workers' compensation insurance) shall (i) provide that Landlord, Landlord's managing agent, any Encumbrancer, PR Post Montgomery LLC, a Delaware limited liability company, PRISAREIT, Inc., a Florida corporation, PRISA LHC, LLC, a Delaware limited liability company, Prudential Investment Management, Inc., and any other person reasonably requested by Landlord is designated as an additional insured with respect to liability arising out of work performed by or for Tenant's general contractor without limitation as to coverage afforded under such policy pursuant to an endorsement providing coverage at least as broad as ISO form CG 20 37 10 01 or its equivalent, (2) specify that such insurance is primary and that any insurance or self-insurance maintained by Landlord shall not contribute with it, and (3) provide that the insurer agrees not to cancel the policy without at least thirty (30) days' prior written notice to all additional insureds (except in the event of a cancellation as a result of nonpayment, in which event the insurer shall give all additional insureds at least ten (10) days' prior notice) (provided, however, that in the event that Tenant's insurance carrier will not provide such notice to Landlord, then Tenant must provide such written notice to Landlord within the time frames set forth above). Tenant shall cause Tenant's general contractor to notify Landlord within ten (10) days after any material modification of any policy of insurance required under this Article. Upon Landlord's request, Tenant shall deliver certificates of insurance for such policies. Tenant's general contractor shall furnish Landlord evidence of insurance for its subcontractors as may be reasonably required by Landlord. Tenant acknowledges and agrees that Landlord may require other types of insurance coverage and/or increase the insurance limits set forth above if Landlord determines such increase is required to protect adequately the parties named as insureds or additional insureds under such insurance. Notwithstanding the foregoing, except to the extent required by any Encumbrancer, Landlord shall only require any such increase in the amount of existing insurance required pursuant to this Section in the event that (i) Landlord reasonably determines that the amount of insurance carried by Tenant hereunder is materially less than the amount or type of insurance coverage typically carried by tenants of the Building and owners (which owners are comparable to Landlord) or tenants of Comparable Buildings, or (ii) if Tenant's use of the Premises should change with or without Landlord's consent and such changed use reasonably justifies an adjustment to Tenant's insurance coverage.

(d) Tenant shall give Landlord at least twenty (20) days' prior written notice of the date of commencement of any construction on the Premises to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall comply with the requirements of Sections 8700 through 8730 of the California Civil Code as the contracting owner, to the extent applicable, and prior to commencement of construction, Tenant shall provide Landlord with evidence of compliance with said statute. Tenant acknowledges that the contractual waiver of the benefits of California Civil Code Sections 8700 through 8730 is expressly declared to be against public policy.

(e) Tenant shall cause Alterations to be constructed in a good and workmanlike manner and in such a manner and at such times so that any such work shall not disrupt or interfere with the use, occupancy or operations of other tenants or occupants of the Project, and complete the same with due diligence as soon as possible after commencement. All trash which may accumulate in connection with Tenant's construction activities shall be removed by Tenant at its own expense from the Premises and the Project.

(f) In addition to the foregoing, as a condition of its consent to Alterations hereunder costing in excess of One Hundred Thousand Dollars (\$100,000.00), Landlord may impose any reasonable Requirements that Landlord considers reasonably necessary, including a requirement that Tenant provide Landlord with a surety bond, a letter of credit, or other financial assurance that the cost of the Alterations will be paid when due.

10.3 Landlord's Right to Inspect. Landlord or its agents shall have the right (but not the obligation) to inspect the construction of Alterations, and to require corrections of faulty construction or any material deviation from the plans for such Alterations as approved by Landlord; provided, however, that no such inspection shall (i) be deemed to create any liability on the part of Landlord, or (ii) constitute a representation by Landlord that the work so inspected conforms with such plans or complies with any applicable Requirements, or (iii) give rise to a waiver of, or estoppel with respect to, Landlord's continuing right at any time or from time to time to require the correction of any faulty work or any material deviation from such plans. In addition, under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expense incurred by Tenant on account of Tenant's plans and specifications, Tenant's contractors, mechanics or engineers, design or construction of any Alteration, or delay in completion of any Alteration. Notwithstanding the foregoing, except in emergency situations, as determined by Landlord, Landlord shall exercise reasonable efforts to perform any entry into the Premises in a manner that is reasonably designed to minimize interference with Tenant's performance of any such Alterations.

10.4 Tenant's Obligations Upon Completion. Promptly following completion of any Alterations, Tenant shall (i) furnish to Landlord "as-built" drawings and specifications in CAD format showing the Alterations as made and constructed in the Premises, (ii) cause a timely notice of completion to be recorded in the Office of the Recorder of the County of San Francisco in accordance with Civil Code Section 8182 or any successor statute, and (iii) deliver to Landlord evidence of full payment and unconditional final waivers of all liens for labor, services, or materials in excess of Five Thousand Dollars (\$5,000.00) in the aggregate.

10.5 Repairs. If any part of the Building Systems shall be damaged during the performance of Alterations, Tenant shall promptly notify Landlord, and Landlord may elect to repair such damage at Tenant's expense. Alternatively, Landlord may require Tenant to repair such damage at Tenant's sole expense using contractors approved by Landlord.

10.6 Ownership and Removal of Alterations.

(a) Ownership. All Alterations shall become a part of the Project and immediately belong to Landlord without compensation to Tenant, unless Landlord consents otherwise in writing; provided, however, that equipment and movable furniture shall remain the property of Tenant.

(b) **Removal.** Subject to the terms and conditions of this Lease, if required by Landlord, Tenant, prior to the expiration of the Term or sooner termination of this Lease, shall, at Tenant's sole cost and expense, timely (i) remove any or all Specialty Alterations (as defined below in this [Section 10.6](#)), (ii) restore the Premises to the condition existing prior to the installation of such Specialty Alterations, and (iii) repair all damage to the Premises or Project caused by the removal of such Specialty Alterations. With respect to those Specialty Alterations which may be required to be removed at the expiration or earlier termination of the Term of this Lease, Tenant may, at its election and by sending written notice to Landlord no sooner than one hundred fifty (150) days and no later than one hundred twenty (120) days before the expiration of the then-current Term of this Lease, request in writing, using large and conspicuous font, that Landlord identify those portions of any Specialty Alterations that shall be required to be removed on or before the expiration or termination of the Term of the Lease (provided, however, in any event, unless otherwise notified by Landlord, Tenant shall remove all wire and cabling (including, without limitation, the Lines) installed by or on behalf of Tenant at or servicing the Premises). Landlord shall identify those portions of any Specialty Alterations that Tenant shall be required to remove in a written notice tendered to Tenant at least ninety (90) days prior to the expiration or earlier termination of this Lease, if and to the extent that Landlord fails to identify any Specialty Alterations in such time period, Landlord shall be deemed to have waived the right to require removal of any such Specialty Alterations not included in a removal notice (provided that in any event Tenant shall be required to remove data and voice cabling installed as part of such Specialty Alterations).

Tenant shall use a contractor designated by Landlord for any such removal and repair. If Tenant fails to remove, restore and repair under this Section, then Landlord may remove such Specialty Alterations and perform such restoration and repair, and Tenant shall reimburse Landlord for costs and expenses incurred by Landlord in performing such removal, restoration and repair. Subject to the foregoing provisions regarding removal, all Alterations shall be Landlord's property and at the expiration of the Term or termination of this Lease shall remain on the Premises without compensation to Tenant. Notwithstanding the foregoing, it is agreed that other than Lines, Tenant shall have no obligation to remove any standard office improvements shown on the Plans and Specifications (as defined in Exhibit C attached hereto) as of the date of this Lease (other than data and voice wire and cabling which shall be required to be removed at the expiration or earlier termination of this Lease unless Landlord otherwise notifies Tenant in writing).

As used herein, a "**Specialty Alteration**" shall mean any Alteration that is not a normal and customary general office improvement, including, but not limited to improvements which (i) perforate, penetrate or require reinforcement of a floor slab (including, without limitation, interior stairwells or high-density filing or racking systems), (ii) consist of the installation of a raised flooring system, (iii) consist of the installation of a vault or other similar device or system intended to secure the Premises or a portion thereof in a manner that exceeds the level of security necessary for ordinary office space, (iv) involve material plumbing connections (such as, for example but not by way of limitation, kitchens, saunas, showers, and executive bathrooms outside of the Building core and/or special fire safety systems), (v) consist of the dedication of any material portion of the Premises to non-office usage (such as classrooms, bicycle storage rooms, kitchens, laboratories, manufacturing facilities), or (vi) can be seen from outside the Premises. For avoidance of doubt, an open ceiling will not be considered a Specialty Alteration.

Notwithstanding anything to the contrary contained herein, so long as Tenant's written request for consent for a proposed Specialty Alteration contains the following language "PURSUANT TO **ARTICLE 10 OF THE LEASE, IF LANDLORD CONSENTS TO THE SUBJECT SPECIALTY ALTERATION, LANDLORD SHALL NOTIFY TENANT IN WRITING WHETHER OR NOT LANDLORD WILL REQUIRE SUCH SPECIALTY ALTERATION TO BE REMOVED AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE.**", at the time Landlord gives its consent for any Specialty Alteration, if it so does, Tenant shall also be notified whether or not Landlord will require that such Specialty Alteration be removed upon the expiration or earlier termination of this Lease. If Tenant's written notice strictly complies with the foregoing and if Landlord fails to notify Tenant within twenty (20) days of Landlord's receipt of such notice whether Tenant shall be required to remove the Specialty Alteration at the expiration or earlier termination of this Lease, Tenant may, within fifteen (15) days following the expiration of the twenty (20) day period described above, provide to Landlord a second written notice (the "**Second Notice**") substantially in compliance with the foregoing requirements but also substantially containing the following language: "**THIS IS TENANT'S SECOND NOTICE TO LANDLORD. LANDLORD FAILED TO RESPOND TO TENANT'S FIRST NOTICE IN ACCORDANCE WITH THE TERMS OF ARTICLE 10 OF THE LEASE. IF LANDLORD FAILS TO RESPOND TO THIS NOTICE IN FIVE (5) BUSINESS DAYS WITH RESPECT TO TENANT'S OBLIGATION TO REMOVE THE SUBJECT SPECIALTY ALTERATION, TENANT SHALL HAVE NO OBLIGATION TO REMOVE THE SUBJECT SPECIALTY ALTERATION AT THE EXPIRATION OR EARLIER TERMINATION OF ITS LEASE**". If (a) Tenant's second written notice strictly complies with the terms of this Section 10.6, (b) Landlord fails to notify Tenant within five (5) business days of Landlord's receipt of such second written notice, Tenant will not be required to remove the subject Specialty Alterations at the expiration or earlier termination of this Lease (provided that in any event unless otherwise specifically notified in writing by Landlord, Tenant shall be required to remove all data and voice wire and cabling installed by or on behalf of Tenant (including, without limitation, the Lines).

10.7 Minor Alterations. Notwithstanding any provision in the foregoing to the contrary, Tenant may construct Minor Alterations in the Premises without Landlord's prior written consent, but with prior notification to Landlord. Before commencing construction of Minor Alterations, Tenant shall submit to Landlord such documentation as Landlord may reasonably require to determine whether Tenant's proposed Alterations qualify as Minor Alterations. Except to the extent inconsistent with this Section 10.7, Minor Alterations shall otherwise comply with the provisions of this Article 10. All references in this Lease to "**Alterations**" shall mean and include Minor Alterations, unless specified to the contrary.

10.8 Landlord's Fee. In connection with installing or removing Alterations, Tenant shall pay to Landlord the following construction management fee: (i) for improvements or other work managed by Landlord, such construction management fee shall be 5% of the total hard and soft costs of such improvements or other work if such cost are equal to or less than \$500,000.00, 4% of the total hard and soft costs of such improvements or other work if such cost are greater than \$500,000.00 but not more than \$1,000,000.00, and 3% of the total hard and soft costs of such improvements or other work if such cost are greater than \$1,000,000.00, and (ii) for improvements or other work managed by Tenant (excluding the cost of cabling and wiring of Tenant's furniture, audio-visual equipment costs, and the cost of Tenant's furniture) such

construction management fee shall be 1% of the total hard and soft costs of such improvements or other work (provided that for purposes of calculating the construction management fee, such costs shall exclude the cost of cabling and wiring of Tenant's furniture, audio-visual equipment costs, and the cost of Tenant's furniture).

Such fee is compensation for the review and approval of Tenant's plans, specifications and working drawings, and administration by Landlord of the construction, installation or removal of Alterations, and restoration of the Premises to their previous condition. Landlord may hire third parties to review Tenant's plans, specifications and working drawings and/or to supervise the construction, installation or removal of Alterations from the Premises, in which event Tenant shall reimburse Landlord for the reasonable out-of-pocket fees and costs charged by such third parties. Tenant shall pay the amount of all fees and costs owing pursuant to this Section 10.8 within thirty (30) days after receipt from Landlord of a statement or invoice therefor.

11. Liens. Tenant shall keep the Project free from any liens arising out of any work performed or obligations incurred by or for, or materials furnished to, Tenant pursuant to this Lease or otherwise. Landlord shall have the right to post and keep posted on the Premises any notices permitted or required by law or which Landlord may deem to be proper for the protection of Landlord and the Project from such liens. If Tenant does not, within ten (10) business days following Landlord's notice to Tenant of the recording of notice of any such lien, cause the same to be released of record or bonded against, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by any means as Landlord shall deem proper, including by payment of the claim giving rise to such lien. All sums paid by Landlord for such purpose, and all expenses incurred by it in connection therewith, shall be payable to Landlord by Tenant, as additional rent, on demand, together with interest at the Interest Rate from the date such expenses are incurred by Landlord to the date of the payment thereof by Tenant to Landlord. The bond permitted under this Section shall be issued by a company reasonably acceptable to Landlord.

12. Damage or Destruction.

12.1 Obligation to Repair. Except as otherwise provided in this Article 12, if the Premises, or any other portion of the Project necessary for Tenant's use and occupancy of the Premises, are damaged or destroyed by Casualty, Landlord shall, within ninety (90) days after Landlord obtains actual knowledge of such damage or destruction ("**Casualty Discovery Date**") or as soon thereafter as possible, notify Tenant (a "**Casualty Notice**") of the estimated time, in Landlord's reasonable judgment, required to repair such damage or destruction. If Landlord estimates that the necessary repairs can be completed within one hundred eighty (180) days after Landlord's Casualty Notice, and if Landlord receives insurance proceeds sufficient for such purpose, then (i) Landlord shall repair the Premises, and/or the portion of the Project necessary for Tenant's use and occupancy of the Premises, to substantially the condition existing immediately before such damage or destruction, to the extent permitted by and subject to then applicable Requirements; (ii) this Lease shall remain in full force and effect; and (iii) to the extent such damage or destruction did not result from the negligence or willful act or omission of Tenant or any other Tenant Parties, Base Rent shall abate, for such part of the Premises rendered unusable by Tenant in the conduct of its business during the time such part is so unusable, in the proportion that the rentable area contained in the unusable part of the Premises bears to the total rentable area of the Premises.

12.2 Landlord's Election. If Landlord estimates that the necessary repairs cannot be completed within two hundred forty (240) days after the date of Landlord's Casualty Notice, or if insurance proceeds are insufficient for such purpose, or if Landlord does not otherwise have the obligation to repair or restore the damage or destruction pursuant to Section 12.1, then in any such event Landlord may elect, in Landlord's Casualty Notice to Tenant pursuant to Section 12.1, to (i) terminate this Lease or (ii) repair the Premises or the portion of the Project necessary for Tenant's use and occupancy of the Premises pursuant to the applicable provisions of Section 12.1 above. If Landlord terminates this Lease, then this Lease shall terminate as of the date specified in Landlord's notice.

12.3 Tenant's Election. Tenant shall have the right to terminate this Lease if: (a) a substantial portion of the Premises has been damaged by or rendered inaccessible by a Casualty and the Casualty Notice provides that such damage cannot reasonably be repaired (as reasonably determined by Landlord) within two hundred forty (240) days after Landlord's Casualty Notice; (b) the Casualty was not caused by the negligence or willful misconduct of Tenant or any of the Tenant Parties; and (c) Tenant provides Landlord with written notice of its intent to terminate within thirty (30) days after the date of the Casualty Notice. Notwithstanding the foregoing, if Tenant was entitled to but elected not to exercise its right to terminate this Lease and Landlord does not substantially complete the repair and restoration of the Premises within sixty (60) days after the expiration of the estimated period of time set forth in Landlord's Casualty Notice, which period shall be extended to the extent of any delays caused by Tenant or delays due to insurance, then Tenant may terminate this Lease by written notice to Landlord within thirty (30) days after the expiration of such period, as the same may be so extended; provided, however, if Landlord completes the subject repair and restoration prior to the expiration of such thirty (30) day period, Tenant's termination of this Lease shall be deemed null and void and of no further force and effect.

12.4 Cost of Repairs. Upon the occurrence of any damage to the Premises, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under the insurance policies Tenant is required to carry under subsections and (iii) of Section 14.1(c), other than insurance proceeds attributable to Tenant's personal property, including without limitation cabling and wiring installed by Tenant in the Premises. If neither party elects to terminate this Lease pursuant to the provisions of this Article 12, Landlord shall repair the Building Systems and any portion of the Project necessary for Tenant's use and occupancy of the Premises and, to the extent Landlord receives insurance proceeds therefor, all improvements in the Premises, including Alterations. Tenant shall replace or repair, at Tenant's cost and expense, Tenant's furniture, equipment, trade fixtures and other personal property in the Premises.

12.5 Damage at End of Term. Notwithstanding anything to the contrary contained in this Article 12, if the Premises, or any portion thereof or of the Project necessary for Tenant's access to or use and occupancy of the Premises for the Permitted Use (as reasonably determined by Landlord), are damaged or destroyed by Casualty within the last twelve (12) months of the Term and Landlord estimates that the necessary repairs cannot be completed

within ninety (90) days, then Landlord and Tenant shall each have the right, in their sole discretion, to terminate this Lease by notice to the other party given within ninety (90) days after the Casualty Discovery Date. Such termination shall be effective on the date specified in such notice, but in no event later than the end of such ninety (90) day period .

12.6 Waiver of Statutes. The respective rights and obligations of Landlord and Tenant in the event of any damage to or destruction of the Premises, or any other portion of the Project, are governed exclusively by this Lease. Accordingly, Tenant hereby waives the provisions of any law to the contrary, including California Civil Code Sections 1932(2) and 1933(4), providing for the termination of a lease upon destruction of the leased property.

12.7 No Discrimination. If Landlord has the right to terminate this Lease pursuant to this Article 12, Landlord agrees to exercise such right in a nondiscriminatory fashion among leases affecting the Building. Consideration of the following factors in arriving at its decision shall not be deemed discriminatory : length of term remaining on this Lease, time needed to repair and restore, costs of repair and restoration not covered by insurance proceeds, Landlord's plans to repair and restore common areas serving the Premises, Landlord's plans for repair and restoration of the Building, and other relevant factors of Landlord's decision as long as they are applied to Tenant in the same manner as other tenants.

13. Eminent Domain.

13.1 Effect of Taking. Except as otherwise provided in this Article 13, if all or any part of the Premises is taken as a result of the exercise of the power of eminent domain or condemned for any public or quasi-public purpose, or if any transfer is made in avoidance of such exercise of the power of eminent domain (collectively, "taken" or a "taking"), this Lease shall terminate as to the part of the Premises so taken as of the effective date of such taking. On a taking of a portion of the Premises, Landlord and Tenant shall each have the right to terminate this Lease by notice to the other given within sixty (60) days after the effective date of such taking, if the portion of the Premises taken is of such extent and nature so as to materially impair Tenant's business use of the balance of the Premises. Such termination shall be operative as of the effective date of the taking. Landlord may also terminate this Lease on a taking of any portion of the Project if Landlord determines in its sole discretion that (i) such taking is of such extent and nature as to render the operation of the remaining Project economically infeasible or to require a substantial alteration or reconstruction of such remaining portion, or (ii) the amount of the award payable to Landlord under Section 13.2 below, after deducting all costs and expenses incurred by Landlord in connection with such taking, is not sufficient to restore the Project (including the Premises) pursuant to Section 13.3 below. Landlord shall elect termination under clause (i) or (ii) above by notice to Tenant given within ninety (90) days after the effective date of such taking or as soon thereafter as possible, and such termination shall be operative as of the effective date of such taking. Upon a taking of the Premises which does not result in a termination of this Lease (other than as to the part of the Premises so taken), the Base Rent shall thereafter be reduced as of the effective date of such taking in the proportion that the rentable area of the Premises so taken bears to the total rentable area of the Premises.

13.2 Condemnation Proceeds. All compensation awarded or received in connection with a taking shall be the property of Landlord, and Tenant hereby assigns to Landlord any and all elements of said compensation which Tenant would, in the absence of said assignment, have been entitled to receive. Specifically, and without limiting the generality of the foregoing, said assignment is intended to include: (i) the “bonus value” represented by the difference, if any, between Rent under this Lease and market rent for the unexpired Term of this Lease, (ii) the value of improvements to the Premises, whether said improvements were paid for by Landlord or by Tenant, (iii) the value of any trade fixtures, and (iv) the value of any and all other items and categories of property for which payment of compensation may be made in any such taking. Notwithstanding the foregoing, Tenant shall be entitled to receive any award of compensation for loss of or damage to the goodwill of Tenant’s business (but only to the extent the same does not constitute “bonus value”) and for any moving or relocation expenses which Tenant is entitled under the law to recover directly from the public agency which acquires the Premises.

13.3 Restoration of Premises. On a taking of the Premises which does not result in a termination of this Lease (other than as to the part of the Premises so taken), Landlord and Tenant shall restore the Premises to substantially the condition existing immediately before such taking, to the extent commercially reasonable and as permitted by and subject to then applicable Requirements . Landlord and Tenant shall perform such restoration in accordance with the applicable provisions and allocation of responsibility for repair and restoration of the Premises on damage or destruction pursuant to Article 12 above, and both parties shall use any awards received by such party attributable to the Premises for such purpose.

13.4 Taking at End of Term. Notwithstanding anything to the contrary contained in this Article 13, if the Premises, or any portion thereof or of the Project servicing or providing access to the Premises or any Building system servicing the Premises or any other material or critical portion of the Project (as reasonably determined by Landlord), are taken within the last eighteen (18) months of the Term, then Landlord shall have the right, in its sole discretion, to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. Such termination shall be effective on the date specified in Landlord’s notice to Tenant, but in no event later than the end of such ninety (90) day period.

13.5 Tenant Waiver. The rights and obligations of Landlord and Tenant on any taking of the Premises or any other portion of the Project are governed exclusively by this Lease. Accordingly, Tenant hereby waives the provisions of any law to the contrary, including California Code of Civil Procedure Sections 1265.120 and 1265.130, or any similar successor statute.

14. Insurance.

14.1 Liability Insurance. Prior to entering the Premises and throughout the Term, Tenant, at its cost and expense, shall procure and maintain the following insurance:

(a) Commercial General Liability Insurance. Tenant shall maintain a policy(ies) of commercial general liability insurance written on an “occurrence” basis, with limits of liability, in the aggregate, of not less than Five Million Dollars (\$5,000,000.00). Such policy(ies) shall cover bodily injury, property damage, personal injury, and advertising injury arising out of or relating (directly or indirectly) to Tenant’s business operations, conduct,

assumed liabilities, or use or occupancy of the Premises or the Project, and shall include all the coverages typically provided by the Broad Form Commercial General Liability Endorsement, including broad form property damage coverage (which shall include coverage for completed operations), subject to industry-standard exceptions and exclusions that are normal and customary in commercial general liability policies similar to those requested by this Lease in the same geographic region. Tenant's liability coverage shall further include premises-operations coverage, products liability coverage (if applicable), products-completed operations coverage, owners and contractors protective coverage (when reasonably required by Landlord), and contractual coverage including written contracts. It is the parties' intent that Tenant's contractual liability coverage provide coverage to the maximum extent possible of Tenant's indemnification obligations under this Lease.

So long as the coverage afforded Landlord, the other additional insureds and any designees of Landlord shall not be reduced or otherwise adversely affected, all or part of Tenant's insurance may be carried under a blanket policy covering the Premises and any other of Tenant's locations, or by means of a so called "Umbrella" policy.

(b) Tenant's Workers' Compensation and Employer Liability Coverage. Tenant shall maintain workers' compensation insurance as required by law and employer's liability insurance with limits of no less than One Million Dollars (\$1,000,000.00) per occurrence.

(c) Tenant's Property Insurance. Tenant shall maintain property insurance coverage, extended coverage and special extended coverage insurance for (i) all office furniture, trade fixtures, office equipment, merchandise, and all other items of Tenant's property in, on, at, or about the Premises and the Project, (ii) the Tenant Improvements, as that term is defined in the Work Letter (including during installation and after completion), and any other improvements which exist in the Premises as of the date of this Lease, other than the base Building Improvements which are intended to be insured and/or restored by Landlord, and (iii) all Alterations (including during installation and after completion). Such policy shall (1) be written on the broadest available "all risk" (special-causes-of-loss) policy form or an equivalent form acceptable to Landlord, (2) include an agreed-amount endorsement for no less than the full replacement cost (new without deduction for depreciation) of the covered items and property, and (3) include vandalism and malicious mischief coverage, sprinkler leakage coverage, and earthquake sprinkler leakage coverage.

(d) Business Interruption, Loss of Income, and Extra Expense Coverage. Tenant shall maintain business interruption, loss of income, and extra expense insurance covering all direct loss of income and charges and costs incurred arising out of special form perils, failures, including failures or interruptions of Tenant's business equipment (including, without limitation, telecommunications equipment), and the prevention of, or denial of use of or access to, all or part of the Premises or the Project, as a result of covered perils, failures, or interruptions. The business interruption, loss of income, and extra expense coverage shall provide coverage for no less than the greater of (i) six (6) months, and (ii) Fifteen Million Dollars (\$15,000,000) in coverage, and shall be carried in amounts necessary to avoid any coinsurance penalty that could apply. The business interruption, loss of income and extra expense coverage shall be issued by the insurer that issues Tenant's property insurance under Section 14.1(c) above.

(e) Other Tenant Insurance Coverage. Not more often than once every year and upon not less than thirty (30) days' prior written notice, Landlord may require Tenant, at Tenant's sole cost and expense, to procure and maintain other types of insurance coverage and/or increase the insurance limits set forth above if Landlord reasonably determines such increase is required to protect adequately the parties named as insureds or additional insureds under such insurance. Notwithstanding the foregoing, except to the extent required by any Encumbrancer, Landlord shall only require any such increase in the amount of existing insurance required pursuant to this Section in the event that (i) Landlord reasonably determines that the amount of insurance carried by Tenant hereunder is materially less than the amount or type of insurance coverage typically carried by tenants of the Building and owners (which owners are comparable to Landlord) or tenants of Comparable Buildings, or (ii) if Tenant's use of the Premises should change with or without Landlord's consent and such changed use reasonably justifies an adjustment to Tenant's insurance coverage.

14.2 Form of Policies. The minimum limits of policies and Tenant's procurement and maintenance of such policies described in Section 14.1 shall in no event limit the liability of Tenant under this Lease. All insurance required by this Article 14 shall be issued on an occurrence basis by solvent companies qualified to do business in the State of California, and with a Best & Company rating of A:VIII or better. Any insurance policy under this Article 14 may be maintained under a "blanket policy," insuring other parties and other locations, so long as the amount and coverage required to be provided hereunder is not thereby diminished. No policy maintained by Tenant under this Article 14 shall contain a deductible greater than Twenty-Five Thousand Dollars (\$25,000.00). Tenant shall provide Landlord a certificate of each policy of insurance required hereunder certifying that the policies contain the provisions required. Tenant shall deliver such certificates to Landlord within thirty (30) days after the Lease Date, but in no event later than the date that Tenant or any other Tenant Parties first enter the Premises and, upon renewal, not fewer than ten (10) days prior to the expiration of such coverage. In addition, Tenant shall deliver to Landlord a certificate for each policy of insurance required hereunder upon Landlord's request. All Tenant's liability insurance shall provide (i) that Landlord, Landlord's managing agent, any Encumbrancer, and any other person reasonably requested by Landlord, is designated as an additional insured without limitation as to coverage afforded under such policy pursuant to an endorsement providing coverage at least as broad as ISO form CG 20 37 10 01 or its equivalent; (ii) for severability of interests or that acts or omissions of one of the insureds or additional insureds shall not reduce or affect coverage available to any other insured or additional insured (if available); (iii) that the aggregate liability applies solely to the Project; and (iv) that Tenant's insurance is primary and noncontributory with any insurance carried by Landlord. All Tenant's insurance shall provide that the insurer agrees not to cancel the policy without at least thirty (30) days' prior written notice to all additional insureds (except in the event of a cancellation as a result of nonpayment, in which event the insurer shall give all additional insureds at least ten (10) days' prior notice) (provided, however, that in the event that Tenant's insurance carrier will not provide such notice to Landlord, then Tenant must provide such written notice to Landlord within the time frames set forth above). Tenant shall notify Landlord within ten (10) days after any material modification of any policy of insurance required under this Article. Any self-insurance or self-insured retention provisions under, or with respect to, any insurance policies maintained by Tenant hereunder shall be subject to Landlord's prior written approval, which Landlord may give or withhold in its sole discretion.

14.3 Vendors' Insurance. In addition to any other provision in this Lease (including, without limitation, Article 10 above), Landlord may require Tenant's vendors and contractors to carry such insurance as Landlord shall reasonably deem necessary.

14.4 Landlord's Insurance. Landlord shall keep in force throughout the Term Commercial General Liability Insurance and All Risk or Special Form coverage insuring the Landlord and the Building, in such amounts and with such deductibles as Landlord reasonably determines from time to time in accordance with sound and reasonable risk management principles and as part of Landlord's general risk policy but in any event reasonably consistent with the levels and types of coverage from time to time being maintained by owners of Comparable Buildings (which owners are comparable to Landlord). The cost of all such insurance is included in Operating Expenses, subject to any express limitations set forth in this Lease.

15. Waiver of Subrogation Rights. Notwithstanding any other provision of this Lease to the contrary, each party, for itself and, without affecting any insurance maintained by such party, on behalf of its insurer, releases and waives any right to recover against the other party, including officers, employees, agents and authorized representatives (whether in contract or tort) of such other party, that arise or result from any and all loss of or damage to any property of the waiving party located within or constituting part of the Building, including the Premises, to the extent of amounts payable under a standard ISO Commercial Property insurance policy, or such additional property coverage as the waiving party may carry (with a commercially reasonable deductible), whether or not the party suffering the loss or damage actually carries any insurance, recovers under any insurance or self-insures the loss or damage. Each party shall have their property insurance policies issued in such form as to waive any right of subrogation as might otherwise exist. This mutual waiver is in addition to any other waiver or release contained in this Lease.

16. Tenant's Waiver of Liability and Indemnification.

16.1 Waiver and Release. To the fullest extent permitted by Requirements, neither Landlord nor any of Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members (together, the "**Indemnitees**") shall be liable to Tenant or any other Tenant Parties for, and Tenant waives as against and releases Landlord and the other Indemnitees from, any and all Claims for loss or damage to any property or injury, illness or death of any person in, upon or about the Premises and/or any other portion of the Project, arising at any time and from any cause whatsoever. The foregoing waiver shall apply to (i) Claims caused in whole or in part by any third party (including any tenant or other occupant of the Project), (ii) Claims caused in whole or in part by any active or passive act, error, omission, or negligence of Landlord or any other Indemnitee, (iii) Claims in which liability without fault or strict liability is imposed, or sought to be imposed, on Landlord or any other Indemnitee, and (iv) Claims caused in whole or in part by earthquake or earth movement, gas, fire, oil, electricity or leakage from the roof, walls, windows, basement

or other portion of the Premises or Project. The foregoing waiver shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim against an Indemnitee was proximately caused by such Indemnitee's gross negligence, fraud, willful injury to person or property, or violation of Requirements. In that event, however, the waiver under this Section 16.1 shall remain valid for all other Indemnitees. The provisions of this Section 16.1 shall survive the expiration or earlier termination of this Lease until all Claims within the scope of this Section 16.1 are fully, finally, and absolutely barred by the applicable statutes of limitations. Tenant acknowledges that this Section was negotiated with Landlord, that the consideration for it is fair and adequate, and that Tenant had a fair opportunity to negotiate, accept, reject, modify or alter it.

16.2 Indemnification of Landlord.

(a) To the fullest extent permitted by Requirements, but subject to Article 15 above, Tenant shall indemnify, defend, protect and hold Landlord and the other Indemnitees harmless of and from Claims arising out of or in connection with, or related to any of the following, including, but not limited to, Claims brought by or on behalf of employees of Tenant, with respect to which Tenant waives, for the benefit of the Indemnitees, any immunity to which Tenant may be entitled under any worker's compensation laws: (i) the making of Alterations, or (ii) injury to or death of persons or damage to property occurring or resulting directly or indirectly from: (A) the use or occupancy of, or the conduct of business in, the Premises; (B) damage to the telephone distribution system of the Project caused by Tenant; (C) the use, generation, storage, handling, release, transport, or disposal by Tenant or any other Tenant Parties of any Hazardous Materials in or about the Premises or any other portion of the Project; (D) any other occurrence or condition in or on the Premises; and (E) acts, neglect or omissions of Tenant or any other Tenant Parties in or about any portion of the Project. The foregoing indemnification shall apply regardless of the active or passive negligence of Indemnitees and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on Indemnitees. The foregoing indemnification shall not apply in favor of any particular Indemnitee to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim was proximately caused by the gross negligence or willful misconduct of such Indemnitee. In that event, however, the indemnification under this Section 16.2 shall remain valid for all other Indemnitees.

(b) Landlord shall have the right to approve reasonably legal counsel proposed by Tenant for defense of any Claim indemnified against hereunder or under any other provision of this Lease. If Landlord reasonably disapproves the legal counsel proposed by Tenant for the defense of any Claim indemnified against hereunder, Landlord shall have the right to appoint its own legal counsel, the reasonable fees, costs and expenses of which shall be included as part of Tenant's indemnity obligation hereunder.

16.3 Indemnification of Tenant.

Subject to Article 15 above, Landlord shall protect, indemnify and hold Tenant harmless from and against any and all loss, claims, liability or costs (including court costs and reasonable attorney's fees) incurred by reason of any damage to any property (including but not limited to property of Tenant) or any injury (including but not limited to death) to any person occurring in, on or about the Building to the extent that such injury or damage shall be caused by or arise solely from the gross negligence or willful misconduct of Landlord or any of Landlord's agents, contractors (in the course of their work for Landlord) or employees.

16.4 Survival.

The provisions of Section 16.2 and Section 3 shall survive the expiration or earlier termination of this Lease until all Claims within the scope of Section 16.2 and/or Section 16.3 are fully, finally, and absolutely barred by the applicable statutes of limitations.

17. Assignment and Subletting.

17.1 Compliance Required. Except as otherwise expressly set forth herein, Tenant shall have no right, directly or indirectly, voluntarily or by operation of law, to sell, assign or otherwise transfer this Lease, or any interest herein (collectively, “**assign**” and “**assignment**”), or sublet the Premises, or any part thereof, or permit the occupancy of the Premises by any person other than Tenant (collectively, “**sublease**” and “**subletting**,” the assignee or sublessee under an assignment or sublease being referred to as a “**transferee**”) without Landlord’s prior consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any assignment or subletting made in violation of this Article 17 shall, at Landlord’s option, be void. As used herein, an “**assignment**” includes any sale or other transfer (such as by consolidation, merger or reorganization) in one or more transactions of (i) a majority of the voting stock of Tenant, if Tenant is a corporation, or (ii) a majority of the beneficial interests in Tenant, if Tenant is any other form of entity. Tenant acknowledges that the limitations on assignment and subletting contained in this Article 17 are expressly authorized by California Civil Code Section 1995.010, et seq., and are fully enforceable by Landlord against Tenant. The provisions of this Section shall not apply so long as Tenant is an entity whose outstanding stock is listed on a recognized security exchange, or if at least eighty percent (80%) of its voting stock is owned by another entity, the voting stock of which is so listed. In addition, if Tenant is a corporation, so long as Tenant is publicly traded on a major over-the-counter stock exchange, the ordinary transfer of shares over the counter shall be deemed not to be a Transfer for purposes of this Section.

17.2 Request by Tenant; Landlord Response. If Tenant desires to effect an assignment or sublease, Tenant shall submit to Landlord a request for consent together with the identity of the parties to the transaction, (b) the nature of the transferee’s proposed business use for the Premises, (c) the proposed documentation for and terms of the transaction, and (d) all other information reasonably requested by Landlord concerning the proposed transaction and the parties involved therein (Landlord shall make commercially reasonable efforts to make such request within five (5) business days following Tenant’s delivery of the items described in clauses (i) through (iii) above), including certified financial information for the two (2) year period immediately preceding Tenant’s request, credit reports, the business background and references regarding the transferee, an opportunity to meet and interview the transferee if Landlord in its reasonable and good faith determination deems any such meeting necessary and appropriate, and Tenant’s good faith estimate of the amount of Excess Rent, if any, payable in connection with the proposed transaction . Within twenty (20) days after the later of such interview or the receipt of all such information required by Landlord, or within thirty (30) days

after the date of Tenant's request to Landlord if Landlord does not request additional information or an interview, Landlord shall have the right, by notice to Tenant, to: (i) consent to the assignment or sublease, subject to the terms of this Article 17; (ii) reasonably decline to consent to the assignment or sublease; (iii) in the case of a subletting of any portion of the Premises comprising of at least all or essentially all of one (1) full floor, terminate this Lease as to the portion of the Premises proposed to be sublet provided that if Tenant proposes to sublet less than all or essentially all of one (1) full Floor for a term of less than twenty-four (24) months during the first forty-eight (48) months of the initial Term, Landlord shall have no right to terminate this Lease with respect to such proposed sublease.

If Landlord fails to timely deliver to Tenant notice of Landlord's consent, or the withholding of consent, to a proposed Transfer that is a sublease of up to two thousand rentable square feet of the Premises (or collectively with other subleases results in five thousand (5,000) rentable square feet of the Premises being subleased), Tenant may send a second (2nd) notice to Landlord, which notice must contain the following inscription, in bold faced lettering: "**SECOND NOTICE DELIVERED PURSUANT TO ARTICLE 17 OF LEASE — FAILURE TO TIMELY RESPOND WITHIN FIVE (5) BUSINESS DAYS SHALL RESULT IN DEEMED APPROVAL OF ASSIGNMENT OR SUBLEASE.**" If Landlord fails to deliver notice of Landlord's consent to, or the withholding of Landlord's consent, to the proposed assignment or sublease within such five (5) business day period, Landlord shall be deemed to have approved the sublease in question. If Landlord at any time timely delivers notice to Tenant or Landlord's withholding of consent to a proposed assignment or sublease, Landlord shall specify in reasonable detail in such notice, the basis for such withholding of consent.

If Landlord elects to terminate this Lease or sublease from Tenant as provided in this Section 17.2, then Landlord shall have the additional right to negotiate directly with Tenant's proposed assignee or subtenant and to enter into a direct lease or occupancy agreement with such party on such terms as shall be acceptable to Landlord in its sole and absolute discretion, and Tenant hereby waives any Claims against Landlord related thereto, including, without limitation, any Claims for any compensation or profit related to such lease or occupancy agreement. In addition, if Landlord elects to terminate this Lease as to any portion of the Premises as provided in this Section 17.2, (A) Tenant shall execute an amendment to this Lease (or make reasonable good faith comments to and diligently and timely participate in reasonable discussions to finalize and execute the same) to that effect within ten (10) business days after Landlord's written request; (B) this Lease shall terminate as to such portion as of the date specified by Tenant as the effective date of the proposed assignment or sublease; and (C) Tenant will be relieved of all further obligations hereunder as to such terminated portion as of such date, other than those obligations which survive termination of this Lease.

17.3 Standards and Conditions for Landlord Approval.

(a) Without limiting the grounds on which it may be reasonable for Landlord to withhold its consent to an assignment or sublease, Tenant acknowledges that Landlord may reasonably withhold its consent in the following instances: (i) if there exists an Event of Default; (ii) if the transferee is a governmental or quasi-governmental agency, foreign or domestic; (iii) if the transferee is an existing tenant in the Building (provided that Landlord will not withhold its consent solely because the proposed subtenant or assignee is an occupant of

the Building if Landlord does not have space available for lease in the Building that is comparable to the space Tenant desires to sublet or assign within four (4) months of the proposed commencement of the proposed sublease or assignment); (iv) if Tenant has not demonstrated to Landlord's reasonable satisfaction that the transferee is financially responsible, with sufficient Net Worth and net current assets, properly and successfully to operate its business in the Premises and meet the financial and other obligations of this Lease (or, in the case of a sublease, to properly and successfully operate its business in the subleased premises and meet the financial and other obligations of the sublease); (v) if, in Landlord's sole judgment, the transferee's business, use and/or occupancy of the Premises would (A) violate any of the terms of this Lease or the lease of any other tenant in the Project, (B) not be comparable to and compatible with the types of use by other tenants in the Building, (C) fall within any category of use for which Landlord would not then lease space in the Building under its written leasing guidelines and policies then in effect, (D) require any Alterations which would materially reduce the value of the existing leasehold improvements in the Premises, or (E) result in increased occupancy density per Floor (in excess of the Standard Density or the Initial Premises Standard Density, as applicable); provided, however, that if the applicable portion of the Premises was previously occupied by Tenant at a density in excess of the Standard Density (or the Initial Premises Standard Density, as applicable); the provisions of this clause (E) will not apply (but all of the other terms and conditions of this Lease with respect to Tenant's (or subtenant's, as the case may be) occupancy density of the Premises shall apply) unless such subtenant or assignee proposes to occupy the applicable portion of the Premises at a density greater than the density at which Tenant previously occupied such portion of the Premises) or require increased services by Landlord beyond the level of Building standard services; (vi) in the case of a sublease, it would result in more than three (3) occupancies in any Floor of the Premises including Tenant and subtenants; (vii) if in Landlord's reasonable judgment the business reputation of the transferee is not consistent with that of other tenants of the Building; (viii) in the case of a sublease, if the rent payable by the subtenant is less than fifty percent (50%) of the then prevailing rate being charged by Landlord for the lease of comparable space in the Building; or (ix) the transferee is negotiating with Landlord or has negotiated with Landlord during the four (4) month period immediately preceding the date Landlord receives Tenant's request for consent, to lease space in the Building (provided that Landlord will not withhold its consent solely because the proposed subtenant or assignee is so negotiating [or has so negotiated] with Landlord if Landlord does not have space available for lease in the Building that is comparable space Tenant desires to sublet or assign within three (3) months of the proposed commencement of the proposed sublease or assignment). If Landlord consents to an assignment or sublease, the terms of such assignment or sublease transaction shall not be modified without Landlord's prior written consent pursuant to this Article 17, which consent shall not be unreasonably withheld. Landlord's consent to an assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

(b) Notwithstanding any contrary provision of law, including, without limitation, California Civil Code Section 1995.310, the provisions of which Tenant hereby waives, Tenant shall have no right to terminate this Lease, and no right to damages for breach of contract, in the event Landlord is determined to have unreasonably withheld or delayed its consent to a proposed sublease or assignment, and Tenant's sole remedy in such event shall be to obtain a determination reversing the withholding of such consent or finding such consent to be deemed given by virtue of such unreasonable delay.

17.4 Costs and Expenses. As a condition to the effectiveness of any assignment or subletting under this Article 17, Tenant shall pay to Landlord its then specified processing fee which will be reasonably commensurate with the level of similar fees charged by owners of Comparable Buildings (which owners are comparable to Landlord) and all reasonable costs and expenses, including attorneys' fees and disbursements, incurred by Landlord in evaluating Tenant's requests for consent or notifications for assignment or sublease, whether or not Landlord consents or is required to consent to an assignment or sublease. Tenant shall pay the processing fee with Tenant's request for Landlord's consent under Section 17.2. Notwithstanding the foregoing, provided that neither the Tenant nor the proposed transferee requests any changes to this Lease or to Landlord's standard form of consent (other than minor and immaterial changes) in connection with the proposed assignment or sublease, the attorney's fees payable by Tenant pursuant to this Section 17.4 shall not exceed \$1,500.00 for such proposed assignment or sublease. Tenant shall also pay to Landlord all costs and expenses incurred by Landlord due to a transferee taking possession of the Premises, including freight elevator operation, security service, janitorial service and rubbish removal.

17.5 Payment of Excess Rent and Other Consideration.

(a) Tenant shall pay to Landlord, within ten (10) days after Tenant's receipt thereof, fifty percent (50%) of any and all rent, sums or other consideration, howsoever denominated (but excluding consideration paid for Tenant's trade fixtures, furnishings and equipment, and goodwill to the extent of the fair market value thereof), realized by Tenant in connection with any assignment or sublease in excess of the Base Rent and Escalation Rent payable hereunder (if a sublease, prorated to reflect the Rent allocable to the subleased portion of the Premises), after first deducting, (i) in the case of an assignment, the unamortized reasonable cost of Alterations made to the Premises at Tenant's cost to affect the assignment (or any reasonable improvement allowance provided in lieu thereof), reasonable attorneys' fees and reasonable real estate commissions paid by Tenant in connection with such assignment, and (ii) in the case of a sublease, the reasonable cost of Alterations made to the Premises at Tenant's cost (or any reasonable improvement allowance provided in lieu thereof) to affect the sublease, reasonable attorneys' fees and reasonable real estate commissions paid by Tenant in connection with such sublease, both amortized, without interest, over the term of the sublease (the "**Excess Rent**"). In determining Excess Rent, the deduction for real estate commissions shall not exceed leasing commissions that are typically paid in the San Francisco market at the time of the subletting or assignment.

(b) Upon Landlord's request, Tenant shall provide Landlord with reasonable documentation of Tenant's calculation of Excess Rent. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to an assignment or sublease, and shall have the right to make copies thereof. If the Excess Rent respecting any assignment or sublease shall be found to be understated, Tenant, within ten (10) days after demand, shall pay the deficiency and Landlord's costs of such audit.

17.6 Assumption of Obligations; Further Restrictions on Subletting. Each assignee shall, concurrently with any assignment, assume all obligations of Tenant under this Lease. Each sublease shall be made subject to this Lease and all of the terms, covenants and conditions contained herein. The surrender of this Lease by Tenant, or a mutual cancellation

thereof, or the termination of this Lease in accordance with its terms, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or operate as an assignment to Landlord of any or all such subleases. No sublessee (other than Landlord) shall have the right further to sublet without Landlord's prior written consent, which consent may be withheld in accordance with this Article 17. Any assignment by a sublessee of its sublease shall be subject to Landlord's prior consent in the same manner as an assignment by Tenant. No sublease, once consented to by Landlord, shall be modified (other than pursuant to the express terms thereof) without Landlord's prior consent. No assignment or sublease shall be binding on Landlord unless the transferee delivers to Landlord a fully executed counterpart of the assignment or sublease which contains (i) in the case of an assignment, the assumption by the assignee as required under this Section, or (ii) in the case of a sublease, recognition by the sublessee, of the provisions of this Section 17.6, and which assignment or sublease shall otherwise be in form and substance satisfactory to Landlord, but the failure or refusal of a transferee to deliver such instrument shall not release or discharge such transferee from the provisions and obligations of this Section 17.6, and shall constitute an Event of Default.

17.7 No Release. No assignment or sublease shall release Tenant from its obligations under this Lease, whether arising before or after the assignment or sublease. The acceptance of Rent by Landlord from any other person shall not be deemed a waiver by Landlord of any provision of this Article 17. On an Event of Default by any assignee of Tenant in the performance of any of the terms, covenants or conditions of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee. No consent by Landlord to any further assignments or sublettings of this Lease, or to any modification, amendment or termination of this Lease, or to any extension, waiver or modification of payment or any other obligations under this Lease, or any other action by Landlord with respect to any assignee or sublessee, or the insolvency, bankruptcy or Event of Default of any such assignee or sublessee, shall affect the continuing liability of Tenant for its obligations under this Lease, and Tenant waives any defense arising out of or based thereon, including any suretyship defense of exoneration. Landlord shall have no obligation to notify Tenant or obtain Tenant's consent with respect to any of the foregoing matters. As a condition to Landlord's approval of any assignment, Landlord may require Tenant to execute Landlord's then standard commercially reasonable form of guaranty to reaffirm Tenant's obligations hereunder.

17.8 No Encumbrance; No Change in Permitted Use. Notwithstanding anything to the contrary contained in this Article 17, (i) Tenant shall have no right to encumber, pledge, hypothecate or otherwise transfer this Lease, or any of Tenant's interest or rights hereunder, as security for any obligation or liability of Tenant, and (ii) Tenant shall have no right to propose (and Landlord shall have no obligation to consider or approve) any assignment or subletting which entails any change in the Permitted Use. Without limiting the generality of the foregoing, Tenant expressly agrees that Tenant shall not, and Tenant has no right to, encumber, pledge, or hypothecate any leasehold improvements or Alterations, including fixtures.

17.9 Right to Assign or Sublease Without Landlord's Consent.

(a) Notwithstanding the provisions of Section 17.1 above, the provisions of this Article 17 shall not apply to (i) the transfer of stock in Tenant so long as Tenant is a publicly traded corporation, which stock is listed on a national or regional stock exchange or over the counter stock exchange, or (ii) the issuance of stock in Tenant in a public offering.

(b) Notwithstanding the provisions of Section 17.1 above, Tenant shall have the right, without Landlord's consent, but with prior notice to Landlord, to assign this Lease to, or sublease the Premises to, or permit occupancy of the Premises by, a Related Company (each such assignment or sublease, a "**Permitted Transfer**"); provided that (i) the original Tenant named herein shall be the assignor or sublessor; (ii) at least thirty (30) days prior to the effective date of the assignment or sublease, Tenant shall furnish Landlord with the name of the transferee and a written certification from an officer of Tenant certifying that the assignment or sublease qualifies as a transaction under this Section 17.9(b) (provided that, if prohibited by confidentiality in connection with a proposed purchase, merger, consolidation or reorganization, then Tenant shall give Landlord written notice within ten (10) days after the effective date of the proposed purchase, merger, consolidation or reorganization); (iii) in the case of an assignment to a Related Company into or with which Tenant will merge or consolidate and as a result of such merger or consolidation, Tenant will cease to exist as a separate legal entity, (1) Tenant's successor shall own all or substantially all of the assets of Tenant; and (2) the Net Worth of the Related Company shall be at least equal to the greater of (A) the Net Worth of Tenant immediately prior to the assignment, or (B) the Net Worth on the Lease Date of the original named Tenant, and proof satisfactory to Landlord of the Net Worth of the Related Company shall have been delivered to Landlord at least thirty (30) days prior to the effective date of the proposed assignment (provided that, if prohibited by confidentiality in connection with a proposed purchase, merger, consolidation or reorganization, then Tenant shall give Landlord such proof within ten (10) days after the effective date of the proposed purchase, merger, consolidation or reorganization); (iv) the assignment or sublease under this Section 17.9(b) is made for a good faith operating business purpose and not as a subterfuge to evade the obligations and restrictions relating to transfers set forth in this Article 17; (v) the proposed transferee's use of the Premises shall be the Permitted Use; and (vi) in the case of an assignment, Tenant shall deliver to Landlord, prior to the effective date of the assignment, an agreement evidencing the assignment and assumption by the assignee of Tenant's obligations under this Lease. The effectuation of any transaction under this Section 17.9(b) shall be subject to the limitations specified in clauses (i), (ii), (iv), (v), (vi), (vii), and (viii) of Section 17.3(a) above, and Sections 17.7 and 17.8 above, and require compliance with the provisions of Sections 17.4, 17.5 and 17.6 above.

18. Rules and Regulations. Tenant shall observe and comply, and shall cause the other Tenant Parties to observe and comply, with the Rules and Regulations, and, after notice thereof, with all modifications and additions thereto from time to time reasonably promulgated in writing by Landlord. A copy of the current Rules and Regulations is attached hereto as Exhibit B. Landlord shall not be responsible to Tenant, or any of the other Tenant Parties, for noncompliance with any Rules and Regulations by any other tenant, sublessee, or other occupant of the Project and their respective employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members. In the event of a conflict between the Rules and Regulations and the remainder of the terms of the Lease, the remainder of the terms of the Lease shall control.

19. Entry of Premises by Landlord: Modification to Common Areas.

19.1 Entry of Premises. Upon reasonable prior written or oral notice (except to the extent requested by Tenant, in connection with scheduled maintenance programs, and/or in the event of an emergency, in which cases no notice shall be required), Landlord and its authorized agents, employees, and contractors may enter the Premises to: (i) inspect the same; (ii) determine Tenant's compliance with its obligations hereunder; (iii) exhibit the same to prospective purchasers, Encumbrancers or tenants; (iv) supply any services to be provided by Landlord hereunder; (v) post notices of nonresponsibility or other notices permitted or required by law; (vi) make repairs, improvements or alterations, or perform maintenance in or to, the Premises or any other portion of the Project, including the Building Systems; and (vii) perform such other functions as Landlord deems reasonably necessary or desirable. Landlord agrees that except in the event (a) Tenant is in default under this Lease (b) Landlord and Tenant are negotiating for or have agreed to an early termination of this Lease, or (c) Landlord and Tenant otherwise mutually agree to the contrary, Landlord shall not show the Premises to prospective tenants except during the last nine (9) months of the Term of this Lease. Landlord may also grant access to the Premises to government or utility representatives and bring and use on or about the Premises such equipment as Landlord deems reasonably necessary to accomplish the purposes of Landlord's entry under this Section 19.1. Landlord shall have and retain keys with which to unlock all of the doors in or to the Premises, and Landlord shall have the right to use any and all means which Landlord may deem proper in an emergency in order to obtain entry to the Premises, including secure areas. In the exercise of the above rights, and except in the case of an emergency, Landlord shall use commercially reasonable efforts to minimize interference with the operation of Tenant's business and with Tenant's reasonable access to the Premises.

19.2 Modifications to Common Areas. Landlord shall have the right, in its sole discretion, from time to time, to: (i) make changes to the Common Areas and/or the Project, including, without limitation, changes in the location, size, shape and number of any Common Area amenity, installation or improvement, such as the roof-top garden terrace, driveways, entrances, parking spaces, parking areas, ingress, egress, direction of driveways, entrances, hallways, corridors, lobby areas and walkways; (ii) close temporarily any of the Common Areas and/or the Project for maintenance purposes so long as reasonable access to the Premises remains available; (iii) add additional buildings and improvements to the Common Areas and/or the Project or remove existing buildings or improvements therefrom; (iv) use the Common Areas and/or the Project while engaged in making additional improvements, repairs or alterations to the Project or any portion thereof; and (v) do and perform any other acts, alter or expand, or make any other changes in, to or with respect to the Common Areas and/or the Project as Landlord may, in its sole discretion, deem to be appropriate; provided that Landlord shall not have any right in connection therewith to materially and adversely affect Tenant's access to or permitted use of the Premises, except only as may be required to comply with Requirements or as a result of any fire or other Casualty or condemnation. Without limiting the foregoing, Landlord reserves the right from time to time to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires, and appurtenant meters and equipment for service to the Premises or to other parts of the Project which are above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Project that are located within the Premises or located elsewhere in the Project. In addition, Landlord shall have the right to utilize portions of the Common Areas from time to time for entertainment, displays, product shows, leasing of kiosks or such other uses that in Landlord's sole judgment tend to attract the public. Upon ninety (90) days' prior written notice to Tenant, Landlord also shall have the right to modify the elevator lobby and/or suite entry signage on any multi-tenant floors on which a portion of the Premises is located to conform to any alterations to the overall design for the Project made by Landlord.

19.3 Waiver of Claims. Tenant acknowledges that Landlord, in connection with Landlord's activities under this Article 19, may, among other things, erect scaffolding or other necessary structures in the Premises and/or the Project, limit or eliminate access to portions of the Project, including portions of the Common Areas, or perform work in the Premises and/or the Project, which work may create noise, dust, vibration, odors or leave debris in the Premises and/or the Project. Without limiting the generality of Section 16.1 above, Tenant hereby agrees that Landlord's activities under this Article 19 shall in no way constitute an actual or constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall not be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from Landlord's activities under this Article 19 or the performance of Landlord's obligations under this Lease, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from Landlord's activities hereunder, or for any inconvenience or annoyance occasioned by such activities.

19.4 Base Rent Abatement. Notwithstanding the foregoing, if in connection with any entry by Landlord as set forth above in Section 19.1 or Common Area modifications or improvements as set forth in Section 19.2 above, Landlord temporarily closes the Premises, or prevents Tenant from conducting its business operations in all or a material portion of the Premises or otherwise prevents access to the Premises (or any material portion) for a period in excess of five (5) Business Days (and Tenant does no use or access the Premises [or any material portion] during such period), Tenant, as its sole monetary remedy, shall be entitled to receive a per diem abatement of Base Rent (prorated to reflect the applicable portion of the Premises which is so affected) during the period beginning on the sixth (6th) consecutive Business Day of such closure or interruption and ending on the date on which the Premises are returned to Tenant or access to the Premises is restored. Tenant, however, shall not be entitled to an abatement if any repairs, alterations and/or additions or other work to be performed are required as a result of the acts or omissions of Tenant, its agents, employees or contractors, including, without limitation, a default by Tenant in its maintenance and repair obligations under the Lease.

20. Default and Remedies.

20.1 Events of Default. The occurrence of any of the following events shall constitute an "**Event of Default**" by Tenant:

(a) Nonpayment of Rent. Failure to pay any Rent within three (3) business days following written notice that such payment is past due; provided, however, that if any such notice shall be given more than twice during the twelve (12) month period commencing with the date of such notice, the third and any subsequent failure to pay any Rent due under this Lease during such twelve (12) month period shall be an Event of Default, without notice.

(b) Unpermitted Assignment. An assignment or sublease made in contravention of any of the provisions of Article 17 above.

(c) Abandonment. Abandonment of the Premises as described in the California Civil Code.

(d) Bankruptcy and Insolvency. A general assignment by Tenant for the benefit of creditors, the liquidation of Tenant, any action or proceeding commenced by Tenant under any insolvency or bankruptcy act or under any other statute or regulation for protection from creditors, or any such action commenced against Tenant and not discharged within thirty (30) days after the date of commencement ; the employment or appointment of a receiver or trustee to take possession of all or substantially all of Tenant's assets or the Premises; the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) days after the levy thereof; the admission by Tenant in writing of its inability to pay its debts as they become due; or the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding or, if within thirty (30) days after the commencement of any such proceeding against Tenant, such proceeding is not dismissed. For purposes of this Section 20.1(d), "Tenant" means Tenant and any partner of Tenant, if Tenant is a partnership, or any person or entity comprising Tenant, if Tenant is comprised of more than one person or entity, or any guarantor of Tenant's obligations, or any of them, under this Lease.

(e) Hazardous Materials, Insurance, Subordination, Estoppel, Holding Over, and Letter of Credit. Failure to perform or fulfill any obligation, covenant, condition or agreement required under Section 7.5 (Compliance with Environmental Laws; Use of Hazardous Materials), Article 14 (Insurance), Article 21 (Subordination, Attornment and Nondisturbance), Article 23 (Estoppel Certificate), Article 25 (Holding Over), or Article 39 (Letter of Credit), within the respective time periods specified therein (if any); provided, however, that a failure by Tenant to provide an estoppel certificate in accordance with Article 21 or a subordination, non-disturbance and attornment agreement in accordance with Article 23 shall not be an Event of Default until following written notice to Tenant and the expiration of three (3) business days thereafter without cure.

(f) Other Obligations. Failure to perform or fulfill any other obligation, covenant, condition or agreement under this Lease (other than those described in Sections 20.1(a) through 20.1(e) above), and such failure continues for thirty (30) days after written notice from Landlord or Landlord's agent, or, if the failure is of a nature requiring more than thirty (30) days to cure, then an additional sixty (60) days after the expiration of such thirty (30) day period, but only if Tenant commences cure within such thirty (30) day period and thereafter diligently pursues such cure to completion within such additional sixty (60) day period; provided, however, that if Tenant has failed to perform any such obligation, covenant, condition or agreement more than once during any twelve (12) month period during the Term, then no cure period shall apply.

20.2 Tenant Cure Periods. Any cure periods provided above are in lieu of any other time periods provided by law with respect to curing Tenant's failure to perform or comply with any covenants, agreements, terms or conditions of this Lease to be performed or observed by Tenant, and Tenant hereby waives any right under law now or hereinafter enacted to any other time or cure period, including notice and cure periods under California Code of Civil Procedure Sections 1161, et seq.(except as set forth above in Section 20.1(a)) with respect to Landlord's ability to deem a nonpayment of Rent to be an Event of Default without prior notice).

20.3 Landlord's Remedies Upon Occurrence of Event of Default. On the occurrence of an Event of Default, Landlord shall have the right either (i) to terminate this Lease and recover possession of the Premises, or (ii) to continue this Lease in effect and enforce all Landlord's rights and remedies under California Civil Code Section 1951.4 (by which Landlord may recover Rent as it becomes due, subject to Tenant's right to assign pursuant to Article 17). Landlord may, without any liability to Tenant for loss or damage thereto or loss of use thereof, store any property of Tenant located in the Premises at Tenant's expense or otherwise dispose of such property in the manner provided by law. If Landlord does not terminate this Lease, Tenant shall in addition to continuing to pay all Rent when due, also pay Landlord's costs of attempting to relet the Premises, any repairs and alterations necessary to prepare the Premises for such reletting, and brokerage commissions and attorneys' fees incurred in connection therewith, less the rents, if any, actually received from such reletting. Notwithstanding Landlord's election to continue this Lease in effect under clause (ii) above, Landlord may at any time thereafter terminate this Lease pursuant to this Section 20.3.

20.4 Damages Upon Termination. If and when Landlord terminates this Lease pursuant to Section 20.3, Landlord may exercise all its rights and remedies available under California Civil Code Section 1951.2, including the right to recover from Tenant the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rent loss that the Tenant proves could have been reasonably avoided. As used herein and in Civil Code Section 1951.2, "time of award" means either the date upon which Tenant pays to Landlord the amount recoverable by Landlord, or the date of entry of any determination, order or judgment of any court or other legally constituted body determining the amount recoverable, whichever occurs first.

20.5 Computation of Certain Rent for Purposes of Default. For purposes of computing unpaid Rent pursuant to Section 20.4 above, Escalation Rent for the balance of the Term shall be projected based upon the average annual rate of increase, if any, in Escalation Rent from the Commencement Date through the time of award.

20.6 Landlord's Right to Cure Defaults. If Tenant commits an Event of Default, then Landlord may, without waiving such Event of Default or releasing Tenant from any of its obligations hereunder, make any payment or perform any obligation on behalf of Tenant comprised in such Event of Default. All payments so made by Landlord, and all costs and expenses incurred by Landlord to perform such obligations, shall be due and payable by Tenant as Rent immediately upon receipt of Landlord's demand therefor. If Landlord enters the Premises, or any portion thereof, in order to effect cure hereunder, Tenant waives all Claims which may be caused by Landlord's so entering the Premises, and Tenant shall indemnify, defend, protect and hold Landlord, and the other Indemnitees harmless from and against Claims resulting from any actions of Landlord to perform obligations on behalf of Tenant hereunder. No entry by Landlord to the Premises or obligations performed by Landlord in the Premises under this Section 20.6 shall constitute a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises, or any portion thereof.

20.7 Waiver of Forfeiture. Tenant hereby waives California Code of Civil Procedure Sections 1174(c) and 1179, California Civil Code Section 3275, and all such similar laws now or hereinafter enacted which would entitle Tenant to seek relief against forfeiture in connection with any termination of this Lease.

20.8 Remedies Cumulative. The rights and remedies of Landlord under this Lease are cumulative and in addition to, and not in lieu of, any other rights and remedies available to Landlord at law or in equity. Landlord's pursuit of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other right or remedy.

20.9 Landlord's Default. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt by Landlord of written notice from Tenant specifying in detail Landlord's alleged failure to perform ; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it commences such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. In no event shall Tenant have the right to terminate or rescind this Lease as a result of Landlord's failure to perform any covenant or agreement contained in this Lease. Tenant hereby waives such remedies of termination and rescission and hereby agrees that Tenant's remedies for Landlord's failure to perform hereunder and for breach of any promise or inducement shall be limited to a suit for damages and/or injunction.

21. Subordination, Attornment and Nondisturbance.

21.1 Subordination and Attornment. This Lease and all of Tenant's rights hereunder shall be subordinate to any and all Encumbrances, to all renewals, modifications, consolidations, replacements and extensions thereof, and to any and all advances made or hereafter made on the security thereof or Landlord's interest therein, unless an Encumbrancer requires in writing that this Lease be superior to its Encumbrance . Landlord represents that as of the date of this Lease, there exists no mortgage or deed of trust encumbering Landlord 's interest in the Building. If any proceeding is brought for the foreclosure of any such Encumbrance (or if any ground lease is terminated), and if requested by such purchaser or Encumbrancer, Tenant (i) shall attorn, without any deductions or set-offs whatsoever, to the Encumbrancer or purchaser or any successors thereto upon any foreclosure sale or deed in lieu thereof (or to the ground lessor), and (ii) shall recognize such purchaser or Encumbrancer as the lessor under this Lease, provided such purchaser or Encumbrancer accepts this Lease and does not disturb Tenant's occupancy, so long as Tenant timely pays Rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Notwithstanding the foregoing, upon written request by Tenant, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from any future Encumbrancer on such Encumbrancer's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any cost, expense or liability to obtain such agreement, it being agreed that

Tenant shall be responsible for any fee or review costs charged by such Encumbrancer. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder. Landlord's interest herein may be assigned as security at any time to any Encumbrancer. Within ten (10) business days after request by Landlord or any Encumbrancer, Tenant shall execute such further commercially reasonable instruments or assurances which are consistent with the provisions of this Article 21 to evidence or confirm the subordination or superiority of this Lease to any such Encumbrance. Tenant waives the provisions of any Requirement which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the tenant hereunder in the event of any foreclosure proceeding or sale. Tenant agrees with Encumbrancer that if Encumbrancer or any foreclosure sale purchaser shall succeed to the interest of Landlord under this Lease, Encumbrancer shall not be (i) liable for any action or omission of any prior Landlord under this Lease, or (ii) subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) bound by any Rent which Tenant might have paid for more than the current month to any prior Landlord, or (iv) liable for any security deposit not actually received by such Encumbrancer, or (v) bound by any future modification of this Lease (other than a modification reflecting the exercise by Tenant of a right or option expressly set forth herei n) not consented to by such Encumbrancer.

21.2 Notice to Encumbrancer. Notwithstanding anything to the contrary contained in this Lease, including, without limitation, Article 28, upon receipt by Tenant of notice from any Encumbrancer or from Landlord, which notice sets forth the address of such Encumbrancer, no notice of default from Tenant to Landlord shall be effective unless and until a copy of the same is given to such Encumbrancer at the appropriate address therefor (as specified in the above-described notice or at such other places as may be designated from time to time in a notice to Tenant in accordance with Article 28), and the curing of any of Landlord's defaults by such Encumbrancer within a reasonable period of time after such notice from Tenant (including a reasonable period of time to obtain possession of the Building if such Encumbrancer elects to do so) shall be treated as performance by Landlord.

21.3 Rent Payment Direction. From and after Tenant's receipt of written notice from an Encumbrancer or from a receiver appointed pursuant to the terms of an Encumbrance (a "**Rent Payment Direction**"), Tenant shall pay all Rent under this Lease to such Encumbrancer or as such Encumbrancer shall direct in writing. Tenant shall comply with any Rent Payment Direction notwithstanding any contrary instruction, direction or assertion from Landlord. An Encumbrancer's delivery to Tenant of a Rent Payment Direction, or Tenant's compliance therewith, shall not be deemed to: (i) cause such Encumbrancer to succeed to or to assume any obligations or responsibilities of Landlord under this Lease, all of which shall continue to be performed and discharged solely by Landlord unless and until such Encumbrancer or a foreclosure sale purchaser succeeds to Landlord's interest hereunder, or (ii) relieve Landlord of any obligations under this Lease. Tenant shall be entitled to rely on any Rent Payment Direction, and Landlord irrevocably directs Tenant to comply with any Rent Payment Direction, notwithstanding any contrary direction, instruction, or assertion by Landlord.

22. Sale or Transfer by Landlord; Lease Non-Recourse.

22.1 Release of Landlord on Transfer. Landlord may at any time transfer, in whole or in part, its right, title and interest under this Lease and/or in the Project, or any portion thereof. If the original Landlord hereunder, or any successor to such original Landlord, transfers (by sale, assignment or otherwise) its right, title or interest in the Building, all liabilities and obligations of the original Landlord or such successor arising under this Lease from and after the date of the transfer shall terminate, the original Landlord or such successor shall automatically be released therefrom, and thereupon all such liabilities and obligations shall be binding upon the new owner. Tenant shall attorn to each such new owner. If in connection with any transfer effected by the then Landlord hereunder, such Landlord transfers any security deposit or other security provided by Tenant to Landlord for the performance of any obligation of Tenant under this Lease, then such Landlord shall be released from any further responsibility or liability for such security deposit or other security.

22.2 Lease Nonrecourse to Landlord; Limitation of Liability. Landlord's liability to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount that is equal to the lesser of (i) the interest of Landlord in the Building, or (ii) the equity interest Landlord would have in the Building if the Building were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Building (as such value is reasonably determined in good faith by Landlord). Neither Landlord, any of Landlord's employees, agents, contractors, licensees, invitees, or representatives, nor the persons or entities comprising Landlord (whether partners, members, shareholders, officers, directors, trustees, or otherwise) shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all other Tenant Parties. The limitations of liability contained in this Section 22.2 shall inure to the benefit of Landlord, its present and future employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor any of Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members shall be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

23. Estoppel Certificate.

23.1 Procedure and Content. Within ten (10) business days after Landlord's request therefor, Tenant shall execute, acknowledge, and deliver to Landlord certificates as specified by Landlord certifying: (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and identifying each modification); (ii) the Commencement Date if such date is not specified as a date certain in the Basic Lease Information, and the Expiration Date; (iii) that Tenant has accepted the Premises (or the reasons Tenant has not accepted the Premises), and if Landlord has

agreed in the Work Letter to make any alterations or improvements to the Premises, that Landlord has properly completed such alterations or improvements (or the reasons why Landlord has not done so); (iv) the amount of the Base Rent and current Escalation Rent, if any, and the date to which such Rent has been paid; (v) that there exists no Event of Default, except as to any Events of Default specified in the certificate, and whether there are any existing defenses against the enforcement of Tenant's obligations under this Lease; (vi) that no default of Landlord under this Lease is claimed by Tenant, except as to any defaults specified in the certificate; and (vii) such other matters as may be reasonably requested by Landlord. If requested by Landlord, Tenant shall attach to any such certificate a copy of this Lease, and any amendments thereto, and include in such certificate a statement by Tenant that such attachment is a true, correct and complete copy of this Lease, including all modifications thereto. In addition, at Landlord's request, any guarantor of Tenant's obligations hereunder shall execute, acknowledge, and deliver to Landlord certificates as specified by Landlord reaffirming such guarantor's guaranty of Tenant's obligations.

23.2 Effect of Certificate. Any such certificate may be relied upon by any prospective purchaser of any part or interest in the Project or Encumbrancer and, at Landlord's request, Tenant shall deliver such certificate to any such person or entity and shall agree to such notice and cure provisions and such other matters as such person or entity may reasonably require. In addition, at Landlord's request, Tenant shall provide to Landlord for delivery to any such person or entity such information, including financial information, that may reasonably be requested by any such person or entity, provided that such person or entity may, at Tenant's option, which must be exercised in writing within one (1) business day of Landlord's delivery of such written request, be required to execute a mutually acceptable commercially reasonable nondisclosure agreement prior to Tenant's delivery of such financial information to such person or entity. Any such certificate shall constitute a waiver by Tenant of any Claims Tenant may have in contravention of the information contained in such certificate and Tenant shall be estopped from asserting any such claim. If Tenant fails or refuses to give a certificate hereunder within the time period herein specified, then the information contained in such certificate as submitted by Landlord shall be deemed correct for all purposes, but Landlord shall have the right to treat such failure or refusal as an Event of Default. In addition, without waiving any other remedies Landlord may have against Tenant, Tenant shall pay to Landlord an administrative fee of Five Hundred Dollars (\$500.00) for each day that Tenant is delinquent in delivering a certificate hereunder.

23.3 Landlord Estoppel Certificate. Landlord shall, within ten (10) business days after receipt of a written request from Tenant, execute and deliver a commercially reasonable estoppel certificate to Tenant's lender. Such estoppel certificate shall provide a certification solely as to (i) the status of this Lease, (ii) Landlord's then-current actual knowledge of the existence of any defaults hereunder, and (iii) the amount of Rent that is due and payable under this Lease.

24. No Light, Air, or View Easement. Nothing contained in this Lease shall be deemed, either expressly or by implication, to create any easement for light and air or access to any view. Any diminution or shutting off of light, air or view to or from the Premises by any structure which now exists or which may hereafter be erected, whether by Landlord or any other person or entity, shall in no way affect this Lease or Tenant's obligations hereunder, entitle

Tenant to any reduction of Rent, or impose any liability on Landlord. Further, under no circumstances at any time during the Term shall any temporary darkening of any windows of the Premises or any temporary obstruction of the light or view therefrom by reason of any repairs, improvements, maintenance or cleaning in or about the Project in any way impose any liability upon Landlord or in any way reduce or diminish Tenant's obligations under this Lease.

25. Holding Over. No holding over by Tenant shall operate to extend the Term. If Tenant remains in possession of the Premises after expiration or termination of this Lease: (i) Tenant shall become a tenant at sufferance upon all the applicable terms and conditions of this Lease, except that Base Rent shall be increased to equal (A) one hundred fifty percent (150%) of the Base Rent and estimated Escalation Rent due for the period immediately preceding the holdover during the first sixty (60) days of such holding over, and (B) commencing as of the sixty-first (61st) day of such holding over, two hundred percent (200%) of the Base Rent and estimated Escalation Rent due for the period immediately preceding the holding over, prorated on a daily basis; (ii) Tenant shall indemnify, defend, protect and hold harmless Landlord, the other Indemnitees, and any tenant to whom Landlord has leased all or part of the Premises, from Claims (including loss of rent to Landlord or additional rent payable by such tenant and reasonable attorneys' fees) suffered or incurred by Landlord, such other Indemnitees, or such tenant resulting from Tenant's failure timely to vacate the Premises; and (iii) such holding over by Tenant shall constitute an Event of Default. Landlord's acceptance of Rent if and after Tenant holds over shall not convert Tenant's tenancy at sufferance to any other form of tenancy or result in a renewal or extension of the Term of this Lease, unless otherwise specified by notice from Landlord to Tenant.

26. Security Deposit. Upon signing this Lease, Tenant shall pay to Landlord the amount of the Security Deposit, if any, specified in the Basic Lease Information . The Security Deposit shall be held by Landlord as security for the performance by Tenant of all its obligations under this Lease. If Tenant fails to pay any Rent when due or otherwise fails to perform or fulfill any obligation, covenant, condition or agreement under this Lease on a timely basis, Landlord, without notice to Tenant, may (but shall not be obligated to) use, apply or retain all or any portion of the Security Deposit for the payment of any Rent or for the payment of any other amounts expended or incurred by Landlord by reason of such failure, or to compensate Landlord for any loss or damage which Landlord may incur thereby, including, without limitation, prospective damages and damages recoverable pursuant to California Civil Code Section 1951.2. Exercise by Landlord of its rights hereunder shall not constitute a waiver of, or relieve Tenant from any liability for, Tenant's failure to perform hereunder. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant shall, within ten (10) days after demand by Landlord, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its full amount. If Tenant performs all of Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not been applied by Landlord, shall be returned, without interest, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest under this Lease) within thirty (30) days after the later of (i) the expiration of the Term or earlier termination of this Lease (other than on account of an Event of Default) and (ii) Tenant's vacation of the Premises in the condition specified by this Lease. Tenant waives the provisions of California Civil Code Section 1950.7, or any similar or successor laws now or hereinafter in effect, that restrict Landlord's use or application of the Security Deposit, or that pertain to the return of the Security Deposit. Landlord's receipt and retention of the Security Deposit shall not create any trust or fiduciary

relationship between Landlord and Tenant, and Landlord need not keep the Security Deposit separate from its general accounts. Landlord's return of the Security Deposit or any part thereof shall not be construed as an admission that Tenant has performed all of its obligations under this Lease. Upon termination of the original Landlord's (or any successor landlord's) interest in this Lease, the original Landlord (or such successor landlord) shall be released from further liability with respect to the Security Deposit upon the original Landlord's (or such successor landlord's) compliance with California Civil Code Section 1950.7, or successor statute.

27. Waiver. No failure by Landlord to declare an Event of Default, nor by Tenant to declare a default on the part of Landlord, upon the occurrence of either, nor any delay by either party in taking any action in connection therewith, shall waive such Event of Default or default, as applicable, but Landlord and/or Tenant, as applicable, shall have the right to declare such Event of Default or default, as applicable, at any time after its occurrence. To be effective, a waiver of any provision of this Lease, or of any default, shall be in writing and signed by the waiving party. Any waiver hereunder shall not be deemed a waiver of subsequent performance of any such provision or subsequent defaults. The subsequent acceptance of Rent hereunder, or endorsement of any check by Landlord, shall not be deemed to constitute an accord and satisfaction or a waiver of any preceding Event of Default, except as to the particular Rent so accepted, regardless of Landlord's knowledge of the preceding Event of Default at the time of acceptance of the Rent. No course of conduct between Landlord and Tenant, and no acceptance of the keys to or possession of the Premises by Landlord before the Expiration Date, shall constitute a waiver of any provision of this Lease or of any Event of Default, or operate as a surrender of this Lease.

28. Notices; Tenant's Agent for Service. All notices, approvals, consents, demands and other communications from one party to the other given pursuant to this Lease shall be in writing and shall be made by personal delivery, by use of a reputable courier service or by deposit in the United States mail, certified, registered or express, postage prepaid and return receipt requested. Notices shall be addressed if to Landlord, to Landlord's Address, and if to Tenant, to Tenant's Address. Landlord and Tenant may each change their respective Addresses from time to time by giving written notice to the other of such change in accordance with the terms of this Article 28, at least ten (10) days before such change is to be effected; provided, however, that any such address shall be a street address (and not a post office box). Any notices given in accordance with this Article 28 shall be deemed to have been given (i) on the date of personal delivery or (ii) on the earlier of the date of delivery or attempted delivery (as shown by the courier service delivery record or return receipt) if sent by courier service or mailed; provided, however, if such notice would otherwise be deemed given on a weekend or on a Building Holiday, such notice shall be deemed given on the next-succeeding business day.

29. Tenant's Authority. Tenant, and each of the persons executing this Lease on behalf of Tenant, represent and warrant that (i) Tenant is a duly formed, authorized and existing corporation, limited liability company, partnership, trust, or other form of entity (as the case may be), (ii) Tenant is qualified to do business in California, (iii) Tenant has the full right and authority to enter into this Lease and to perform all of Tenant's obligations hereunder, and (iv) each person signing on behalf of Tenant is authorized to do so. Tenant shall deliver to Landlord, within ten (10) days after Landlord's request, such certificates, resolutions, or other written assurances authorizing Tenant's execution and delivery of this Lease, as requested by Landlord from time to time or at any time, in order for Landlord to assess Tenant's then authority under this Lease.

30. Parking.

30.1 Lease of Parking Spaces. Tenant acknowledges that Tenant is obligated to lease the number of parking spaces in the Project parking garage as specified in the Basic Lease Information throughout the Term, and any extension thereof, subject, however, to the provisions of this Section 30.1. Tenant shall pay the then Building standard parking rental being charged for such spaces, as the same may be increased from time to time, in advance, as Rent, on the first day of each month . The parking rental payable by Tenant hereunder may include taxes imposed on the use of the parking spaces by any governmental or quasi-governmental authority. The use of such spaces shall be for the parking of motor vehicles used by Tenant, its officers and employees only, and shall be subject to applicable Requirements. Parking spaces may not be assigned or transferred separate and apart from this Lease. Upon the expiration or earlier termination of this Lease, or Tenant's failure to pay parking rental when due (if any is so due hereunder) which such failure is not cured within ten (10) days following Notice from Landlord, Tenant's rights with respect to all leased parking spaces shall immediately terminate. Tenant shall have the right to reduce the number of parking passes allocated to Tenant pursuant to this Lease by giving Landlord written notice (a "**Parking Notice**") specifying the number of passes Tenant no longer requires no later than fourteen (14) days prior to the first day of the next calendar month of the Term. Provided that Tenant has timely delivered the Parking Notice pursuant to this Section, Tenant shall have no obligation to pay for the specified number of reduced parking spaces and Tenant's rights with respect to such parking spaces shall terminate. If Tenant's rights to parking spaces terminate, Tenant shall not have any right to any such terminated parking for the remainder of the Term, and Landlord shall have no obligation to procure substitute parking for Tenant.

30.2 Management of Project Parking Garage. The Project parking garage shall be subject to the reasonable control and management of Landlord, who may, from time to time, establish, modify and enforce reasonable rules and regulations with respect thereto . If parking spaces are not assigned pursuant to the terms of this Lease, Landlord reserves the right at any time to assign parking spaces, and Tenant shall thereafter be responsible to insure that its officers and employees park in the designated areas. Tenant shall, if requested by Landlord, furnish to Landlord a complete list of the license plate numbers of all vehicles operated by Tenant, any transferee, or their respective officers and employees. Landlord reserves the right to change, reconfigure, or rearrange the Project parking garage, to reconstruct or repair any portion thereof, and to restrict or eliminate the use of any Project parking garage and do such other acts in and to such areas as Landlord deems necessary or desirable, without such actions being deemed an eviction of Tenant or a disturbance of Tenant's use of the Premises, and without Landlord being deemed in default hereunder, provided that Landlord shall use commercially reasonable efforts (without any obligation to engage overtime labor or commence any litigation) to minimize the extent and duration of any resulting interference with Tenant's parking rights. Landlord may, in its sole discretion, convert the Project parking garage to a reserved and/or controlled parking facility, or operate the Project parking garage (or a portion thereof) as a tandem, attendant assisted and/or valet parking facility. Landlord may delegate its responsibilities with respect to the Project parking garage to a parking operator, in which case such parking operator shall have all the rights of control and management granted to Landlord. In such event, Landlord may direct Tenant, in writing, to enter into a parking agreement directly with the operator of the Project parking garage, and to pay all parking charges directly to such operator.

30.3 Waiver of Liability. Landlord shall not be liable for any damage of any nature to, or any theft of, vehicles, or contents thereof, in or about the Project parking garage. At Landlord's request, Tenant shall cause its or any transferee's officers and employees using Tenant's parking spaces to execute an agreement confirming the foregoing.

31. Communications and Computer Lines and Equipment.

31.1 Lines and Equipment. Tenant may install, maintain, replace, remove or use communications or computer wires and cables (collectively, "**Lines**") at the Project to serve the Premises, and may install, maintain, replace, remove or use telecommunications or other signal or data reception or transmission equipment (collectively, "**Equipment**") in the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use the contractor specified by Landlord (which contractor may, but need not be, the entity managing the Building's risers), and comply with all of the other provisions of this Lease and such other rules and procedures as may be established by Landlord from time to time, (ii) Lines and Equipment shall comply with all applicable Requirements and shall be subject to all other provisions of this Lease, (iii) Lines and Equipment shall not cause any electrical, electromagnetic, radio frequency, or other interference with the Building Systems or any equipment of any party (including any telecommunication or other signal or data reception or transmission equipment and/or system in or serving the Project, its occupants, and/or Landlord), or otherwise interfere with the use and enjoyment of the Project by Landlord, any tenant of the Project, or any person or entity that has entered or will enter into an agreement with Landlord to install telecommunications or other signal or data reception or transmission equipment in the Project (collectively, "**Interference**"), (iv) Landlord shall not be required to grant separate access to the Building to Tenant's telecommunications services and equipment provider in connection with Lines and Equipment, (v) any right granted to Tenant to install, maintain and use Lines and Equipment shall be non-exclusive, (vi) Tenant shall pay all costs in connection with this Article 31, and (vii) in the case of Lines, (A) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (B) Lines (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (C) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage caused by such removal, and (D) in the case of the installation of new Lines, Tenant, at the time of installation, shall label such Lines, on each floor through which they pass, with an identification system reasonably approved by Landlord.

In connection therewith, Tenant shall have the right, free of charge, to (i) use existing electronic, fiber, phone and data cabling and related equipment (the "**Cabling**") serving the Premises; (ii) subject to the terms and conditions of this Lease, including, without limitation, the Rules and Regulations, use up to Tenant's share of the Building's risers, chaseways, and pathways ("**Pathways**") and to (iii) install, maintain, repair, replace, or remove Cables and new Pathways, all as reasonably necessary to connect Tenant's telecommunications, data and cable

networks/services to the telecommunications, data and cable networks/services found within the Building and available to Building tenants in general or to Tenant's telecommunications, data and cable networks/services providers. If Tenant selects a telecommunications, data and cable networks/services provider other than the providers currently located in and servicing the Building, so long as Landlord approves of such provider in Landlord's sole discretion, and further, so long as such provider enters into Landlord's then commercially reasonable standard access agreement, Landlord agrees to provide such selected providers reasonable access to the Building for the provision of such services to Tenant. Landlord shall provide to one (1) four inch (4") conduit to Tenant from the Main Point of Entry ("MPOE") to each floor of the Premises, at Landlord's expense. Tenant shall have the right to add an additional 4" conduit at Tenant's cost in accordance with the terms and conditions of this Lease. Notwithstanding anything to the contrary contained in this Lease, unless otherwise notified in writing, Tenant shall at its sole cost and expense, remove all such Cabling and other telecommunications equipment installed by or for the benefit of Tenant hereunder and restore the Building to the condition existing prior to such installation, reasonable wear and tear excepted.

31.2 Interference.

(a) Tenant's Interference. Upon notice of any Interference, Tenant shall immediately cooperate with Landlord to identify the source of the Interference and shall, within twenty-four (24) hours, if requested by Landlord, cease all such operations of Lines and Equipment (except for intermittent testing as approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed) until the Interference has been corrected to the reasonable satisfaction of Landlord, unless Tenant reasonably establishes prior to the expiration of such twenty-four (24) hour period that the Interference is not caused by Tenant's Lines or Equipment, in which case Tenant may operate its Lines or Equipment pursuant to the terms of this Lease. Tenant shall be responsible for all costs associated with any tests deemed reasonably necessary to resolve any and all Interference as set forth in this Article. If such Interference has not been corrected within ten (10) business days after notice to Tenant of its occurrence, Landlord may (i) require Tenant to remove the specific Line or Equipment causing such Interference pursuant to the terms of Section 31.3(c) below, or (ii) eliminate the Interference at Tenant's expense, provided such Interference is actually caused by Tenant's Lines or Equipment.

(b) Other Party's Interference. If the lines or equipment of any other party causes Interference with Tenant's Lines or Equipment, Tenant shall reasonably cooperate with such other party to resolve such Interference in a mutually acceptable manner.

31.3 General Provisions.

(a) Consultation with Landlord. Tenant shall consult with Landlord in advance of any installation of any Lines or Equipment that may cause any Interference at the earliest practicable stage of consideration of such installation.

(b) Landlord's Rights. Landlord may, but shall not have the obligation to, reasonably direct, monitor, and/or supervise the installation, maintenance, replacement and removal of any Lines or Equipment. The foregoing sentence shall not be a limitation to any other rights Landlord may have under applicable Requirements or otherwise.

(c) Removal. Landlord reserves the right to require Tenant, upon written or verbal notice, to remove any Lines or Equipment located in or serving the Premises which (i) are or were installed in violation of these provisions, or (ii) are at any time in violation of any applicable Requirements, or (iii) present a dangerous or potentially dangerous condition, or (iv) present a threat to the structural integrity of the Building, or (v) threaten to overload the capacity of, or affect the temperature otherwise maintained by, the air conditioning system, or the capacity of the Building's electrical system, or (vi) have caused Interference that has not been corrected in accordance with Section 31.2(a) above. In addition, Tenant shall remove Lines and Equipment installed by or on behalf of Tenant upon the expiration or earlier termination of this Lease in accordance with Section 31.1 above. The removal of Lines or Equipment shall be performed by the contractor specified by Landlord. If Tenant fails to remove any Lines or Equipment as required by Landlord in a diligent and expeditious manner, or if Tenant violates any other provision of this Article 31, Landlord may, after three (3) days' written notice to Tenant, remove such Lines and/or Equipment, as the case may be, or remedy such other violation, at Tenant's expense (without limiting Landlord's other remedies available under this Lease or applicable Requirements); provided, however, that Landlord shall have the right to remove any such Lines and/or Equipment immediately, without notice to Tenant, in the event of an emergency.

(d) Approval by Landlord. Landlord's approval of, or requirements concerning, Lines and Equipment, the plans, specifications or drawings related thereto or Tenant's contractors, subcontractors, or service provider, shall not be deemed a warranty as to the adequacy thereof, and Landlord hereby disclaims any responsibility or liability for the same. Landlord further disclaims all responsibility for the condition, security or utility of Lines and Equipment, and makes no representation regarding the suitability of any such Lines or Equipment for Tenant's intended use or the adequacy or fitness of the Building Systems for any such Lines or Equipment.

(e) Waiver of Claims. Landlord shall have no liability for damages arising from, and Landlord does not warrant that Tenant's use of any Lines or Equipment will be free from, the following: (i) any shortages, failures, variations, interruptions, disconnections, loss or damage caused by the installation, maintenance, replacement, use or removal of Lines and/or Equipment by or for other tenants or occupants of the Project, by any failure of the environmental conditions or the power supply for the Building to conform to any requirements for the Lines and/or Equipment, or any other problems associated with any Lines and/or Equipment by any other cause; (ii) any failure of any Lines and/or Equipment to satisfy Tenant's Requirements; (iii) any eavesdropping or wire-tapping by unauthorized parties; or (iv) any Interference with Tenant's Lines and/or Equipment caused by the lines and/or equipment of any other party. Without limiting the generality of any other provision of this Lease, in no event shall Landlord be liable for damages by reason of loss of profits, business interruption or other consequential damage arising from the foregoing occurrences. Tenant further waives any right to claim that any occurrence described in clauses (i), (ii) and (iii) above constitutes grounds for a claim of abatement of Rent, actual or constructive eviction, or termination of this Lease.

(f) Acknowledgment. Tenant acknowledges that Landlord has granted and/or may grant lease rights, licenses, and other rights to other tenants and occupants of the Project and to telecommunications service providers.

(g) No Solicitation. Tenant shall not solicit, suffer, or permit other tenants or occupants of the Project to use its Lines or Equipment (including, without limitation, its wireless intranet, Internet and other communications network).

(h) Fire Stairs. Landlord consents to the use of the Building fire stairs by Tenant for travel only by Tenant's employees between adjoining Floors of the Building in which Tenant is occupying the entire Premises on each of said Floors. Tenant, at its sole cost and expense, shall be responsible for: (i) obtaining all necessary governmental and regulatory approvals for the use of the fire stairs, provided that Landlord shall reasonably cooperate with Tenant in connection with Tenant's efforts to obtain such approvals; (ii) complying with all Requirements with respect to the ongoing use of the fire stairs; (iii) installing security monitors and card key access systems on the entry doors leading from the fire stairs of said floors; and (iv) tying Tenant's security system, if any, into the Building security system so that, among other things, the Building security system can distinguish between an authorized entry into the fire stairs by one of Tenant's employees and an unauthorized entry by another party. Tenant shall provide Landlord with a "**master**" card key so that Landlord shall have access through each entry door. Tenant shall be solely responsible for the operation of such locking system and hereby waives any and all claims against Landlord and the other Indemnitees arising out of or in connection with parties gaining access to the Premises through the stairway. Tenant acknowledges and agrees that Tenant's obligations to indemnify Landlord with respect to Tenant's leasing and occupancy of the Premises shall apply to the use of the fire stairs pursuant to this Section. Tenant shall be responsible for any additional cleaning costs with respect to the use of the fire stairs by Tenant's employees. Tenant shall also be responsible for assuring that Tenant's employees do not use the fire stairs for loitering, smoking or any other purpose other than travel between the aforesaid Floors and use in the event of a fire or other emergency.

32. First Must-Take Space.

32.1 Delivery of Must Take Space. Tenant shall be required to lease from Landlord and Landlord shall be required to lease to Tenant the First Must-Take Space. Tenant shall accept possession of the First Must-Take Space as of the date Landlord delivers possession of the First Must-Take Space to Tenant in its as-is, where-is condition without representation or warranty (other than as expressly set forth in this Lease) (the "**First Must-Take Delivery Date**"), which is estimated to occur between April 1, 2016 and September 1, 2016; provided, however, that unless otherwise agreed to in writing by Tenant, the First Must-Take Delivery Date shall not be prior to April 1, 2016. The First Must-Take Delivery Date shall be delayed to the extent that Landlord fails to deliver possession of the First Must-Take Space for any reason, including but not limited to, holding over by prior occupants. Any such delay in the First Must-Take Delivery Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. The Term with respect to the First Must-Take Space (the "**First Must-Take Term**") shall commence on the date (the "**First Must-Take Effective Date**") that is one hundred eighty-seven (187) days following the actual First Must-Take Delivery Date (such one hundred eighty -seven (187) day period being referred to as the "**First Must-Take Space Construction Period**") and shall end, unless sooner terminated pursuant to the terms of this Lease, on the Extended Expiration Date (defined below). The First Must-Take Space Construction Period shall be extended on a day-for-day basis for each day that Tenant's construction of Tenant Improvements in the First Must-Take Space is delayed by Landlord Delay (as defined in the Work Letter).

During the First Must-Take Space Construction Period, Tenant, at Tenant's sole risk, may access the First Must-Take Space for the purpose of installing telecommunications and data cabling, equipment, furnishings and other personalty and for performing Tenant Improvements to the First Must-Take Space. Tenant's possession of the First Must-Take Space shall be subject to all of the terms and conditions of this Lease, except that Tenant shall not be required to pay Base Rent or Escalation Rent during the First Must-Take Space Construction Period.

32.2 Becomes a part. As of the First Must-Take Effective Date, the First Must-Take Space shall become part of the Premises and the rentable square footage of the Premises shall be increased to include the First Must-Take Space. The First Must-Take Space shall be subject to all the terms and conditions of this Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the original Premises except as expressly provided in this Article 32.

32.3 Base Rent for Must Take Space. The Base Rent rate per rentable square foot for the First Must-Take Space shall be the same as the Base Rent rate per rentable square foot for the Initial Premises on the First Must-Take Effective Date. The Base Rent rate for the First Must-Take Space shall increase at such times and in such amount as Base Rent for the Initial Premises, it being the intent of Landlord and Tenant that the Base Rent rate per rentable square foot for the First Must-Take Space shall always be the same as the Base Rent rate per rentable square foot for the Initial Premises. Base Rent attributable to the First Must-Take Space shall be payable in monthly installments in accordance with the terms and conditions of Article 4 of this Lease. Tenant shall pay Escalation Rent for the First Must-Take Space on the same terms and conditions set forth in this Lease, and Tenant's Percentage Share shall increase appropriately to account for the addition of the First Must-Take Space.

32.4 Extension of Term. Upon the First Must-Take Effective Date, the Term of this Lease shall be automatically extended and shall terminate on the last day of the eighty-fourth (84th) full calendar month following the First Must-Take Effective Date (the "**Extended Expiration Date**"). That portion of the Term commencing the day immediately following the Expiration Date ("**Extension Date**") and ending on the Extended Expiration Date shall be referred to as the "**Extended Term**" and the portion of the Term commencing on the First Must-Take Effective Date and ending on the Extended Expiration Date is hereinafter referred to as the "**First Must-Take Space Term**". The Base Rent rate per rentable square foot for the First Must -Take Space shall be the same as the Base Rent rate per rentable square foot for the Initial Premises on the First Must-Take Effective Date. During the First Must-Take Space Term, the Base Rent rate for the First Must-Take Space shall increase at such times and in such amount as Base Rent for the Initial Premises, it being the intent of Landlord and Tenant that the Base Rent rate per rentable square foot for the First Must-Take Space shall be the same as the Base Rent rate per rentable square foot for the Initial Premises. During the Extended Term, the Base Rent rate for the entire Premises (that is, the Initial Premises and the First Must-Take Space) shall be increased by an amount equal to one hundred three percent (103%) of the Base Rent rate then in effect as of the Expiration Date. Thereafter, the monthly Base Rent for the entire Premises shall increase by three percent (3%) annually through the Extended Term.

32.5 Allowance. Landlord agrees to contribute the sum of up to \$75.00 per rentable square foot of the First Must-Take Space (the “First Must-Take Space Allowance”) toward the cost of design, permitting and construction of Tenant Improvements in the First Must-Take Space. The First Must-Take Space Allowance may only be used for the cost of preparing design and construction documents and mechanical and electrical plans, for project management fees associated with the performance of the Tenant Improvements to the First Must-Take Space and for hard costs in connection with the Tenant Improvements to the First Must-Take Space. Landlord shall disburse the First Must-Take Space Allowance to Tenant subject to and in accordance with the provisions applicable to the disbursement of the Allowance described in Exhibit C. Landlord’s review and approval of Tenant’s plans and specifications for the Tenant Improvements to be constructed within the First Must-Take Space shall be governed by the provisions of Section 2 of the Work Letter. In no event shall Tenant be entitled to any disbursement of the First Must-Take Space Allowance after the first anniversary of the First Must-Take Delivery Date (the “Outside First Must-Take Allowance Date”); provided, however, that the Outside First Must-Take Allowance Date shall be extended on a day-for-day basis for each day that the design or construction of the First Must-Take Space Alterations is delayed by Landlord Delay (defined in the Work Letter) or Force Majeure. Other than providing the First Must-Take Space Allowance as described in the foregoing sentence and the obligation to perform the First Must-Take Space Base Building Improvements, Landlord shall have no obligation to make any improvements, alterations and/or provide and concessions to Tenant in connection with the First Must-Take Space.

32.6 Amendment. Landlord shall prepare an amendment (the “**First Must-Take Amendment**”) to reflect the commencement date of the First Must-Take Space Term, the Extended Expiration Date and the changes in Base Rent, rentable square footage of the Premises, Tenant’s Percentage Share and other appropriate terms. A copy of the First Must-Take Amendment shall be sent to Tenant within a reasonable time after the First Must-Take Effective Date, and Tenant shall execute (or make good faith corrective comments to) and return the First Must-Take Amendment to Landlord within ten (10) business days thereafter, but Tenant’s leasing of the First Must-Take Space in accordance with this Article 32 shall be fully effective whether or not the First Must-Take Amendment is executed.

33. Right of First Refusal.

33.1 Right of First Refusal. During the first twelve (12) full calendar months following the First Must-Take Space Effective Date, Tenant shall have right of first refusal (the “**Right of First Refusal**”) to lease (i) any separately demised space on the tenth (10th) Floor, (ii) any separately demised space on the sixteenth (16th) Floor, and (iii) any separately demised space on the seventeenth (17th) Floor of the Building (each such space, a “**Potential Refusal Space**”). The Right of First Refusal shall be exercised as follows: when Landlord has a prospective tenant, other than any existing occupant of such space (the “**Prospect**”) who has agreed upon the material terms of such leasing of such Potential Refusal Space with Landlord (be way of formal proposal or letter of intent, or other informal agreement communicated between the parties such as in a correspondence), Landlord shall advise Tenant (the “**ROFR Advice**”) of the terms under which Landlord is prepared to lease such Potential Refusal Space (a “**Refusal Space**”) to such Prospect and Tenant may lease the Refusal Space, under such terms, by delivery of written notice of exercise to Landlord (the “**Notice of Exercise**”) within five (5)

business days after the date of the ROFR Advice, except that Tenant shall have no such Right of First Refusal, and Landlord need not provide Tenant with a ROFR Advice with respect to any Potential Refusal Space, if: (a) an Event of Default on the part of Tenant then exists; or (b) more than fifty percent (50%) of the Premises is sublet at the time Landlord would otherwise deliver the ROFR Advice; or (c) this Lease has been assigned by Tenant (other than pursuant to a Permitted Transfer) prior to the date Landlord would otherwise deliver the ROFR Advice; or (d) Tenant is not occupying at least fifty percent (50%) of the Premises on the date Landlord would otherwise deliver the ROFR Advice; or (e) such Potential Refusal Space is not intended for the exclusive use of Tenant during the Term.

33.2 Terms for Refusal Space.

33.2.1 The Term for the Refusal Space shall commence upon the commencement date stated in the ROFR Advice, and thereupon such Refusal Space shall be considered a part of the Premises, provided that all of the terms stated in the ROFR Advice, including the termination date set forth in the ROFR Advice, shall govern Tenant's leasing of the Refusal Space and only to the extent that they do not conflict with the ROFR Advice, the terms and conditions of this Lease shall apply to the Refusal Space. Tenant shall pay Base Rent and Escalation Rent for the Refusal Space in accordance with the terms and conditions of the ROFR Advice. Notwithstanding anything elsewhere in this Article 33 to the contrary, any leasing of the Refusal Space under this Article 33 will not include terms or provisions of the ROFR Advice that are specific to the parties involved in the transaction giving rise to the ROFR Advice, such as payment of commissions to the brokers involved in that transaction; options or rights to expand, contract, renew, extend or shorten the term; security deposit; and any rights that are personal to the third party making the ROFR Advice.

33.2.2 The Refusal Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Refusal Space or the date the term for such Refusal Space commences, unless the ROFR Advice specifies work to be performed by Landlord in the Refusal Space, in which case Landlord shall perform such work in the Refusal Space. If Landlord is delayed delivering possession of the Refusal Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Refusal Space shall be postponed until the date Landlord delivers possession of the Refusal Space to Tenant free from occupancy by any party.

33.2.3 In the event that, pursuant to Tenant's Right of First Refusal set forth in this Section 33, and so long as the Premises continues to include the entire 11th floor of the Building, Tenant expands the Premises to include all of the rentable area located on the 10th floor of the Building, at Tenant's request and as part of the preparation, negotiation, and execution of the Refusal Space Amendment making the entire rentable area on 10th floor of the Building part of the Premises, Landlord shall, at its sole cost and expense, re-open the enclosed internal stairwell connecting the 10th and 11th floors of the Building.

33.3 Termination of Right of First Refusal. The Right of First Refusal with respect to the Refusal Space shall terminate on the earlier to occur of (a) the last day of the twelfth (12th) full calendar month following the First Must-Take Space Effective Date; (b) with

respect to any particular Refusal Space that is the subject of a ROFR Advice, Tenant's failure to exercise its Right of First Refusal within the five (5) business day period provided in Section 33.1 above; and (c) the date Landlord would have provided Tenant a ROFR Advice if Tenant had not been in violation of one or more of the conditions set forth in Section 33.1 above.

33.4 Refusal Space Amendment. If Tenant validly exercises its Right of First Refusal, Landlord shall prepare an amendment (the "**Refusal Space Amendment**") adding the Refusal Space to the Premises on the terms set forth in the ROFR Advice and reflecting the changes in the Base Rent, the face amount of the Letter of Credit (which shall be increased by an amount equal to twelve (12) months of the Base Rent for the subject Refusal Space in effect during the last rental period of the then current Term with respect to the subject Refusal Space), rentable square footage of the Premises, Tenant's Percentage Share and other appropriate terms. A copy of the Refusal Space Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute (or make good faith corrective comments to) and return the Refusal Space Amendment to Landlord within ten (10) business days thereafter, but an otherwise valid exercise of the Right of First Refusal shall be fully effective whether or not the Refusal Space Amendment is executed.

33.5 Miscellaneous. Notwithstanding anything herein to the contrary, Tenant's Right of First Refusal is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of the following tenant: URS.

34. Right of First Offer.

34.1 Offer Right. Following the expiration of the Right of First Refusal and provided that no Event of Default on the part of Tenant exists, Tenant shall have the right of first offer (the "**Offer Right**") to lease (i) any separately demised space on the tenth (10th) Floor, (ii) any separately demised space on the sixteenth (16th) Floor, and (iii) any separately demised space on the seventeenth (17th) Floor of the Building (each, a "**Potential Offer Space**" and, collectively, the "**Potential Offer Spaces**") at such time as such Potential Offer Space becomes Available (defined below). Such Potential Offer Space shall be deemed "Available" at any time after Landlord has determined that the existing tenant, if any, in a Potential Offer Space will not extend or renew the term of its lease with respect thereto and Landlord intends to offer such Potential Offer Space to the public. Tenant's Offer Right shall be exercised as follows: anytime following the first twelve (12) full calendar months following the First Must-Take Effective Date, but in no event more than one time in any twelve (12) month period, Tenant may request in writing (an "**Availability Notice**") that Landlord notify Tenant of whether any Potential Offer Space is then Available or whether any Potential Offer Space will become Available in the following twelve (12) month period. Within fifteen (15) days following its receipt of Tenant's Availability Notice, Landlord shall in good faith inform Tenant in writing which Potential Offer Space(s) are then Available, if any, and/or whether Landlord anticipates a Potential Offer Space to become Available in the following twelve (12) month period. Provided that Landlord has received an Availability Request from Tenant, and subject to the terms set forth below, Landlord shall advise Tenant (the "**Advice**") of the terms under which Landlord is prepared to lease (or will be prepared to lease in the case of a Potential Offer Space Landlord anticipates to become Available in the following twelve (12) month period) such Potential Offer Space (the "**Offer**

Space”) to Tenant. Notwithstanding anything to the contrary contained herein, Landlord shall not be deemed to be in default or breach of this Lease, or otherwise be liable to Tenant, in the event a Potential Offer Space that Landlord, in good faith, believed would become Available in the following twelve (12) month period does not, in fact, become Available within such following twelve (12) month period . The terms for the Offer Space set forth in Landlord’s Advice shall reflect the Prevailing Market (hereinafter defined) rate for such Offer Space as reasonably determined by Landlord. Tenant may lease such Offer Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord (the “**Notice of Exercise**”) within five (5) business days after the date of the Advice, failing which Landlord may lease the subject Offer Space to any third party on whatever basis Landlord desires, and Tenant shall have no further rights with respect to such subject Offer Space; provided, however, that if the subject Offer Space again becomes Available or if Landlord failed to come to an agreement to Lease such Offer Space to a third party within the six (6) month period following the date of expiration of the five (5) business day period in which Tenant may deliver a Notice of Exercise, Tenant’s Offer Right and the foregoing procedure shall continue to apply to such Offer Space (subject to the terms of this Section 34.1 and Section 34.8). If Tenant exercises its Offer Right for the Offer Space in accordance with the terms and conditions of this Article 34, effective as of the date Landlord delivers the subject Offer Space, such Offer Space shall automatically be included within the Premises and subject to all the terms and conditions of this Lease, except as set forth in Landlord’s notice and as follows:

34.2 Percentage Share. Tenant’s Percentage Share shall be recalculated, using the total rentable area of the Premises, as increased by the subject Offer Space, as the case may be.

34.3 As-is. Except as set forth in this Section 34.3, the subject Offer Space shall be leased on an “as is” basis and Landlord shall have no obligation to improve the subject Offer Space or grant Tenant any improvement allowance thereon except as may be provided in Landlord’s Advice. In the event that, pursuant to Tenant’s Offer Right set forth in this Section 34, and so long as the Premises continues to include the entire 11th floor of the Building, Tenant expands the Premises to include all of the rentable area located on the 10th floor of the Building, at Tenant’s request and as part of the preparation, negotiation, and execution of the Offer Amendment making the entire rentable area on 10th floor of the Building part of the Premises, Landlord shall, at its sole cost and expense, re-open the enclosed internal stairwell connecting the 10th and 11th floors of the Building.

34.4 Commencement and Termination. The term for the subject Offer Space shall commence upon the commencement date stated in the Advice and thereupon such Offer Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice, including the termination date set forth in the Advice, shall govern Tenant’s leasing of the Offer Space and only to the extent that they do not conflict with the Advice, the terms and conditions of this Lease shall apply to the Offer Space. Tenant shall pay Base Rent, Escalation Rent and any other Additional Rent for the Offer Space in accordance with the terms and conditions of the Advice.

34.5 Exclusions to Offer Right. Notwithstanding anything to the contrary set forth herein, Tenant shall have no such Offer Right with respect to the subject Offer Space, as the case may be, and Landlord need not provide Tenant with an Advice, if: (a) an Event of Default on the part of Tenant then exists; (b) more than fifty percent (50%) of the Premises is sublet at the time Landlord would otherwise deliver its Advice as described above; (c) this Lease has been assigned (other than pursuant to a Permitted Transfer) prior to the date Landlord would otherwise deliver its Advice as described above; (d) Tenant is not occupying at least seventy five percent (75%) of rentable areas of the Premises on the date Landlord would otherwise deliver its Advice as described above; (e) the subject Offer Space is not intended for the exclusive use of Tenant during the Term; or (f) the existing tenant in the subject Offer Space has agreed to extend or renew its lease for such Offer Space or to enter into a new lease for such Offer Space.

34.6 Delay in Possession. If Landlord is delayed delivering possession of the subject Offer Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of such space, and the commencement of the term for the subject Offer Space shall be postponed until the date Landlord delivers possession of the subject Offer Space to Tenant free from occupancy by any party.

34.7 Rights for Potential Offer Space. The rights of Tenant hereunder with respect to any Potential Offer Space shall terminate on the earlier to occur of: (i) date that is twelve (12) months prior to the Extended Expiration Date; or (ii) simultaneously with Tenant's providing Landlord with a Notice of Exercise, subject to the potential reinstatement of such rights as described in Section 34.1 above. In addition, in any particular instance in which either Offer Space becomes Available, the right of Tenant hereunder with respect to such Offer Space in such instance shall terminate (1) upon the earlier to occur of: (a) Tenant's failure to exercise its offer right with respect to such Potential Offer Space within the five (5) business day period provided in Section 34.1 above, subject to the potential reinstatement of such rights as described in Section 34.1 above; or (b) the date Landlord would have provided Tenant an Advice with respect to such Potential Offer Space if Tenant had not been in violation of one or more of the conditions set forth in Section 34.3 above; or (2) if the Potential Offer Space Landlord in good faith believed would become Available within the following twelve (12) month period following Landlord's receipt of Tenant's Availability Notice does not, in fact, become Available, subject to the potential reinstatement of such rights as described in Section 34.1 above. In addition, if Landlord provides Tenant with an Advice for any Potential Offer Space that contains expansion rights (whether such rights are described as an expansion option, right of first refusal, right of first offer or otherwise) with respect to any other portion of the Potential Offer Space (such other portion of the Offer Space subject to such expansion rights is referred to herein as the "**Encumbered Potential Offer Space**") and Tenant does not exercise its Offer Right to lease such Offer Space, Tenant's Offer Right with respect to the Encumbered Potential Offer Space shall be subject and subordinate to all such expansion rights contained in the Advice.

34.8 Offer Amendment. If Tenant exercises its Offer Right as to a subject Offer Space, Landlord shall prepare an amendment (an "**Offer Amendment**") adding the subject Offer Space to the Premises on the terms set forth in the Advice and reflecting the changes in Base Rent, the face amount of the Letter of Credit (which shall be increased by an amount equal to twelve (12) months of the Base Rent for the subject Offer Space in effect during the last rental period of the then current Term with respect to the subject Offer Space), the rentable square footage of the Premises, Tenant's Percentage Share and other appropriate terms. A copy of the Offer Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Offer Amendment to Landlord within ten (10) business days thereafter, but an otherwise valid exercise of the Offer Right shall be fully effective whether or not the Offer Amendment is executed.

34.9 Prevailing Market. For purposes of this Article 34, “**Prevailing Market**” shall mean the annual rental rate per square foot for space comparable to the Offer Space in the Building under leases and renewal and expansion amendments being entered into at or about the time that Prevailing Market is being determined, giving appropriate consideration to tenant concessions, brokerage commissions, tenant improvement allowances, existing improvements in the space in question, and the method of allocating operating expenses and taxes. Notwithstanding the foregoing, space leased under any of the following circumstances shall not be considered to be comparable for purposes hereof: (a) the lease term is for less than the lease term of the subject Offer Space, (b) the space is encumbered by the option rights of another tenant, or (c) the space has a lack of windows and/or an awkward or unusual shape or configuration. The foregoing is not intended to be an exclusive list of space that will not be considered to be comparable.

34.10 Miscellaneous. Notwithstanding anything herein to the contrary, Tenant’s Offer Right is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of the following tenant: URS.

35. Second Must-Take Space.

35.1 Improvements and Alterations. Tenant shall be required to lease from Landlord and Landlord shall be required to lease to Tenant the Second Must-Take Space. The Second Must-Take Delivery Date shall be delayed to the extent that Landlord fails to deliver possession of the Second Must-Take Space for any reason, including but not limited to, holding over by prior occupants. Any such delay in the Second Must-Take Delivery Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. The Second Must-Take Space shall become a part of the Premises and the terms and conditions of the Lease, shall apply to the Second Must-Take Space, provided, however, that, subject to the remaining terms and conditions of this Section 35.1, Tenant’s obligation to pay Base Rent and Tenant’s Percentage Share of Escalation Rent with respect to the Second Must-Take Space shall commence on the date that is one-hundred fifty-seven (157) days following the Second Must-Take Effective Date (as defined in Section 35.2 below) [such one hundred fifty seven (157) day period being referred to herein as the “**Second Must-Take Space Construction Period**”]. The Second Must-Take Space Construction Period shall be extended on a day-for-day basis for each day that Tenant’s construction of Tenant Improvements in the Second Must-Take Space is delayed by Landlord Delay. Notwithstanding the foregoing, in the event Tenant occupies or commences its business operation in the Second Must-Take Space, including prior to the Second Must-Take Effective Date, Tenant’s obligation to pay Base Rent and Tenant’s Percentage Share of Escalation Rent with respect to the Second Must-Take Space shall commence on the earlier of: (i) the date of the commencement of Tenant’s business operations in the Second Must-Take Space and in such event the Second Must-Take Space Construction Period shall be deemed to have expired as of such date, and (ii) the expiration of the Second Must-Take Space Construction Period.

Other than providing the Second Must-Take Space Allowance described in Section 35.5 below, Landlord shall have no obligation to make any improvements, alterations and/or provide and concessions to Tenant in connection with the Second Must-Take Space. Landlord shall prepare and amendment to the Lease that includes the Second Must-Take Space as a part of the Premises, which amendment shall also set forth all other related changes (e.g., change in rent, percentage share).

35.2 **Acceptance of Second Must Take Space.** Subject to Section 35.6 below, Tenant shall accept possession of the Second Must-Take Space as of the date Landlord delivers possession of the Second Must-Take Space to Tenant (the “**Second Must-Take Effective Date**”), which is estimated to be the first day of the thirteenth (13th) full calendar month following the First Must-Take Effective Date (the “**Target Second Must-Take Effective Date**”). Subject to Section 35.6 below, in no event shall the Second Must-Take Effective date be prior to the Target Second Must-Take Effective Date without the prior written consent of Tenant. The Term with respect to the Second Must-Take Space (the “**Second Must-Take Term**”) shall end, unless sooner terminated pursuant to the terms of this Lease, on the Extended Expiration Date, it being the intention of the parties hereto that the term for the Second Must-Take Space and the Term for the Initial Premises shall be coterminous. The Second Must-Take Effective Date shall be delayed to the extent that Landlord fails to deliver possession of the Second Must-Take Space for any reason, including but not limited to, holding over by prior occupants. Any such delay in the Second Must-Take Effective Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. If the Second Must-Take Effective Date is delayed, the Extended Expiration Date shall not be similarly extended.

35.3 **Becomes a Part.** As of the Second Must-Take Effective Date, the Second Must-Take Space shall become part of the Premises and the rentable square footage of the Premises shall be increased to include the Second Must-Take Space. The Second Must-Take Space shall be subject to all the terms and conditions of this Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the original Premises except as expressly provided in this Article 35.

35.4 **Second Must Take Space Base Rent.** The Base Rent rate per rentable square foot for the Second Must-Take Space shall be the same as the Base Rent rate per rentable square foot for the Premises. The Base Rent rate for the Second Must-Take Space shall increase at such times and in such amount as Base Rent for the Premises, it being the intent of Landlord and Tenant that the Base Rent rate per rentable square foot for the Second Must-Take Space shall always be the same as the Base Rent rate per rentable square foot for the Premises. Base Rent attributable to the Second Must-Take Space shall be payable in monthly installments in accordance with the terms and conditions of Article 4 of this Lease. Commencing on the same date as Tenant’s obligation to pay Base Rent on the Second Must-Take Space as set forth herein, Tenant shall pay Escalation Rent for the Second Must-Take Space on the same terms and conditions set forth in this Lease, and Tenant’s Percentage Share shall increase appropriately to account for the addition of the Second Must-Take Space.

35.5 **Second Must-Take Space Allowance.** The Second Must-Take Space (including improvements and personalty, if any) shall be accepted by Tenant in its “as-built” condition and configuration existing on the earlier of the date Tenant takes possession of the Second Must-Take Space or as of the Second Must-Take Effective Date; provided, however, that Landlord will deliver the Second Must-Take Space to Tenant in “broom clean” condition and free of any prior occupant’s personal property or debris. Tenant shall be entitled to receive an improvement allowance (the “**Second Must-Take Space Allowance**”) per square foot of rentable area in the Second Must-Take Space. The Second Must-Take Space Allowance shall be an amount determined by adding (i) \$10.00 per rentable square foot of the Second Must-Take Space, plus (ii) the number which is the product of \$65.00 per rentable square foot of the Second Must-Take Space multiplied by a fraction where the numerator is the number of full calendar months remaining in the Term (as of the Second Must-Take Effective Date) through the Extended Expiration Date and the denominator is eighty-four (84) (the number calculated pursuant to such clause (ii) shall be referred to herein as the “**Second Must-Take Space Variable Allowance Component**”). For example, if there are sixty (60) full calendar months remaining in the Term on the Second Must-Take Effective Date, the Second Must-Take Space Variable Allowance Component shall be an amount equal to \$53.57 per square foot of rentable area of the Second Must-Take Space ($\$65.00 \times 60/84 = \53.57). Such Second Must-Take Space Allowance shall be applied toward the cost of the design, permitting, project management and construction of initial improvements to be performed in the Second Must-Take Space (the “**Second Must-Take Improvements**”), including the cost of preparing plans, drawings and specifications in connection therewith. The Second Must-Take Space Allowance shall be disbursed to Tenant in the same manner and subject to the same conditions for disbursement of the Allowance pursuant to Section 5 of Exhibit C. Additionally, Landlord’s review and approval of Tenant’s plans and specifications for the Tenant Improvements to be constructed in the Second Must-Take Space shall be governed by the provisions of Section 2 of the Work Letter.

35.6 **Acceleration.** Tenant acknowledges that the Second Must-Take Space is currently leased by Landlord to LinkedIn Corporation (“**Prior Tenant**”), pursuant to the terms of a lease dated October 1, 2012, as amended from time to time (the “**LinkedIn Lease**”). Notwithstanding anything herein to the contrary, if the LinkedIn Lease terminates (or the existing tenant’s right to possession is terminated) prior to its stated expiration date for any reason, Landlord shall use commercially reasonable efforts to provide Tenant with written notice of such prior termination (the “**Prior Expiration Notice**”); provided that Landlord shall not be in default hereunder for any failure to provide such Prior Expiration Notice. Such Prior Expiration Notice shall set forth Landlord’s reasonable estimate of the date on which Landlord expects to recover actual and legal possession of the Second Must-Take Space. If Landlord provides Tenant with a Prior Expiration Notice, Tenant may (but shall not be obligated to) accelerate the Second Must-Take Effective Date to be a date prior to the Target Second Must-Take Effective Date set (the “**Accelerated Second Must-Take Effective Date**”), in which event Tenant shall lease the Second Must-Take Space in accordance with the terms and conditions set forth in this Section, except that the Second Must-Take Effective Date shall be the Accelerated Second Must-Take Effective Date, subject to the terms of Section 35.2 above and the Second Must-Take Space Allowance shall be calculated as if the Second Must-Take Effective Date was the Accelerated Second Must-Take Effective Date.

In addition to the foregoing and without limitation thereof, if Landlord provides to Tenant a Prior Expiration Notice and Tenant does not elect to accelerate the Second Must-Take Effective Date as set forth above, subject to the terms of this paragraph (and provided that Tenant has delivered

insurance certificates required hereunder with respect to the Second Must-Take Space and copies of executed construction contracts which comply with the terms and conditions of this Lease for any initial improvements to be constructed in the Second Must-Take Space), by providing written notice to Landlord (which notice shall set forth the date Tenant intends to access the Second Must-Take Space, which date shall be at least three (3) business days following the date Tenant's notice is tendered to Landlord), Tenant may elect to access the Second Must-Take Space, at Tenant's sole risk, solely for the purpose of performing the initial improvements to be constructed therein (which improvements are similar in scope and nature to the improvements Tenant shall construct in the First Must-Take Space), including installing telecommunications and data cabling, equipment, furnishings and other personalty, which construction and installation shall be performed in accordance with the terms and conditions of this Lease. Such possession prior to the Second Must-Take Effective Date shall be subject to all of the terms and conditions of this Lease, except that Tenant shall not be required to pay Base Rent or Escalation Rent or for the use of the elevators located in the Building with respect to the period of time prior to the Second Must-Take Effective Date during which Tenant occupies the Premises solely for such purposes. However, Tenant shall be liable for any utilities or special services provided to Tenant in the Second Must-Take Space during such period. Said early access shall not advance the Expiration Date.

Tenant hereby acknowledges and agrees that in no event shall Tenant take possession of any portion of the Premises without increasing the Letter of Credit by the amount allocable to such portion of the Premises as set forth in Article 37 of this Lease. For example, Tenant shall increase the amount of the Letter of Credit by \$736,726.07 prior to taking early access or early possession as set forth above in this Section 35.6.

35.7 Second Must-Take Amendment. Landlord shall prepare an amendment (the "**Second Must-Take Amendment**") to reflect the commencement date of the Second Must-Take Term and the changes in Base Rent, rentable square footage of the Premises, Tenant's Percentage Share and other appropriate terms. A copy of the Second Must-Take Amendment shall be sent to Tenant within a reasonable time after the Second Must-Take Effective Date, and Tenant shall execute (or make good faith corrective comments to) and return the Second Must-Take Amendment to Landlord within ten (10) days thereafter, but Tenant's leasing of the Second Must-Take Space in accordance with this Article 35 shall be fully effective whether or not the Second Must-Take Amendment is executed .

36. Option to Extend.

36.1 Grant of Extension Option. Subject to the terms and conditions set forth in this Article 38, and so long as Tenant is occupying at least seventy-five percent (75%) of the Premises, Landlord hereby grants Tenant an option (the "**Extension Option**") to extend the Term of this Lease for one additional period of five (5) years commencing immediately following the Extended Expiration Date (the "**Second Extension Term**"). The Extension Option may be exercised only by Tenant giving Landlord irrevocable and unconditional written notice (the "**Option Notice**") thereof not less than nine (9) full calendar months or more than twelve (12) full calendar months prior to the expiration of the Extended Expiration Date, the time of such exercise being of the essence. The Option Notice shall be given as provided in Article 28 hereof.

36.2 Terms Applicable to Premises During Second Extension Term. Tenant's possession of the Premises during the Second Extension Term shall be upon all of the terms and conditions contained in this Lease, except as follows:

(a) The monthly Base Rent payable during the Second Extension Term shall be the Prevailing Market Rate (as defined below) of the Premises.

(b) There shall be no further extension options.

(c) Tenant shall accept the Premises during the Second Extension Term in their then existing "as is" condition, without any obligation of Landlord to re-paint, re-carpet, remodel, or otherwise alter the Premises, or to provide a tenant improvement allowance.

36.3 Prevailing Market Rate. As used in this Lease, the phrase "**Prevailing Market Rate**" means the amount that a landlord under no compulsion to lease the Premises, and a tenant under no compulsion to lease the Premises, would agree upon at arm's length as Base Rent for the Premises for the Second Extension Term, as of the commencement of the Second Extension Term. The Prevailing Market Rate shall be based upon non-sublease, non-encumbered, non-equity lease transactions recently entered into for space in the Building and in Comparable Buildings ("**Comparison Leases**") and may include periodic increases. Rental rates payable under Comparison Leases shall be adjusted to account for variations between this Lease and the Comparison Leases with respect to: (i) the length of the Second Extension Term compared to the lease term of the Comparison Leases; (ii) rental structure, including additional rent, and taking into consideration any "**base year**" or "**expense stops**"; (iii) the size of the Premises compared to the size of the premises under the Comparison Leases; (iv) utility, location, floor levels, views and efficiencies of the floor(s) of the Premises compared to the premises under the Comparison Leases; (v) the age and quality of construction of the Building; (vi) the value of existing leasehold improvements to Tenant; and (vii) the financial condition and credit history of Tenant compared to the tenants under the Comparison Leases. The Prevailing Market Rate shall take into consideration tenant improvement or refurbishment allowances granted in Comparison Leases. In determining the Prevailing Market Rate, no consideration shall be given to (a) any rental abatement period granted to tenants in Comparison Leases in connection with the design and construction of tenant improvements and (b) whether Landlord or the landlords under Comparison Leases are paying real estate brokerage commissions in connection with Tenant's exercise of the Extension Option or in connection with the Comparison Leases. For purposes of this Article, Comparable Buildings shall mean other tier one class A building in the Downtown San Francisco Central Business District.

36.4 Procedure for Determining Prevailing Market Rate.

(a) If Tenant timely exercises the Extension Option, not later than six (6) months prior to the commencement of the Second Extension Term, Landlord shall deliver to Tenant a good faith written proposal of the Prevailing Market Rate for the Premises for the Second Extension Term. Within thirty (30) days after receipt of Landlord's proposal, Tenant shall notify Landlord in writing that (i) Tenant accepts Landlord's proposal or (ii) Tenant rejects Landlord's proposal. If Tenant does not give Landlord a timely notice in response to Landlord's proposal, Tenant will be deemed to have rejected Landlord's proposal.

(b) If Tenant rejects (or is deemed to reject) Landlord's proposal, Landlord and Tenant shall first negotiate in good faith in an attempt to agree upon the Prevailing Market Rate for the Second Extension Term. If Landlord and Tenant are able to agree within thirty (30) days following Landlord's receipt of Tenant's notice rejecting Landlord's proposal (the "**Negotiation Period**"), such agreement shall constitute a determination of Prevailing Market Rate for purposes of this Article. If Landlord and Tenant are unable to agree upon the Prevailing Market Rate during the Negotiation Period, then within fifteen (15) days after expiration of the Negotiation Period, the parties shall meet and concurrently deliver to each other their respective written estimates of the Prevailing Market Rate for the Second Extension Term, supported by the reasons therefor (respectively, "**Landlord's Determination**" and "**Tenant's Determination**"). Landlord's Determination may be more or less than its initial proposal of Prevailing Market Rate. Neither party fails to deliver its Determination in a timely manner, then the Prevailing Market Rate shall be the amount specified by the other party. If the higher of such Determinations is not more than one hundred five percent (105%) of the lower of such Determinations, then the Prevailing Market Rate shall be the average of the two Determinations. If the Prevailing Market Rate is not resolved by exchange of the Determinations, the Prevailing Market Rate shall be determined as follows, each party being bound to its Determination and such Determinations constituting the only two choices available to the Appraisal Panel (as hereinafter defined).

(c) Within ten (10) days after the parties exchange Landlord's and Tenant's Determinations, the parties shall each appoint an appraiser who shall be certified as an MAI or ASA appraiser and shall have at least ten (10) years' experience, immediately prior to his or her appointment, as a real estate appraiser of commercial properties in the City and County of San Francisco, including significant experience appraising high rise office space in the San Francisco Downtown Financial District. For purposes hereof, an "**MAI**" appraiser means an individual who holds an MAI designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization, or, if there is no successor organization, the organization and designation most similar), and an "**ASA**" appraiser means an individual who holds the Senior Member designation conferred by, and is an independent member of, the American Society of Appraisers (or its successor organization, or, if there is no successor organization, the organization and designation most similar). If either Landlord or Tenant fails to appoint an appraiser within said ten (10) day period, the Prevailing Market Rate for the Second Extension Term shall be the Determination of the other party. If two appraisers are appointed, Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Determinations more closely reflects the Prevailing Market Rate of the Premises for the Second Extension Term. The Determination selected by such appraisers shall be binding upon Landlord and Tenant. If the two appraisers cannot agree upon which of the two Determinations more closely reflects the Prevailing Market Rate within forty-five (45) days after appointment of the second appraiser to be appointed, then, within ten (10) days after expiration of such forty-five (45) day period, the two appraisers shall select a third appraiser meeting the criteria set forth above and notify the parties of such appointment. If the third appraiser has not been so selected by the end of such ten (10) day period, then either party, on behalf of both, may request such appointment by the American Arbitration Association (or any

successor organization), or in the absence, failure, refusal or inability of such organization to act, then either party may apply to the presiding judge for the San Francisco Superior Court, for the appointment of such an appraiser, and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment.

(d) Within five (5) days following notification of the identity of the third appraiser, Landlord and Tenant shall submit copies of Landlord's Determination and Tenant's Determination to the third appraiser. The three appraisers are referred to herein as the "**Appraisal Panel.**" The Appraisal Panel shall conduct a hearing, at which Landlord and Tenant may each make supplemental oral and/or written presentations, with an opportunity for rebuttal by the other party and for questioning by the members of the Appraisal Panel, if they so wish. Within thirty (30) days following the hearing, the Appraisal Panel, by majority vote, shall select either Landlord's Determination or Tenant's Determination as the Prevailing Market Rate of the Premises for the Second Extension Term, and shall have no right to propose a middle ground or to modify either of the two proposals or the provisions of this Lease. The decision of the Appraisal Panel shall be final and binding upon the parties, and may be enforced in accordance with the provisions of California law. In the event of the failure, refusal or inability of any member of the Appraisal Panel to act, a successor shall be appointed in the manner that applied to the selection of the member being replaced.

(e) Each party shall pay the fees and expenses of the appraiser appointed by such party, and one-half of the fees and expenses of the third appraiser and the expenses incident to the proceedings of the Appraisal Panel (excluding attorneys' fees and similar expenses of the parties which shall be borne separately by each of the parties).

36.5 General Provisions. The following general provisions shall apply to the Extension Option:

(a) The Extension Option shall be exercised, if at all, only with respect to the entire Premises.

(b) Once the monthly Base Rent payable during the Second Extension Term is determined, the parties shall promptly execute an amendment to this Lease extending the Term, stating the amount of the monthly Base Rent, and making any other appropriate modifications.

(c) If the Prevailing Market Rate is not known as of the commencement of the Second Extension Term, Tenant shall pay monthly Base Rent at the rate payable immediately preceding the Second Extension Term. Once the Prevailing Market Rate is determined, Landlord shall credit any overpayment against Tenant's next installment of monthly Base Rent, or Tenant shall pay any deficiency to Landlord within ten (10) days after written request.

(d) Subject to the provisions of this Article, after exercise of the Extension Option, all references in this Lease to the Term shall be deemed to refer to the Term as extended, unless the context clearly provides to the contrary.

(e) Notwithstanding anything to the contrary contained herein, all option rights of Tenant pursuant to this Article shall, at Landlord's election, be null and void if (i) an Event of Default (as defined in Section 20.1 of this Lease) exists at the time of exercise of the Extension Option or at the time of commencement of the Second Extension Term, or (ii) Landlord has given Tenant more than two (2) notices respecting a monetary default during the twelve (12) month period immediately preceding Tenant's exercise of the Extension Option, whether or not the default is subsequently cured, or (iii) late charges have become payable pursuant to Section 4.4 of this Lease three (3) or more times during the twenty-four (24) month period immediately preceding Tenant's exercise of the Extension Option.

(f) The Extension Option is personal to, and may be exercised only by, the original Tenant under this Lease (and any assignee pursuant to a Permitted Transfer), and only if the original Tenant (or a Permitted Transferee) occupies at least seventy-five percent (75%) of the Premises at the time of exercise and shall intend to use the Premises for the conduct of its own business during the Second Extension Term. No assignee (other than pursuant to a Permitted Transfer) or subtenant shall have any right to exercise the Extension Option.

(g) If Tenant shall fail to properly exercise the Extension Option, the Extension Option shall terminate and be of no further force and effect. If this Lease shall terminate for any reason, then immediately upon such termination, the Extension Option shall simultaneously terminate and become null and void.

(h) Notwithstanding anything herein to the contrary, the Extension Option is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of any tenant of the Building existing on the date hereof.

37. Letter of Credit.

Concurrent with Tenant's execution and delivery of this Lease, Tenant shall deliver to Landlord, as collateral for the full performance by Tenant of all of its obligations under this Lease and for all losses and damages Landlord may suffer as a result of Tenant's failure to comply with one or more provisions of this Lease, including, but not limited to, any post lease termination damages under Section 1951.2 of the California Civil Code, an Irrevocable Standby Letter of Credit (the "**Letter of Credit**") in the initial amount of Four Million One Hundred Eight Seven Thousand Two Hundred Fifty-Eight and 44/100 Dollars (\$4,187,258.44). On or before March 1, 2016, Tenant shall increase the Letter of Credit face amount by an additional amount equal to Three Million Two Hundred Seventy-Six Thousand One Hundred Ninety Nine and 50/100 Dollars (\$3,276,199.50). On or before March 1, 2017, Tenant shall further increase the Letter of Credit face amount by an additional amount equal to Seven Hundred Thirty Six Thousand Seven Hundred Twenty Six and 07/100 Dollars (\$736,726.07). Such increases in the Letter of Credit face amount may be achieved by tendering to Landlord an amendment to the Letter of Credit or substitute Letter of Credit so long as the amendment or substitute document, as the case may be, complies with all of the terms and conditions of this Lease.

The following terms and conditions shall apply to the Letter of Credit:

37.1 The Letter of Credit shall be in favor of Landlord, shall be issued by a bank acceptable to Landlord with a Standard & Poors rating of "A" or better, shall comply with all of the terms and conditions of this Article and shall otherwise be in the form attached hereto as Exhibit E.

37.2 The Letter of Credit or any replacement Letter of Credit shall automatically renew on a year to year basis until a period ending not earlier than two months subsequent to the Termination Date (the "**LOC Expiration Date**") without any action whatsoever on the part of Landlord; provided that the issuing bank shall have the right not to renew the Letter of Credit by giving written notice to Landlord not less than sixty (60) days prior to the expiration of the then current term of the Letter of Credit that it does not intend to renew the Letter of Credit. Tenant understands that the election by the issuing bank not to renew the Letter of Credit shall not, in any event, diminish the obligation of Tenant to deposit the security deposit, if any, or maintain such an irrevocable Letter of Credit in favor of Landlord through the LOC Expiration Date.

37.3 Landlord, or its then authorized representative, upon Tenant's failure to comply with one or more provisions of this Lease, or as otherwise specifically agreed by Landlord and Tenant pursuant to this Lease or any amendment hereof, without prejudice to any other remedy provided in this Lease or by Laws, shall have the right from time to time to make one or more draws on the Letter of Credit and use all or part of the proceeds in accordance with Section 37.5 below. In addition, if Tenant fails to furnish a renewal or replacement letter of credit complying with all of the provisions of this Article 37 at least sixty (60) days prior to the stated expiration date of the Letter of Credit then held by Landlord, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) in accordance with the terms of this Article 37. Funds may be drawn down on the Letter of Credit upon presentation to the issuing bank of Landlord's (or Landlord's then authorized representative's) certification set forth in Exhibit E.

37.4 Tenant acknowledges and agrees (and the Letter of Credit shall so state) that the Letter of Credit shall be honored by the issuing bank without inquiry as to the truth of the statements set forth in such draw request and regardless of whether the Tenant disputes the content of such statement. The proceeds of the Letter of Credit shall constitute Landlord's sole and separate property (and not Tenant's property or the property of Tenant's bankruptcy estate) and Landlord may immediately upon any draw (and without notice to Tenant) apply or offset the proceeds of the Letter of Credit: (a) against any rent or other amounts payable by Tenant under this Lease that is not paid when due; (b) against all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it may suffer as a result of Tenant's failure to comply with one or more provisions of this Lease, including any damages arising under Section 1951.2 of the California Civil Code following termination of this Lease; (c) against any costs incurred by Landlord in connection with this Lease (including attorneys' fees); and (d) against any other amount that Landlord may spend or become obligated to spend by reason of Tenant's default. Provided Tenant has performed all of its obligations under this Lease, Landlord agrees to pay to Tenant within sixty (60) days after the LOC Expiration Date the amount of any proceeds of the Letter of Credit received by Landlord and not applied as allowed above; provided, that if prior to the LOC Expiration Date a voluntary petition is filed by Tenant or any guarantor, or an involuntary petition is filed against Tenant or any Guarantor by any of Tenant's or guarantor's

creditors, under the Federal Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused Letter of Credit proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed, in each case pursuant to a final court order not subject to appeal or any stay pending appeal.

37.5 If, as result of any application or use by Landlord of all or any part of the Letter of Credit, the amount of the Letter of Credit shall be less than the amount set forth in this Article 39, Tenant shall, within ten (10) days thereafter, provide Landlord with additional letter(s) of credit (or an amendment to the then-current Letter of Credit) in an amount equal to the deficiency (or a replacement letter of credit in the total amount required pursuant to this Article 39), and any such additional (or replacement) letter of credit shall comply with all of the provisions of this Article 39, and if Tenant fails to comply with the foregoing, notwithstanding anything to the contrary contained in this Lease, the same shall constitute an incurable Event of Default by Tenant. Tenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

37.6 Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer all or any portion of its interest in and to the Letter of Credit to another party, person or entity, including Landlord's mortgagee and/or to have the Letter of Credit reissued in the name of Landlord's mortgagee. If Landlord transfers its interest in the Building and transfers the Letter of Credit (or any proceeds thereof then held by Landlord) in whole or in part to the transferee, Landlord shall, without any further agreement between the parties hereto, thereupon be released by Tenant from all liability therefor. The provisions hereof shall apply to every transfer or assignment of all or any part of the Letter of Credit to a new landlord. In connection with any such transfer of the Letter of Credit by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the issuer of the Letter of Credit such applications, documents and instruments as may be necessary to effectuate such transfer. Tenant shall be responsible for paying the issuer's transfer and processing fees in connection with any transfer of the Letter of Credit and, if Landlord advances any such fees (without having any obligation to do so), Tenant shall reimburse Landlord for any such transfer or processing fees within thirty (30) days after Landlord's written request therefor.

37.7 If the Letter of Credit expires earlier than the LOC Expiration Date, or the issuing bank notifies Landlord that it shall not renew the Letter of Credit, Landlord shall accept a renewal thereof or substitute letter credit (such renewal or substitute Letter of Credit to be in effect not later than sixty (60) days prior to the expiration thereof), irrevocable and automatically renewable through the LOC Expiration Date upon the same terms as the expiring Letter of Credit or upon such other terms as may be acceptable to Landlord. However, if (a) the Letter of Credit is not timely renewed, or (b) a substitute Letter of Credit, complying with all of the terms and conditions of this paragraph is not timely received, Landlord may present such Letter of Credit to the issuing bank, and the entire sum so obtained shall be paid to Landlord, to be held by Landlord in accordance with Article 26 of this Lease. Notwithstanding the foregoing, Landlord shall be entitled to receive from Tenant all attorneys' fees and costs incurred in connection with the review of any proposed substitute Letter of Credit pursuant to this Section.

37.8 Landlord and Tenant (a) acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a “security deposit” under any Regulation applicable to security deposits in the commercial context including Section 1950.7 of the California Civil Code, as such Section now exist or as may be hereafter amended or succeeded (“**Security Deposit Laws**”), (b) acknowledge and agree that the Letter of Credit (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of Laws, now or hereafter in effect, which (i) establish the time frame by which Landlord must refund a security deposit under a lease, and/or (ii) provide that Landlord may claim from the security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums specified above in this Section 39.8 and/or those sums reasonably necessary to compensate Landlord for any loss or damage caused by Tenant’s breach of this Lease or the acts or omission of Tenant or any of the other Tenant Parties, including any damages Landlord suffers following termination of this Lease.

37.9 Notwithstanding anything to the contrary contained in this Lease, in the event that at any time the financial institution which issues said Letter of Credit is declared insolvent by the FDIC or is closed for any reason, Tenant must immediately provide a substitute letter of credit that satisfies the Requirements of this Lease hereby from a financial institution acceptable to Landlord, in Landlord’s sole discretion .

37.10 Subject to the remaining terms of this Section 37, following the expiration of the fourth (4th) full calendar year after the First Must-Take Effective Date (the “**LC Reduction Period Commencement Date**”), if (a) Tenant has not been in monetary default under this Lease (as described in Section 20.1(a) above) or otherwise in default beyond any applicable notice and cure period, and (b) Tenant’s Financial Information (defined below) reflects annual revenues for Tenant’s immediately preceding fiscal year of no less than Seven Hundred Million and 00/100 Dollars (\$700,000,000.00), and (c) Tenant’s Financial Information reflects Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”) equal to or greater than Ninety-Five Million and 00/100 Dollars (\$95,000,000.00), in the aggregate, during the prior twelve (12) consecutive full calendar months (collectively, the “**LC Reduction Conditions Precedent**”), then Tenant shall have the right to reduce the face amount of the Letter of Credit (each, a “**Reduction Event**”) so that the reduced Letter of Credit amounts shall be as follows: (a) \$6,560,147.20 effective as of the later of (A) thirty (30) days following the date Landlord receives Tenant’s Reduction Notice (defined below), and (B) first day of the second month following the LC Reduction Period Commencement Date (the “**LC Reduction Effective Date**”); (b) \$4,920,110.40 effective on the first annual anniversary of the LC Reduction Effective Date; (c) \$3,280,073.60 effective on the second annual anniversary of the LC Reduction Effective Date; and (d) \$1,640,036.80 effective on the third annual anniversary of the LC Reduction Effective Date. However, in no event will the face amount of the Letter of Credit during the Term of the Lease (as such may be extended) in accordance with the foregoing be reduced to less than \$1,640,036.80. If Tenant believes that it is entitled to a reduction in the face

amount of the Letter of Credit, Tenant shall provide Landlord with written notice requesting that the face amount of the Letter of Credit be reduced as provided above (the “**Reduction Notice**”). Concurrent with Tenant’s delivery of the Reduction Notice, Tenant shall deliver to Landlord for its review Tenant’s financial statements prepared in accordance with generally accepted accounting principles and audited by a public accounting firm reasonably acceptable to Landlord, and any other financial information reasonably requested by Landlord evidencing Tenant’s full satisfaction of the LC Reduction Conditions and the occurrence of a Reduction Event (“**Tenant’s Financial Information**”).

If Tenant does not qualify for a particular Reduction Event set forth in the above described schedule, then such Reduction Event and any further remaining Reduction Events shall be delayed on an annual basis. Notwithstanding anything to the contrary contained herein, an Event of Default has occurred, at any time prior to the effective date of any proposed or requested reduction of the face amount of the Letter of Credit, then Tenant’s right to reduce the face amount of the Letter of Credit, as described herein, shall be null and void and of no further force and effect as to the reduction opportunities that may remain unexercised by Tenant at such time. If Tenant provides Landlord with a Reduction Notice, and Tenant is entitled to reduce the face amount of the Letter of Credit as provided herein, any reduction in the face amount Letter of Credit amount shall be accomplished by Tenant providing Landlord with a substitute Letter of Credit in the reduced amount, which substitute Letter of Credit shall comply with the requirements of this Section 37 or at Tenant’s option, Tenant’s delivery of an amendment to the Letter of Credit reducing the face amount of the Letter of Credit in form and substance reasonably satisfactory to Landlord. If Tenant elects to deliver a substitute Letter of Credit, then upon such delivery, Landlord shall, at no cost to Landlord, promptly return the then-existing Letter of Credit to Tenant and will agree to execute such reasonable correspondence as may be reasonably required by the issuing bank to cause the termination of such prior Letter of Credit.

38. Miscellaneous.

38.1 No Joint Venture. This Lease does not create any partnership or joint venture or similar relationship between Landlord and Tenant.

38.2 Successors and Assigns. Subject to the provisions of Article 17 regarding assignment, all of the provisions, terms, covenants and conditions contained in this Lease shall bind, and inure to the benefit of, the parties and their respective successors and assigns.

38.3 Construction and Interpretation. The words “Landlord” and “Tenant” include the plural as well as the singular. If there is more than one person comprising Tenant, the obligations under this Lease imposed on Tenant are joint and several. References to a party or parties refer to Landlord or Tenant, or both, as the context may require. The captions preceding the Articles, Sections and subsections of this Lease are inserted solely for convenience of reference and shall have no effect upon, and shall be disregarded in connection with, the construction and interpretation of this Lease. Use in this Lease of the words “including,” “such as,” or words of similar import, when following a general matter, shall not be construed to limit such matter to the enumerated items or matters whether or not language of nonlimitation (such as “without limitation”) is used with reference thereto. All provisions of this Lease have been negotiated at arm’s length between the parties and after advice by counsel and other

representatives chosen by each party and the parties are fully informed with respect thereto . Therefore, this Lease shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof, or by reason of the status of the parties as Landlord or Tenant, and the provisions of this Lease and the Exhibits hereto shall be construed as a whole according to their common meaning in order to effectuate the intent of the parties under the terms of this Lease.

38.4 Severability. If any provision of this Lease, or the application thereof to any person or circumstance, is determined to be illegal, invalid or unenforceable, the remainder of this Lease, or its application to persons or circumstances other than those as to which it is illegal, invalid or unenforceable, shall not be affected thereby and shall remain in full force and effect, unless enforcement of this Lease as so invalidated would be unreasonable or grossly inequitable under the circumstances, or would frustrate the purposes of this Lease.

38.5 Entire Agreement. This Lease and the Exhibits hereto identified in the Basic Lease Information contain all the representations and the entire agreement between the parties with respect to the subject matter hereof and any prior negotiations, correspondence, memoranda, agreements, representations or warranties are replaced in total by this Lease and the Exhibits hereto. Neither Landlord nor Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members have made any warranties or representations with respect to the Premises or any other portion of the Project, except as expressly set forth in this Lease. Tenant acknowledges that all brochures and informational materials, as well as all communications from Landlord and Landlord's employees, agents, contractors, licensees, invitees, representatives, officers, directors, shareholders, partners, and members prior to the execution of this Lease, including without limitation, statements as to the identity or number of other tenants in the Project, the lease terms applicable to any such tenants or potential tenants, anticipated levels (or any matters which may affect anticipated levels) of expected business or foot traffic, demographic data, and the suitability of the Premises for Tenant's intended uses, are and were made for informational purposes only, and Tenant agrees that such communications (i) are not and shall not be construed to be representations or warranties of Landlord, Landlord's employees, agents, contractors, licensees, invitees, representatives , officers, directors, shareholders, partners, or members as to the matters communicated, (ii) have not and will not be relied upon by Tenant, and (iii) have been the subject of independent investigation by Tenant. Without limiting the generality of the foregoing, Tenant is not relying on any representation , and Landlord does not represent, that any specific retail or office tenant or occupant or number of tenants shall occupy any space or remain open for business in the Project at any time during the Term, and Landlord reserves the right to effect such other tenancies in the Project as Landlord shall determine in the exercise of its sole judgment.

38.6 Governing Law. This Lease shall be governed by and construed pursuant to the laws of the State of California.

38.7 Costs and Expenses.

(a) If either party hereto fails to perform any of its obligations under this Lease or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Lease, then the party failing to so perform or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such failure and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Lease shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Lease and to survive and not be merged into any such judgment.

(b) Without limiting the generality of Section 38.7(a) above, if Landlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Tenant or in connection with Tenant's failure to perform any of its obligations hereunder, Tenant agrees to pay Landlord actual attorneys' fees as determined by Landlord for such services, regardless of the fact that no legal action may be commenced or filed by Landlord.

(c) Whenever Tenant provides notice to Landlord, requests Landlord's consent under this Lease, or submits documents to Landlord for Landlord's review, including, without limitation, under Article 10 hereof, Tenant shall pay to Landlord all reasonable costs and expenses, including attorneys' fees and disbursements, incurred by Landlord in connection therewith.

38.8 Standards of Performance and Approvals. Unless otherwise provided in this Lease, whenever approval, consent or satisfaction (collectively, an "approval") is required of a party pursuant to this Lease or an Exhibit hereto, such approval shall not be unreasonably withheld or delayed. Unless provision is made for a specific time period, approval (or disapproval) shall be given within thirty (30) days after receipt of the request for approval. Nothing contained in this Lease shall limit the right of a party to act or exercise its business judgment in a subjective manner with respect to any matter as to which it has been (i) specifically granted such right, (ii) granted the express right to act in its sole discretion or sole judgment, or (iii) granted the right to make a subjective judgment hereunder, whether "**objectively**" reasonable under the circumstances, and any such exercise shall not be deemed inconsistent with any covenant of good faith and fair dealing implied by law to be part of this Lease. The parties have set forth in this Lease their entire understanding with respect to the terms, covenants, conditions and standards pursuant to which their obligations are to be judged and their performance measured, including the provisions of Article 17 with respect to assignments and sublettings.

38.9 Brokers. Landlord shall pay to each of Landlord's Broker and Tenant's Broker a commission in connection with such Broker's negotiation of this Lease pursuant to a separate agreement. Other than such Brokers, Landlord and Tenant each represent and warrant to the other that no broker, agent, or finder has procured, or was involved in the negotiation of, this Lease and no such broker, agent or finder is or may be entitled to a fee, commission or other compensation in connection with this Lease. Landlord and Tenant shall each indemnify, defend, protect and hold the other harmless from and against Claims that may be asserted against the indemnified party in breach of the foregoing warranty and representation.

38.10 Memorandum of Lease. Tenant shall, upon request of Landlord or any Encumbrancer, execute, acknowledge and deliver a short form memorandum of this Lease (and any amendment hereto) in form suitable for recording. In no event shall this Lease or any memorandum thereof be recorded by Tenant.

38.11 Quiet Enjoyment. Upon paying the Rent and performing all its obligations under this Lease, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities claiming by or through Landlord, subject, however, to the provisions of this Lease and any Encumbrances.

38.12 Force Majeure. Notwithstanding anything contained in this Lease to the contrary, if either party is unable to perform or delayed in performing any of its obligations under this Lease (other than the obligation to pay any sum due hereunder) on account of strikes, lockouts, inclement weather, labor disputes, inability to obtain labor, materials, fuels, energy or reasonable substitutes therefor, governmental restrictions, regulations, controls, actions or inaction, civil commotion, fire or other acts of God, national emergency, acts of war or terrorism or any other cause of any kind beyond the reasonable control of such party (except financial inability), such party shall not be in default under this Lease and, in the case of Landlord's inability, such inability or delay shall in no way constitute a constructive or actual eviction of Tenant nor entitle Tenant to any abatement of Rent.

38.13 Surrender of Premises. Upon the expiration of the Term (as may be extended), Tenant shall quietly and peacefully surrender the Premises to Landlord in the condition called for by this Lease, shall deliver to Landlord any keys to the Premises, or any other portion of the Project, and shall provide to Landlord the combination or code of locks on all safes, cabinets, vaults and security systems in the Premises. On or before the expiration of the Term, Tenant, at its cost and expense, shall remove all of its personal property from the Premises and repair all damage to the Project caused by such removal. In addition, Tenant, at its cost and expense, shall remove all Lines installed by or for Tenant that are located within the Premises or, in the case of Lines exclusively serving the Premises, anywhere in the Project, including, without limitation, the Building plenum, risers and all conduits, and repair all damage to the Project caused by such removal as follows: (i) in the case of the expiration of the Term, Tenant shall remove such Lines and repair such damage on or before the termination of the Term, unless Landlord notifies Tenant, at least thirty (30) days prior to the termination of the Term, that such Lines shall be surrendered with the Premises; and (ii) in the case of the earlier termination of this Lease, Tenant shall remove such Lines and repair such damage promptly after receipt of a notice from Landlord requiring such removal and repair. Any Lines not required to be removed pursuant to this Section shall become the property of Landlord (without payment by Landlord), and shall be surrendered in good condition and working order, lien free, and properly labeled with an identification system reasonably approved by Landlord. All personal property of Tenant not removed hereunder shall be deemed, at Landlord's option, to be abandoned by Tenant and Landlord may, without any liability to Tenant for loss or damage thereto or loss of use thereof, store such property in Tenant's name at Tenant's expense and/or dispose of the same in any manner permitted by law.

38.14 Building Directory. Landlord shall reserve on the Building directory, or in any computerized Building directory, up to the number of Building Directory Spaces specified in the Basic Lease Information for purposes of identifying Tenant's name, divisions and/or principal employees . All costs for the initial strips or inputting of names shall be borne by Landlord and all costs for replacement of such strips or inputting shall be borne by Tenant.

38.15 Name of Building; Address. Landlord shall have the right at any time and from time to time to select the name of the Project, the Building and/or the Galleria and to make a change or changes to the name(s). Landlord shall have the right to install, affix and maintain any and all signs on the exterior and on the interior of the Project, the Building and/or the Galleria as Landlord may desire in Landlord's sole discretion. Tenant shall not refer to the Project , the Building, or the Galleria by any name other than: (i) the names as selected by Landlord (as same may be changed from time to time), or (ii) the postal address approved by the United States Post Office. Tenant shall not use the name of the Project, the Building, or the Galleria or use pictures or illustrations of the Project, the Building, or the Galleria in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord. Tenant shall, in connection with all correspondence, mail or deliveries made to or from the Premises, use the official Building address specified from time to time by Landlord.

38.16 Exhibits. The Exhibits specified in the Basic Lease Information are by this reference made a part hereof.

38.17 Survival of Obligations. The waivers of claims or rights, the releases and the obligations under this Lease to indemnify, protect, defend and hold harmless Landlord and other Indemnitees shall survive the expiration or earlier termination of this Lease, and so shall all other obligations or agreements hereunder which by their terms survive the expiration or earlier termination of this Lease.

38.18 Time of the Essence. Time is of the essence of this Lease and of the performance of each of the provisions contained in this Lease.

38.19 Waiver of Trial By Jury; Waiver of Counterclaim. TO THE EXTENT PERMITTED BY APPLICABLE REQUIREMENTS , LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE OR ANY EMERGENCY OR STATUTORY REMEDY.

38.20 Consent to Venue. Tenant hereby waives any objection to venue in the City and County of San Francisco, and agrees and consents to the personal jurisdiction of the courts of the State of California with respect to any action or proceeding (i) brought by Landlord, Tenant or any other party, relating to (A) this Lease and/or any understandings or prior dealings between the parties hereto, or (B) the Premises, the Project, or any part thereof, or (ii) to which Landlord is a party.

38.21 Financial Statements. Within ten (10) business days after Landlord's request, Tenant shall deliver to Landlord the then current financial statements of Tenant (including a balance sheet and profit and loss statement for the most recent prior fiscal year for which annual statements are available and financial statements for interim periods following the end of the last fiscal year for which annual statements are available), together with a certificate of Tenant's auditor (or if audited financial statements are not available, then a certificate of Tenant's Chief Financial Officer) to the effect that such financial statements were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition and operations of Tenant for, and as of the end of, such fiscal year. Notwithstanding the foregoing, Landlord shall not request financial statements more than once in each consecutive one (1) year period during the Term unless (i) an Event of Default on the part of Tenant exists, (ii) Landlord reasonably believes that there has been a material adverse change in Tenant's financial position since the last financial statement provided to Landlord, or (iii) requested (a) in connection with a proposed financing, sale or transfer of the Building by Landlord, or (b) by an investor of Landlord, any Landlord Indemnitees or any lender or proposed lender of Landlord or any Landlord Indemnitees (provided, however, that in the case of this clause (iii), Landlord or any such investor, Landlord Indemnitees or proposed lender will, at Tenant's election, execute a mutually acceptable, commercially reasonable, nondisclosure agreement as a condition to Tenant's obligation to deliver such financial statements).

38.22 Subdivision; Future Ownership. Landlord reserves the right to subdivide all or a portion of the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from such subdivision. In addition, if the Building, the Galleria, the Project parking garage, or other portions of the Project are at any time owned by an entity other than Landlord, Landlord, at its option, may enter into agreements with such other owners to provide for (i) reciprocal rights of access and/or use, including in connection with repairs, maintenance, construction and/or excavation (ii) common management, operation, maintenance, improvement and/or repairs, and (iii) the allocation of operating expenses and taxes.

38.23 Modification of Lease. This Lease may be modified or amended only by an agreement in writing signed by both parties. Should any Encumbrancer require a modification of this Lease, or should Landlord be advised by counsel that any part of the payments by Tenant to Landlord under this Lease may be characterized as unrelated business income under the United States Internal Revenue Code and its regulations, then and in either such event, Tenant agrees that this Lease may be modified as requested by the Encumbrancer or as may be required to avoid such characterization as unrelated business income, as the case may be, and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor; provided, however, that any such modification shall not increase any expense payable by Tenant hereunder or in any other way materially and adversely change the rights and obligations of Tenant hereunder.

38.24 Confidential Information. Tenant agrees to keep the terms and conditions of this Lease, and any information in connection with this Lease (including, without limitation, information regarding any sublease or assignment) ("**Confidential Information**") in the strictest confidence. Tenant shall not disclose any Confidential Information to any third parties except as expressly permitted herein, and will take all measures necessary to safeguard such information in

order to preserve its confidentiality. Without limiting the generality of the foregoing, Tenant may not disclose Confidential Information to any third parties, other than to the other Tenant Parties (as may be necessary for Tenant to operate in the ordinary course of business) or as may be required by law, provided that Tenant agrees to use diligent efforts to prevent all Tenant Parties from making any unauthorized disclosure of the Confidential Information .

38.25 No Option. The submission of this Lease to Tenant for review or execution does not create an option or constitute an offer to Tenant to lease the Premises on the terms and conditions contained herein, and this Lease shall not become effective unless and until it has been executed and delivered by both Landlord and Tenant.

38.26 Independent Covenants. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent, and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

38.27 First Source Hiring Program. The City and County of San Francisco adopted a City-wide "First Source Hiring Program" on August 3, 1998 by Ordinance No. 264-98, codified at San Francisco Administrative Code Sections 83.1-83.18. The First Source Hiring Program ("**FSHP**") is designed to identify entry level positions associated with commercial activities and provide first interview opportunities to graduates of City-sponsored training programs. Tenant acknowledges that its activities on the Premises are or may be subject to FSHP. Although Landlord makes no representation or warranty as to the interpretation or application of FSHP to the Premises, or to Tenant's activities thereon, Tenant acknowledges that (i) FSHP may impose obligations on Tenant, including good faith efforts to meet requirements and goals regarding interviewing, recruiting, hiring and retention of individuals for entry level positions; (ii) FSHP requirements could also apply to certain contracts and subcontracts entered into by Tenant regarding the Premises, including construction contracts; and (iii) FSHP Requirements, if applicable, may be imposed as a condition of permits, including building permits, issued for construction or occupancy of the Premises.

38.28 Compliance with Anti-Terrorism Law. Tenant is not, and shall not during the term of this Lease become, a person or entity with whom Landlord is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the "**USA Patriot Act**") and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto (collectively, "**Anti-Terrorism Laws**"), including without limitation persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List (collectively, "**Prohibited Persons**").

To the best of its knowledge, Tenant is not currently engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Leased Premises or the Building. Tenant will not, during the Term of this Lease, engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection

with the use or occupancy of the Premises or the Building. If at any time after the date hereof Tenant becomes a Prohibited Person, then Tenant shall notify Landlord within five (5) Business Days after becoming aware of such designation. If Tenant breaches any representation or covenant set forth in this Section, or Tenant hereafter becomes a Prohibited Person, then in any such event, same shall constitute an Event of Default under the Lease, entitling Landlord to any and all remedies under the Lease or at law or in equity (including the right to terminate the Lease without affording Tenant any notice or cure period).

38.29 Bankruptcy of Tenant. For purposes of Section 365(f)(2)(B) of the Bankruptcy Code (11 U.S.C. §365(f)(2)(B)), the parties agree that the term “adequate assurance of future performance” with respect to any assumption or assignment of this Lease shall include, but not be limited to, the following:

(a) In order to ensure Landlord that the proposed assignee will have the resources with which to pay all Rent payable pursuant to the terms hereof, any proposed assignee must have, as demonstrated to Landlord’s reasonable satisfaction, a net worth (defined in accordance with generally accepted accounting principles consistently applied) equal to the greater of (i) the net worth of Tenant at the time this Lease was executed, or (ii) a net worth consistent with the standards customarily applied by Landlord with respect to comparable tenancies in the Building.

(b) Any proposed assignee must have been engaged in the conduct of business for the five (5) years prior to any such proposed assignment, which business must be consistent with the Permitted Use specified in the Basic Lease Information.

(c) At Landlord’s option, the proposed assignee must provide, in favor of Landlord, a letter of credit and/or a cash security deposit or other security for the performance of the obligations to be performed by Tenant or such assignee hereunder, equal to at least twelve (12) months’ Base Rent.

38.30 Rent Not Based on Income. No Rent or other payment in respect of the Premises shall be based in any way upon net income or profits from the Premises. Tenant may not enter into or permit any sublease or license or other agreement in connection with the Premises which provides for a rental or other payment based on net income or profit.

38.31 Counterparts. This Lease may be executed in counterpart. All such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

38.32 ERISA. It is understood that from time to time during the Term, Landlord may be subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and as a result may be prohibited by law from engaging in certain transactions. Tenant represents and warrants after due inquiry that at the time this Lease is entered into and at any time thereafter when its terms are amended or modified, neither Tenant nor its “**affiliates**” (as defined in Part VI (c) of Prohibited Transaction Exemption 84-14 (“**PTE 84-14**”), as amended) has the authority to appoint or terminate The Prudential Insurance Company of America (“**Prudential**”) as an investment manager to any employee benefit plan

invested in the Prudential separate account PRISA, nor the authority to negotiate the terms of any management agreement between Prudential and any such employee benefit plan for its investment in PRISA. Further, Tenant is not “**related**” to Prudential within the meaning of Part VI(h) of PTE 84-14.

38.33 Accessibility. Pursuant to California Civil Code Section 1938, Tenant is hereby notified that, as of the date hereof, the Property has not undergone an inspection by a “Certified Access Specialist.” Tenant acknowledges that Landlord has made no representation regarding compliance of the Premises or the Building with accessibility standards.

Signatures follow on next page

(83)

IN WITNESS WHEREOF, the parties have executed this Lease as of the Lease Date.

LANDLORD:

**POST MONTGOMERY ASSOCIATES,
a California general partnership**

By: PR Post Montgomery LLC,
a Delaware limited liability company
Its: Partner

By: PRISA LHC, LLC,
a Delaware limited liability company
Its: Managing Member

By: /s/ Kristin Paul
Name: Kristin Paul
Title: Vice President

By: The Prudential Insurance Company of America, a New Jersey corporation, acting solely on behalf of and for the benefit of, and with its liability limited to the assets of, its insurance company separate account, PRISA

Its: Partner

By: /s/ Kristin Paul
Name: Kristin Paul
Title: Vice President

TENANT:
STITCH FIX, INC.,
a Delaware corporation

By: /s/ Katrina Lake
(Signature)

Katrina Lake
(Type or Print Name)

Its: CEO

By: /s/ Michelle Weaver
(Signature)

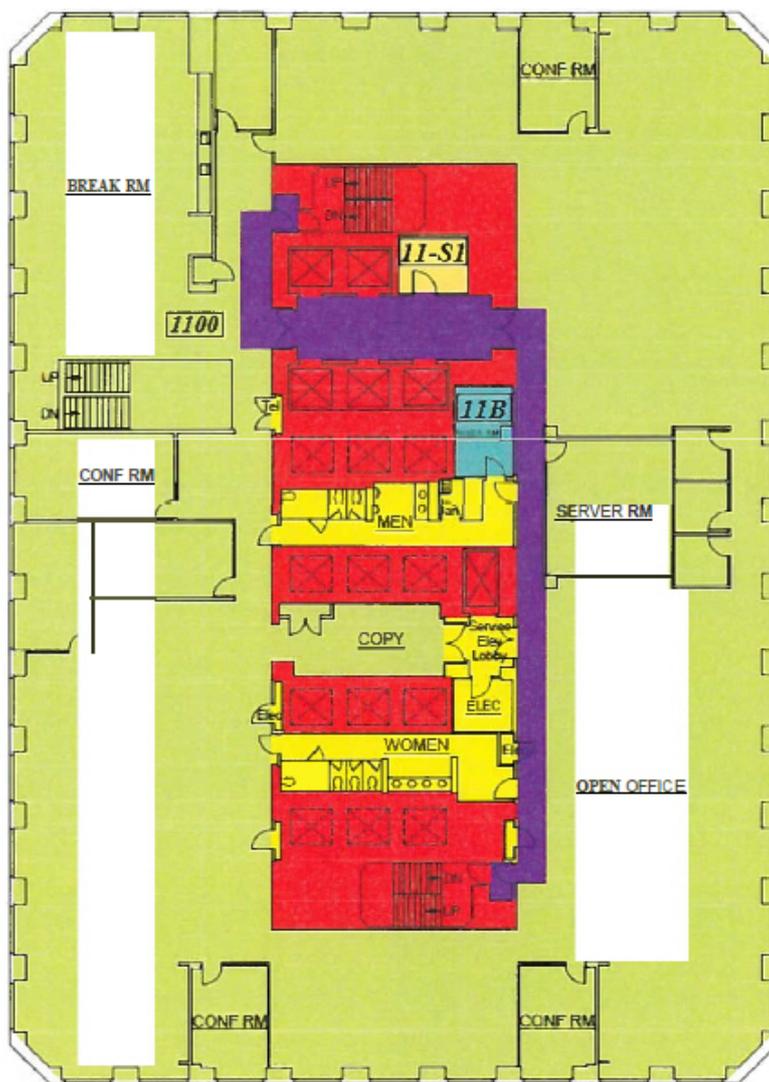
Michelle Weaver
(Type or Print Name)

Its: CFO

If Tenant is a corporation, this instrument must be executed by the chairman of the board, the president or any vice president and the secretary, any assistant secretary, the chief financial officer or any assistant financial officer or any assistant treasurer of such corporation, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which case the bylaws or a certified copy of the resolution, as the case may be, must be attached to this instrument.

EXHIBIT A

INITIAL PREMISES FLOOR PLAN



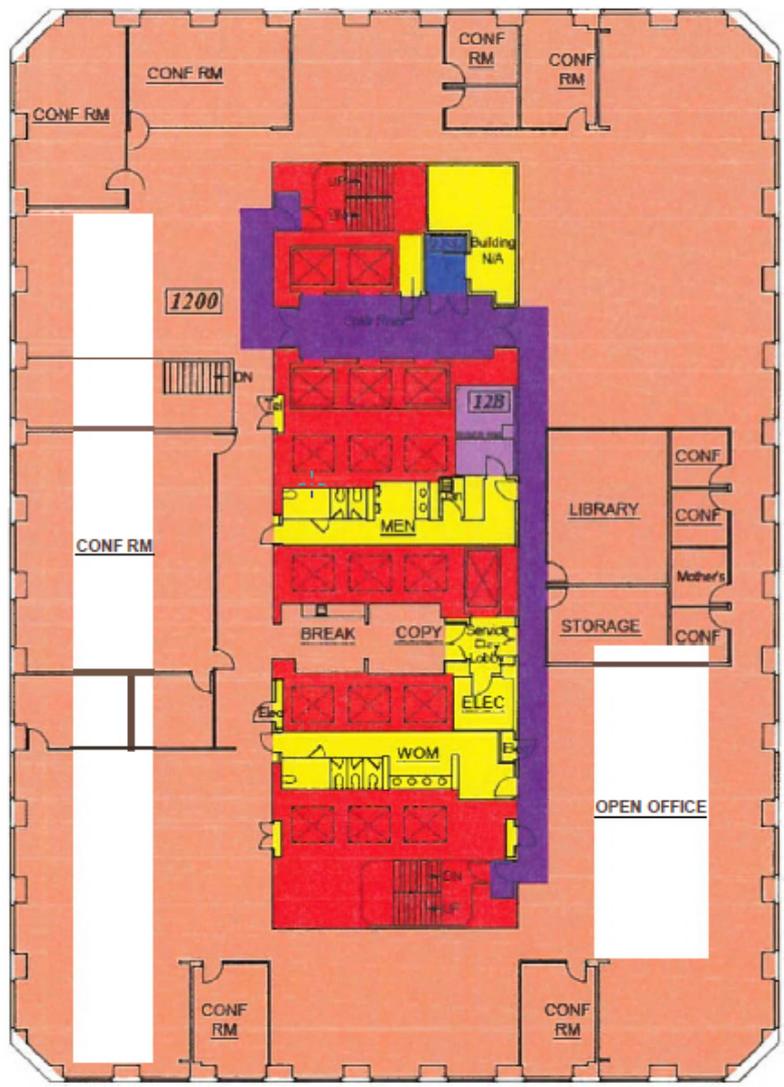


EXHIBIT B

RULES AND REGULATIONS

1. The Common Areas of the Project shall not be obstructed by Tenant or used by it for any purpose other than for ingress to and egress from the Premises. Landlord shall in all cases retain the right to control and prevent access to the Common Areas of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Project and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Tenant shall not go upon the roof of the Project, except in areas that Landlord may designate as "Common Areas" from time to time.
2. No awning, canopy or other projection of any kind over or around the windows or entrances of the Premises shall be installed by Tenant, and only such window coverings as are approved by Landlord shall be used in the Premises.
3. The Premises shall not be used for lodging or sleeping, nor shall cooking be done or permitted by Tenant on the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for Tenant and its employees shall be permitted.
4. Any person or persons employed by Tenant to do janitorial work shall be subject to and under the control and direction of the Project property manager while in the Project and outside the Premises.
5. Landlord will furnish Tenant with two (2) keys to the Premises, free of charge. No additional locking devices shall be installed without the prior written consent of Landlord. Landlord may make reasonable charge for any additional lock or any bolt installed on any door of the Premises without the prior consent of Landlord. Tenant shall in each case furnish Landlord with a key for any such lock. Tenant, upon the termination of its tenancy, shall deliver to Landlord all keys to doors in the Project and the Premises that shall have been furnished to Tenant, together with security codes for security systems installed by Tenant in accordance with the Lease.
6. The freight elevator shall be available for use by Tenant, subject to such reasonable scheduling as Landlord shall deem appropriate. The persons employed by Tenant to move equipment or other items in or out of the Project must be acceptable to Landlord. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, supplies, furniture or other property brought into the Project. Heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as is necessary to properly distribute the weight of such objects. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Project by moving or maintaining Tenant's property shall be repaired at the expense of Tenant.

7. Tenant shall not use or keep in the Premises or the Project any kerosene, gasoline or flammable or combustible fluid or materials or use any method of heating or airconditioning other than that supplied by Landlord. Tenant shall not use, keep or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business in the Project. No pets shall be kept in the Premises.
8. In case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Project during the continuance of same by such action as Landlord may deem appropriate, including closing entrances to the Project.
9. The doors of the Premises shall be closed and securely locked at such time as Tenant's employees leave the Premises.
10. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be deposited therein, and any damage resulting to same from Tenant's misuse shall be paid for by Tenant.
11. Except with the prior consent of Landlord, Tenant shall not sell, or permit the sale from the Premises of, or use or permit the use of any Common Area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theatre tickets or any other goods, merchandise or service, nor shall Tenant carry on, or permit or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants of any other portion of the Project, nor shall the Premises be used for manufacturing of any kind, or for any business or activity other than as specifically provided for in the Lease.
12. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Project.
13. Tenant shall not use in any space, or in the Common Areas of the Project, any handtrucks except those equipped with rubber tires and side guards or such other material handling-equipment as Landlord may approve. No motorcycles, or other vehicles of any kind shall be brought by Tenant into the Project or kept in or about the Premises; provided however that bicycles may be brought onto the Project in areas specifically designated therefor by Landlord, including, without limitation, for parking in any Building bicycle storage cage or other such facility. Further, if no such bicycle parking is available, Tenant's employees may bring to and store within the Premises standard and customary bicycles provided that only the freight elevator may be utilized to bring such bicycles to the floor in the Building in which the Premises is located. In any event, such bicycle storage within the Premises shall be reasonable, organized and safe, shall not adversely impact other tenants or occupants of the Building or Landlord's reasonable management and operation of the Building, and shall at all times comply with all applicable laws. Tenant, not Landlord, shall be liable for all costs and expenses arising in connection with Tenant's and its employees' bicycle storage at the Building.

14. Tenant shall store all its trash and garbage within the Premises until daily removal of same by Tenant to such location in the Project as may be designated from time to time by Landlord. No material shall be placed in the Project trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any law or ordinance governing such disposal.
15. All loading and unloading of merchandise, supplies, materials, garbage and refuse and delivery of same to the Premises shall be made only through such entryways and elevators and at such times as Landlord shall designate. In its use of the loading areas on the first basement floor, Tenant shall not obstruct or permit the obstruction of said loading areas, and at no time shall Tenant park vehicles therein except for loading and unloading.
16. Canvassing, soliciting, peddling or distribution of handbills or any other written material in the Project is prohibited and Tenant shall cooperate to prevent same.
17. Tenant shall not permit the use or the operation of any coin operated machines on the Premises, including, without limitation, vending machines, video games, pinball machines, or pay telephones without the prior written consent of Landlord.
18. Landlord may direct the use of all pest extermination and scavenger contractors at such intervals as Landlord may require.
19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall comply with and participate in any program for metering or otherwise measuring the use of utilities and services, including, without limitation, programs requiring the disclosure or reporting of the use of any utilities or services. Tenant shall also cooperate and comply with, participate in, and assist in the implementation of (and take no action that is inconsistent with, or which would result in Landlord, the Building and/or the Project failing to comply with the requirements of) any conservation, sustainability, recycling, energy efficiency, and waste reduction programs, environmental protection efforts and/or other programs that are in place and/or implemented from time to time at the Building and/or the Project, including, without limitation, any required reporting, disclosure, rating or compliance system or program (including, but not limited to any LEED ([Leadership in Energy and Environmental Design] rating or compliance system, including those currently coordinated through the U.S. Green Building Council). Tenant shall immediately, upon request from Landlord (which request need not be in writing), reduce its lighting in the Premises for temporary periods designated by Landlord, when required in Landlord's judgment to prevent overloads of the mechanical or electrical systems of the Project or to meet the requests of the public utility providing electricity with respect to reducing load during peak usage periods.
20. The requirements of Tenant will be attended to only upon application by telephone or in person at the office of the Project. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

21. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project.
22. Wherever the word "Tenant" occurs in these Rules and Regulations, it is understood and agreed that it shall mean Tenant and other Tenant Parties.
23. These Rules and Regulations are in addition to, and shall not be construed in any way to modify, alter or amend, in whole or part, the terms, covenants, agreements and conditions of any lease of premises in the Project.
24. Landlord reserves the right to make such other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Project, and for the preservation of good order therein.
25. Tenant shall have the right to connect the telephone system in the Premises to the telephone cable distribution system serving the Project at the location of the telephone cable terminal on the floor on which the Premises are situated, provided that no connection shall be made and no work otherwise affecting the telephone cable terminal or distribution system shall be undertaken without reasonable prior notice to Landlord . Landlord or Landlord's contractor with responsibility for maintenance of the telephone distribution system may require supervision of the connection by Landlord or the maintenance contractor, and may impose such other reasonable conditions as may be necessary to protect the telephone cable terminal or distribution system. Any damage to the telephone cable terminal or distribution system caused by the act or omission of Tenant shall be repaired at the expense of Tenant.
26. Tenant may use, store, handle and transport Hazardous Materials as part of its business operation conducted in the Premises in the ordinary course as part of a first-class office building operation, such as the use and storage of small quantities of office supplies which may contain minor amounts of Hazardous Materials, the use of products containing minor amounts of Hazardous Materials for the making of Alterations, the use of products containing customary amounts of Hazardous Materials in the maintenance, operation and repair of the Premises, or the use or storage of chemicals, such as chlorofluorocarbons (CFC's), in amounts necessary for the operation of systems in the Premises such as ventilation and air conditioning package units.
27. A breach by Tenant of the covenants contained in Rules 1 through 26 immediately above shall be deemed an Event of Default. Tenant shall cure such Event of Default immediately and, in addition to any other remedy available to Landlord under the Lease, Tenant shall pay to Landlord, as additional rent, One Hundred Dollars (\$100.00) for each day or portion thereof that Tenant fails to correct such Event of Default.

**EXHIBIT C
WORK LETTER**

This Work Letter is attached to and forms a part of the Office Lease dated as of November __, 2015 (the "**Lease**"), by and between POST-MONTGOMERY ASSOCIATES, a California general partnership ("**Landlord**"), and STITCH FIX, INC., a Delaware corporation ("**Tenant**"), pertaining to certain premises located in the building commonly known as One Montgomery Tower and located at One Montgomery Street, San Francisco, California, which is a portion of the Post Montgomery Center. Except where clearly inconsistent or inapplicable, the provisions of the Lease are incorporated into this Work Letter, and capitalized terms used without being defined in this Work Letter shall have the meanings given them in the Lease.

The purpose of this Work Letter is to set forth how the Tenant Improvements (defined below) in the Initial Premises are to be constructed and designed, who will be responsible for constructing the Tenant Improvements, who will pay for the Tenant Improvements and the time schedule for completion of the Tenant Improvements. Landlord and Tenant hereby agree as follows:

1. Tenant Improvements. Tenant, following the delivery of the Initial Premises by Landlord and the full and final execution and delivery of the Lease to which this Exhibit C is attached and all prepaid rental, the Letter of Credit and insurance certificates required under the Lease, shall have the right to perform alterations and improvements in the Initial Premises (the "**Tenant Improvements**"). Tenant acknowledges and agrees that if the Tenant Improvements incorporate changes to the light fixtures in the Premises, they must reasonably incorporate the Building Standard (defined below) light harvesting lighting system for energy efficiency.

2. Preparation of Plans and Specifications.

2.1 Tenant shall cause the plans and specifications for the Tenant Improvements (the "**Plans and Specifications**") to be prepared by an architect selected by Tenant and approved by Landlord (the "**Architect**") (Landlord hereby approves Arthur J. Gensler Architects if such entity is selected by Tenant), and shall submit the same to Landlord. Landlord shall approve or disapprove the Plans and Specifications by providing written notice to Tenant, specifying any changes or modifications Landlord desires in the Plans and Specifications. Landlord shall not require Tenant to convert the HVAC controls serving the Initial Premises (or any subsequent space occupied by Tenant) to DDC; provided, however, that in the event any such conversion is required by law or otherwise, Tenant, not Landlord shall be liable for the cost and performance thereof Landlord shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Working Drawings for the Premises if the same are approved, or, if the Final Working Drawings are not reasonably satisfactory or are incomplete in any respect, disapproved, in which event Landlord shall include in its notice of disapproval a reasonably detailed explanation as to which items are not satisfactory or complete and the reason(s) therefor. If Tenant is so advised, Tenant shall draft Plans and Specifications in accordance with such review and any disapproval of Landlord in connection therewith, and Landlord shall approve or disapprove the resubmitted Plans and Specifications, based upon the criteria set forth in this Section 3.3, within five (5) Business Days after Landlord receives such resubmitted Plans and Specifications. The scope of Landlord's review of the revised Plans and Specifications will be limited to Tenant's correction of the items noted in Landlord's initial notice of disapproval. The process outlined in the

preceding two sentences shall be repeated until Landlord and Tenant have mutually agreed on the Plans and Specifications. The final Plans and Specifications shall, to the extent required by the applicable provisions of the Lease, incorporate any and all work required by governmental authorities as a condition to approval of a building permit, including, without limitation, any improvements, whether required to the Premises or any Common Areas, that are required to comply with applicable Requirements which are triggered by the inclusion within the Plans and Specifications of any Tenant Improvements. Tenant may, at its election and concurrently with its submission to Landlord of Plans and Specifications for approval, tender a request to Landlord in accordance with the notice requirement and process governing the removal of Specialty Alterations as set forth in Section 10.6 of the Lease.

2.2 Unless otherwise specifically called out on the Plans and Specifications, Contractor (defined below) shall use Building Standard materials in the construction of all Tenant Improvements. “**Building Standard**” means those minimum standard specifications established by Landlord governing the type, quality and quantity of materials and installation procedures for tenant spaces in the Building, including floor coverings, wall coverings, window treatments (if any), ceilings (if Tenant does not elect to use an open-ceiling plan), doors, hardware, lighting, distribution of Building Systems, which specifications shall be supplied by Landlord to Tenant upon request. Landlord reserves the right to modify Building Standards from time to time; but in no event will Tenant be required to modify Plans and Specifications which have previously been approved by Landlord as a consequence of Landlord’s modification of any such Building Standards.

3. Construction of Tenant Improvements.

3.1 Tenant shall secure independent sealed bids from three (3) general contractors approved by Landlord based on the Plans and Specifications. The general contractor selected by Tenant (the “**Contractor**”) shall cause the Tenant Improvements to be constructed in accordance with the final Plans and Specifications (as approved by both parties in accordance with Section 2 above). Landlord hereby approves Novo Construction if such entity is selected by Tenant to be the Contractor. Landlord shall have the right to reasonably approve of any subcontractors used in connection with the Tenant Improvements.

3.2 Provided no Event of Default on the part of Tenant then exists, Landlord agrees to contribute the sum of up to \$1,429,775.00 (representing \$25.00 per rentable square foot of the Initial Premises) (the “**Allowance**”) toward the cost of performing the Tenant Improvements in preparation of Tenant’s occupancy of the Initial Premises. The Allowance may only be used for the cost of preparing design, permitting and construction documents, project management fees and costs and mechanical and electrical plans for the Tenant Improvements and for hard costs in connection with the Tenant Improvements. Without limiting the generality of the foregoing, in no event shall Tenant apply any portion of the Allowance toward improvements made to the Initial Premises by or on behalf of Tenant in connection with a sublease of the Initial Premises or an assignment of Tenant’s interest in the Lease.

3.3 During the design and construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Allowance as follows:

(a) Monthly Disbursements. Once each calendar month during the design and construction of the Tenant Improvements (a “**Submittal Date**”), Tenant may deliver to Landlord: (i) a request for payment of the Contractor, approved by Tenant, on AIA forms G702 or G703 (or comparable forms reasonably approved by Landlord); (ii) invoices from Tenant’s suppliers or vendors (including Architect and Tenant’s project manager), for labor rendered and materials delivered to the Premises; and (iii) executed conditional mechanic’s lien releases; provided, however, that with respect to fees and expenses of the Architect, or construction or project managers or other similar consultants (collectively, the “**Non Contribution Items**”), Tenant shall only be required to deliver to Landlord on or before the applicable Submittal Date, an invoice of the cost for the applicable Non-Contribution Items and proof of payment. Within thirty (30) days thereafter, Landlord shall deliver a check to Tenant made in payment of the lesser of: (A) the amounts so requested by Tenant, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the “**Final Retention**”), and (B) the balance of any remaining available portion of the Allowance (not including the Final Retention), provided, however, that no such retention shall be applicable to the fees of the Architect, engineers, Tenant’s project manager and consultants

(b) Final Retention. A check for the Final Retention shall be delivered by Landlord to Tenant following the completion of construction of the Tenant Improvements, provided that (i) Tenant delivers to Landlord properly executed mechanics lien releases in compliance with both California Civil Code Section 8134 and either Section 8136 or Section 8138 from Contractor and Tenant’s subcontractors and material suppliers and any other party which has lien rights in connection with the construction of the Tenant Improvements and Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements in the Premises has been substantially completed. The Allowance shall be paid to Tenant.

(c) Notwithstanding anything herein to the contrary, Landlord shall not be obligated to disburse any portion of the Allowance during the continuance of an uncured Event of Default under the Lease, and Landlord’s obligation to disburse shall only resume when and if such Event of Default is cured. Tenant has elected to retain its own project manager to oversee the construction of the Tenant Improvements, Landlord shall be entitled to deduct from the Allowance a construction management fee equal to one percent (1%) of the construction costs of the Tenant Improvements (however, such construction costs will not include costs incurred by Tenant for installation of cabling/wiring related, Tenant’s furniture, Tenant’s audio visual equipment costs and any costs related to the acquisition or installation of furniture).

(d) If Tenant does not submit a request for payment of the entire Allowance to Landlord in accordance with the provisions contained in this Exhibit C on or before the last day of the twenty-fourth (24th) full calendar month following the Commencement Date, which outside date will be extended on a day for day basis for each day the design and construction of the Tenant Improvements is delayed due to Landlord Delays or events of Force Majeure, any unused amount shall accrue to the sole benefit of Landlord, it being understood that Tenant shall not be entitled to any credit, abatement or other concession in connection therewith.

4. **Commencement of Tenant Improvements in Initial Premises.** Landlord acknowledges and agrees that, subject to the terms and conditions set forth in the Lease and this Exhibit C, Tenant may elect to commence construction of the Tenant Improvements in the Initial Premises after accepting possession thereof and commencing business operations in the Initial Premises . So long as: (1) the Tenant Improvements to be constructed in the Initial Premises are significant improvements comparable to those Tenant shall construct in the First Must-Take Space and the Second Must-Take Space (as reasonably and mutually determined by Landlord and Tenant), (2) during the construction of such Tenant Improvements, Tenant completely vacates the Initial Premises, and (3), Tenant provides no less than thirty (30) days prior written notice to Landlord of Tenant's intent to commence construction of such Tenant Improvements, then Base Rent as applicable to the Initial Premises only shall abate from the date Tenant commences construction of the Tenant Improvements in the Initial Premises through the earlier of (i) one hundred twenty (120) days from the date of such commencement of the Tenant Improvements (such one hundred twenty (120) day period being referred to herein as the "**Initial Premises Construction Period**"), and (ii) Substantial Completion (as defined in Section 10 below) of the Tenant Improvements in the Initial Premises. In no event shall Tenant be entitled to any Rent abatement during any period in which an Event of Default on the part of Tenant exists. The terms of this Section 4 shall in no event extend or amend the time period by which Tenant must request disbursement of the Allowance .

5. **Changes in Work.**

5.1 Landlord shall not be required to undertake or make changes in the base Building shell and core ("**Base, Shell and Core**") in connection with the Tenant Improvements. The "Base, Shell and Core" shall consist of the Building shell and exterior, the core area, including the necessary mechanical, electrical, sprinkler, plumbing, life safety, heating air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord, finished core area toilet rooms including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, and those portions of the Initial Premises which were in existence prior to the construction of the Tenant Improvements . Subject to the express terms and conditions of the Lease, Tenant shall accept the Base Shell and Core in their present "as is" condition and with no representations or warranties as to their condition or suitability for Tenant's purposes. To the extent the Base, Shell and Core must be changed or added to in order to accommodate the special needs of Tenant in the Initial Premises, such changes or additions shall be paid for by Tenant.

5.2 Tenant shall have the right to request, in writing, changes to the Plans and Specifications and to the Tenant Improvements, subject to Landlord's prior reasonable approval. Landlord shall, within five (5) Business Days of receipt of such request, either (i) approve the Tenant Change in writing, or (ii) disapprove the Tenant Change and deliver a notice to Tenant specifying in reasonably sufficient detail the reasons for Landlord's disapproval.

5.3 Provided no Event of Default on the part of Tenant exists, Landlord shall provide Tenant with an allowance (the "**Space Planning Allowance**") in an amount not to exceed \$0.15 per rentable square foot of the Initial Premises, the First Must-Take Space and the Second Must-Take Space, which amount to be applied toward preparation of the initial space plan for the Tenant Improvements in the Initial Premises and Alterations in each of the First Must-Take

Space and the Second Must-Take Space, and one (1) revision to each of the foregoing (the “**Space Planning Costs**”). Landlord shall disburse the Space Planning Allowance, or applicable portion thereof, as applicable to the Initial Premises, the First Must-Take Premises and the Second Must-Take Premises, to Tenant within forty-five (45) days after the later to occur of (A) receipt of paid invoices from Tenant with respect to Tenant’s actual Space Planning Costs as applicable to the Initial Premises, the First Must-Take Premises or the Second Must-Take Premises, (B) receipt of a CAD version of Tenant’s initial space plan as applicable to the Initial Premises, the First Must-Take Premises and the Second Must-Take Premises, and (C) with respect to the Initial Premises, the Commencement Date. However, in no event shall Landlord have any obligation to disburse any portion of the Space Planning Allowance after the date which is three (3) months after the date Tenant is required by the terms and conditions of this Lease to commence paying Base Rent for the Initial Premises, the First Must-Take Premises and the Second Must-Take Premises, as applicable.

6. Intentionally Omitted.

7. Tenant’s Representative. Tenant has designated Ali Sauer (asauer@stitchfix.com) as its sole representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

8. Landlord’s Representative. Landlord has designated Michael Shum [michael.shum@am.jll.com] as its sole representatives with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Work Letter.

9. Prior Tenant Work. Except as expressly set forth herein or in the Lease, Tenant agrees to accept the Premises in its “as-is” condition and configuration, it being agreed that Landlord shall not be required to perform any other work or incur any costs in connection with the construction or demolition of any improvements in the Premises . Notwithstanding the foregoing, Landlord shall: (i) construct a demising wall enclosing the stairway providing vertical transportation between the tenth (10th) and eleventh (11th) floors of the Building (the “**Stairway Work**”), (ii) remove the existing Lines and cabling from the Initial Premises installed by or on behalf of Prior Tenant; and (iii) remove the existing security system in the Premises (collectively, the “**Prior Tenant Work**”), in accordance with applicable Requirements. Landlord and Tenant will mutually and reasonably coordinate the timing of the performance of the Prior Tenant Work so as to minimize disruptions in the construction of the Tenant Improvements. Tenant shall not be required to remove or restore any portion of the Prior Tenant Work upon the expiration or earlier termination of the Lease. Notwithstanding anything in the Lease to the contrary, Landlord, at its expense (except to the extent properly included in Operating Expenses), shall be responsible for correcting any violations of applicable Requirements with respect to the Premises that arise out of the Stairway Work, to the extent such Requirements are in effect (as interpreted and enforced) as of the date the Stairway Work is substantially complete. Tenant and Landlord shall cooperate in good faith so that all such work to be performed hereunder shall be done in an efficient manner. Notwithstanding the foregoing, Landlord shall have the right to contest any alleged violation in good faith, including, without limitation, the right to apply for and obtain a waiver or deferment of compliance, the right to assert any and all defenses allowed by Requirements and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by Requirements. Landlord, after the exhaustion of any and all rights to appeal or contest, will make all repairs, additions, alterations or improvements necessary to comply with the terms of any final order or judgment.

10. Landlord Delays.

(a) Landlord Delays. The Initial Premises Construction Period, the First Must-Take Space Construction Period and the Second Must-Take Space Construction Period shall be extended, as applicable, by the number of days of delay of the Substantial Completion of the Tenant Improvements in the applicable portion of the Premises caused by a Landlord Delay. "**Landlord Delay**" shall mean actual delays in the Substantial Completion of the subject improvements which delays construction beyond the applicable construction period and which results from the active negligence or willful misconduct or materially unreasonable acts (when judged in accordance with industry custom and practices) of Landlord or Landlord's agents, employees or contractors, including without limitation the failure of Landlord to timely approve or disapprove any Plans and Specifications in accordance with the terms and conditions of this Exhibit C.

(b) Determination of Delay. If Tenant contends that a Landlord Delay has occurred, Tenant shall notify Landlord in writing of the event which constitutes such Landlord Delay ("**Delay Notice**"). Tenant will additionally use reasonable efforts to mitigate the effects of any Landlord Delay through the re-sequencing or re-scheduling of work, if feasible, but this sentence will not be deemed to require Tenant to incur overtime or after-hours costs unless Landlord agrees in writing to bear such costs. If such actions, inaction or circumstance described in the notice and Landlord Delay are not cured by Landlord within one (1) business day of Landlord's receipt of the Delay Notice, then a Landlord Delay shall be deemed to have occurred commencing as of the date of Landlord's receipt of the Delay Notice and ending as of the date such delay ends.

(c) Definition of Substantial Completion. For purposes of this Exhibit C, "**Substantial Completion**" of the subject improvements shall mean completion of construction of the initial tenant improvements in the Initial Premises, the First Must-Take Space and/or the Second Must-Take Space, pursuant to the approved Plans and Specifications, with the exception of any punch list items.

11. Additional Provisions. Except as otherwise expressly provided herein, nothing contained in this Exhibit C shall render Landlord liable for any damages or other claims by Tenant or be deemed a constructive eviction of Tenant of the Premises or entitle Tenant to any credit, abatement or adjustment of rent or other sums payable under this Lease. This Work Letter sets forth the entire agreement of Landlord and Tenant with respect to the completion of the Tenant Improvements. Neither this Work Letter nor any of the provisions contained in this Work Letter may be changed or waived, except by a written instrument signed by both parties.

EXHIBIT D

CONFIRMATION OF LEASE TERM

THIS CONFIRMATION OF LEASE TERM is made as of _____, 20__ between POST-MONTGOMERY ASSOCIATES, a California general partnership (“**Landlord**”), and STITCH FIX, INC., a Delaware corporation (“**Tenant**”).

WITNESSETH:

WHEREAS, by Office Lease dated as of _____, 2015, between the parties hereto (the “**Lease**”), Landlord leased to Tenant and Tenant leased from Landlord for the Term and upon the terms and conditions set forth therein the Initial Premises being Suites No. 1100 and 1200 containing approximately 38, 127 square feet of rentable area situated in One Montgomery Tower, located at One Montgomery Street, San Francisco, California, said Premises being more particularly designated in the Lease; and

WHEREAS, the parties hereto wish to confirm and memorialize the Commencement Date of the Term.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. All terms used herein, as indicated by the initial capitalization thereof, shall have the same respective meanings designated for such terms in the Lease.
2. The Commencement Date is _____, ____; and the initially scheduled Expiration Date is _____.
3. The schedule of Base Rent payable for the Initial Premises is as follows: **(TO BE COMPLETED)**
4. The First Must Take Delivery Date is _____, 201__ and the First Must Take Effective Date is _____, 20__.
5. The Extended Expiration Date is _____, 20__.
6. The Term shall expire at midnight on _____, 20__, unless sooner terminated as provided in the Lease.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Confirmation of Lease Term to be executed as the day and year first above written.

LANDLORD:

**POST MONTGOMERY ASSOCIATES,
a California general partnership**

By: PR Post Montgomery LLC,
a Delaware limited liability company
Its: Partner

By: PRISA LHC, LLC,
a Delaware limited liability company
Its: Managing Member

By: DO NOT SIGN
Name: _____
Title: _____

By: The Prudential Insurance Company of America, a New Jersey corporation, acting solely on behalf of and for the benefit of, and with its liability limited to the assets of, its insurance company separate account, PRISA
Its: Partner

By: DO NOT SIGN
Name: _____
Title: _____

TENANT:
STITCH FIX, INC.,
a Delaware corporation

By: DO NOT SIGN
(Signature)

(Type or Print Name)

Its: _____

By: DO NOT SIGN
(Signature)

(Type or Print Name)

Its: _____

If Tenant is a corporation, this instrument must be executed by the chairman of the board, the president or any vice president and the secretary, any assistant secretary, the chief financial officer or any assistant financial officer or any assistant treasurer of such corporation, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which case the bylaws or a certified copy of the resolution, as the case may be, must be attached to this instrument.

EXHIBIT E

FORM OF LETTER OF CREDIT

Wells Fargo Bank, N.A.
U.S. Trade Services
Standby Letters of Credit
794 Davis Street, 2nd Floor
San Leandro, CA 94577-6922
Phone: (800) 726-2413 (option 1)
E-Mail: sltrading@wellsfargo.com

This sample wording is presented without any responsibility on our part. This draft is provided to you as a suggestion only at your request.
Please note that the draft remains unissued and is not an enforceable instrument.
Wording Reviewed and Approved
By: _____
Applicant Signature
This form is an integral part of the application and agreement for the issuance of your Standby Letter of Credit. The Letter of Credit cannot be issued until this draft is returned to us with the Applicant's Signature above.

Irrevocable Standby Letter Of Credit

Number : 150349680U
Issue Date : October 30, 2015

BENEFICIARY	APPLICANT
POST MONTGOMERY ASSOCIATES C/O PRUDENTIAL REAL ESTATE INVESTORS 4 EMBARCADERO CENTER, SUITE 2700 SAN FRANCISCO, CALIFORNIA 94111	STITCH FIX, INC 731 MARKET ST. SAN FRANCISCO, CALIFORNIA 94103

LETTER OF CREDIT ISSUE AMOUNT USD 4,187,258.44 EXPIRY DATE OCTOBER 30, 2016

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF THE ABOVE REFERENCED APPLICANT, WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT (THE "WELLS CREDIT") IN YOUR FAVOR IN THE AMOUNT OF FOUR MILLION ONE HUNDRED EIGHTY SEVEN THOUSAND TWO HUNDRED FIFTY EIGHT AND 44/100 UNITED STATES DOLLARS (USD 4,187,258.44) AVAILABLE WITH US AT OUR ABOVE OFFICE AT 794 DAVIS STREET, 2ND FLOOR, SAN LEANDRO, CA 94577-6922 BY PAYMENT AGAINST PRESENTATION OF THE FOLLOWING DOCUMENTS:

1. A DRAFT DRAWN ON US AT SIGHT MARKED "DRAWN UNDER WELLS FARGO BANK N.A. STANDBY LETTER OF CREDIT NO. 150349680U."
2. THE ORIGINAL OF THIS WELLS CREDIT AND ANY AMENDMENTS THERETO.

Each page of this document is an integral part of this Irrevocable Standby Letter of Credit Number 150349680U

WE HEREBY ENGAGE WITH YOU THAT DRAFT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS WELLS CREDIT WILL BE DULY HONORED UPON PRESENTATION TO THE AFORESAID OFFICE

THIS WELLS CREDIT SHALL CONSTITUTE A DIRECT DRAW CREDIT AND YOU SHALL NOT BE REQUIRED TO GIVE NOTICE TO, OR MAKE ANY PRIOR DEMAND OR PRESENTMENT TO ACCOUNT PARTY WITH RESPECT TO THE PAYMENT OF ANY SUM AS TO WHICH A DRAW IS MADE HEREUNDER.

DRAWINGS MAY ALSO BE PRESENTED TO US BY FACSIMILE TRANSMISSION TO FACSIMILE NUMBER ###-##-#### (EACH SUCH DRAWING, "A FAX DRAWING"; PROVIDED, HOWEVER, THAT A FAX DRAWING WILL NOT BE EFFECTIVELY PRESENTED UNTIL YOU CONFIRM BY TELEPHONE OUR RECEIPT OF SUCH FAX DRAWING BY CALLING US AT TELEPHONE NUMBER 1-800-798-2815 OPTION 1. IF YOU PRESENT A FAX DRAWING UNDER THIS LETTER OF CREDIT YOU DO NOT NEED TO PRESENT THE ORIGINAL OF ANY DRAWING DOCUMENTS, AND IF WE RECEIVE ANY SUCH ORIGINAL DRAWING DOCUMENTS THEY WILL NOT BE EXAMINED BY UE IN THE EVENT OF A FULL OR FINAL DRAWING THE ORIGINAL STANDBY LETTER OF CREDIT MUST BE RETURNED TO US BY OVERNIGHT COURIER.

PARTIAL AND MULTIPLE DRAWS ARE PERMITTED UNDER THIS WELLS CREDIT IN THE EVENT OF PARTIAL DRAWINGS, WELLS FARGO BANK, N.A. SHALL ENDORSE THE ORIGINAL OF THIS WELLS CREDIT AND RETURN IT TO THE BENEFICIARY

DRAFTS PRESENTED PRIOR TO 10:00 A.M. SAN LEANDRO TIME ON ANY BUSINESS DAY SHALL BE PAID BY WIRE TRANSFER AT BENEFICIARY'S INSTRUCTION ON THE THIRD BUSINESS DAY. DRAFTS PRESENTED AFTER 10:00 A.M. SAN LEANDRO TIME ON ANY BUSINESS DAY SHALL BE PAID BY WIRE TRANSFER, AT BENEFICIARY'S INSTRUCTION, BY CLOSE OF BUSINESS ON THE FOURTH SUCCEEDING BUSINESS DAY.

OUR OBLIGATION UNDER THIS WELLS CREDIT SHALL NOT BE AFFECTED BY ANY CIRCUMSTANCES, CLAIM OR DEFENSE, REAL OR PERSONAL IT BEING UNDERSTOOD THAT OUR OBLIGATION SHALL BE THAT OF A PRIMARY OBLIGOR AND NOT THAT OF A SURETY, GUARANTOR OR ACCOMMODATION MAKER.

THIS WELLS CREDIT EXPIRES AT OUR OFFICE ON OCTOBER 30, 2016 AND IT IS A CONDITION OF THIS WELLS CREDIT THAT SUCH EXPIRATION DATE SHALL BE DEEMED AUTOMATICALLY EXTENDED, WITHOUT WRITTEN AMENDMENT, FOR ONE YEAR PERIODS TO OCTOBER 30 IN EACH SUCCEEDING CALENDAR YEAR, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO SUCH EXPIRATION DATE WE SEND WRITTEN NOTICE TO YOU AT YOUR ADDRESS ABOVE WITH AN ADDITIONAL NOTICE SENT TO PRUDENTIAL REAL ESTATE INVESTORS, 7 GIRALDA FARMS, MADISON, NEW JERSEY 07940, ATTENTION: FRANCES FELICE, ESQ. BY OVERNIGHT COURIER OR REGISTERED MAIL THAT WE ELECT NOT TO EXTEND THE EXPIRATION DATE OF THIS WELLS CREDIT BEYOND THE DATE SPECIFIED IN SUCH NOTICE. IN NO EVENT SHALL THIS WELLS CREDIT BE EXTENDED BEYOND MARCH 31, 2024 WHICH WILL BE CONSIDERED THE FINAL EXPIRATION DATE. ANY REFERENCE TO A FINAL EXPIRATION DATE DOES NOT IMPLY THAT WE ARE OBLIGATED TO EXTEND THE EXPIRATION DATE BEYOND THE INITIAL OR ANY EXTENDED DATE THEREOF

THE ADDITIONAL NOTIFICATION OF NON-EXTENSION TO BE SENT TO PRUDENTIAL REAL ESTATE INVESTORS IS A COURTESY NOTIFICATION, AND OUR FAILURE TO SEND SUCH COURTESY NOTIFICATION WILL NOT CAUSE THIS LETTER OF CREDIT TO EXTEND FOR ANY ADDITIONAL PERIOD OF TIME.

UPON OUR SENDING YOU SUCH NOTICE OF THE NON-EXTENSION OF THE EXPIRATION DATE OF THIS WELLS CREDIT, YOU MAY ALSO DRAW UNDER THIS WELLS CREDIT ON OR BEFORE THE EXPIRATION DATE SPECIFIED IN SUCH NOTICE BY PRESENTATION OF THE DOCUMENTS SET OUT IN PARAGRAPHS 1 AND 2 ABOVE AT OUR ADDRESS OF 794 DAVIS STREET, 2ND FLOOR, SAN LEANDRO, CA 94577-6922 OR OTHERWISE IN COMPLIANCE WITH THE TERMS OF THIS WELLS CREDIT.

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS WELLS CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER LOAN ACCOUNT WITH US OR AT ANOTHER BANK, WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS AS THAT OF THE BENEFICIARY'S WITHOUT ANY FURTHER VALIDATION.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE ONLY TO A SINGLE TRANSFEREE AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF SUCH TRANSFER. ANY SUCH TRANSFER MAY BE EFFECTED ONLY THROUGH WELLS FARGO BANK NA. AND ONLY UPON PRESENTATION TO US AT OUR PRESENTATION OFFICE SPECIFIED HEREIN OF A DULY EXECUTED TRANSFER REQUEST IN THE FORM ATTACHED HERETO AS EXHIBIT A, WITH INSTRUCTIONS THEREIN IN BRACKETS COMPLIED WITH, TOGETHER WITH THE ORIGINAL OF THIS LETTER OF CREDIT AND ANY AMENDMENTS THERETO. EACH TRANSFER SHALL BE EVIDENCED BY OUR ENDORSEMENT ON THE REVERSE OF THE ORIGINAL OF THIS LETTER OF CREDIT, AND WE SHALL DELIVER SUCH ORIGINAL TO THE TRANSFEREE. THE TRANSFEREE'S NAME SHALL AUTOMATICALLY BE SUBSTITUTED FOR THAT OF THE BENEFICIARY WHEREVER SUCH BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT. ALL CHARGES IN CONNECTION WITH ANY TRANSFER OF THIS LETTER OF CREDIT ARE FOR THE APPLICANT'S ACCOUNT.

WE ARE SUBJECT TO VARIOUS LAWS, REGULATIONS AND EXECUTIVE AND JUDICIAL ORDER (INCLUDING ECONOMIC SANCTIONS, EMBARGOES, ANTI-BOYCOTT, ANTI-MONEY LAUNDERING, ANTI-TERRORISM, AND ANTI-DRUG TRAFFICKING LAWS AND REGULATIONS) OF THE U.S. AND OTHER COUNTRIES THAT ARE ENFORCEABLE UNDER APPLICABLE LAW. WE WILL NOT BE LIABLE FOR OUR FAILURE TO MAKE, OR OUR DELAY IN MAKING, PAYMENT UNDER THIS LETTER OF CREDIT OR FOR ANY OTHER ACTION WE TAKE OR DO NOT TAKE, OR ANY DISCLOSURE WE MAKE, UNDER OR IN CONNECTION WITH THIS LETTER OF CREDIT [(INCLUDING, WITHOUT LIMITATION, ANY REFUSAL TO TRANSFER THIS LETTER OF CREDIT)] THAT IS REQUIRED BY SUCH LAWS, REGULATIONS, OR ORDERS.

THIS WELLS CREDIT SETS FORTH IN FULL TERMS OF OUR UNDERSTANDING, AND SUCH UNDERSTANDING SHALL NOT IN ANY WAY BE MODIFIED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN OR IN WHICH THIS WELLS CREDIT IS REFERRED TO OR TO WHICH THIS WELLS CREDIT RELATES, AND ANY SUCH REFERENCE SHALL NOT BE DEEMED TO INCORPORATE HEREIN BY REFERENCE ANY DOCUMENT, INSTRUMENT OR AGREEMENT.

THIS WELLS CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING. THIS UNDERTAKING IS INDEPENDENT OF AND SHALL NOT IN ANY WAY BE MODIFIED, AMENDED, AMPLIFIED OR INCORPORATED BY REFERENCE TO ANY DOCUMENT, CONTRACT OR AGREEMENT REFERENCED HEREIN OTHER THAN THE STIPULATED ICC RULES AND GOVERNING LAWS.

THIS WELLS CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES OF 1998, PUBLISHED BY THE INTERNATIONAL CHAMBER OF COMMERCE AND TO THE EXTENT NOT INCONSISTENT THEREWITH SHALL ALSO BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA U.S.A. WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PROVISIONS THEREOF) INCLUDING, BUT NOT LIMITED TO, ARTICLE 15 OF THE UNIFORM COMMERCIAL CODE AS IN EFFECT ON THE DATE OF ISSUANCE OF THIS WELLS CREDIT.

Very Truly Yours,

WELLS FARGO BANK. NA.

By: _____

Authorized Signature

The original of the Letter of Credit contains an embossed seal over the Authorized Signature.

Please direct any written correspondence or inquiries regarding this Letter of Credit, always quoting our reference number, to **Wells Fargo Bank, National Association**, Attn: US. Standby Trade Services

at either

794 Davis Street, 2nd Floor
MAC A028-023,
San Leandro, CA 94577-6022

or

401 N. Research Pkwy, 1st Floor
MAC D4004-017,
WINSTON-SALEM, NC 27101-4157

Phone inquiries regarding this credit should be directed to our Standby Customer Connection Professionals

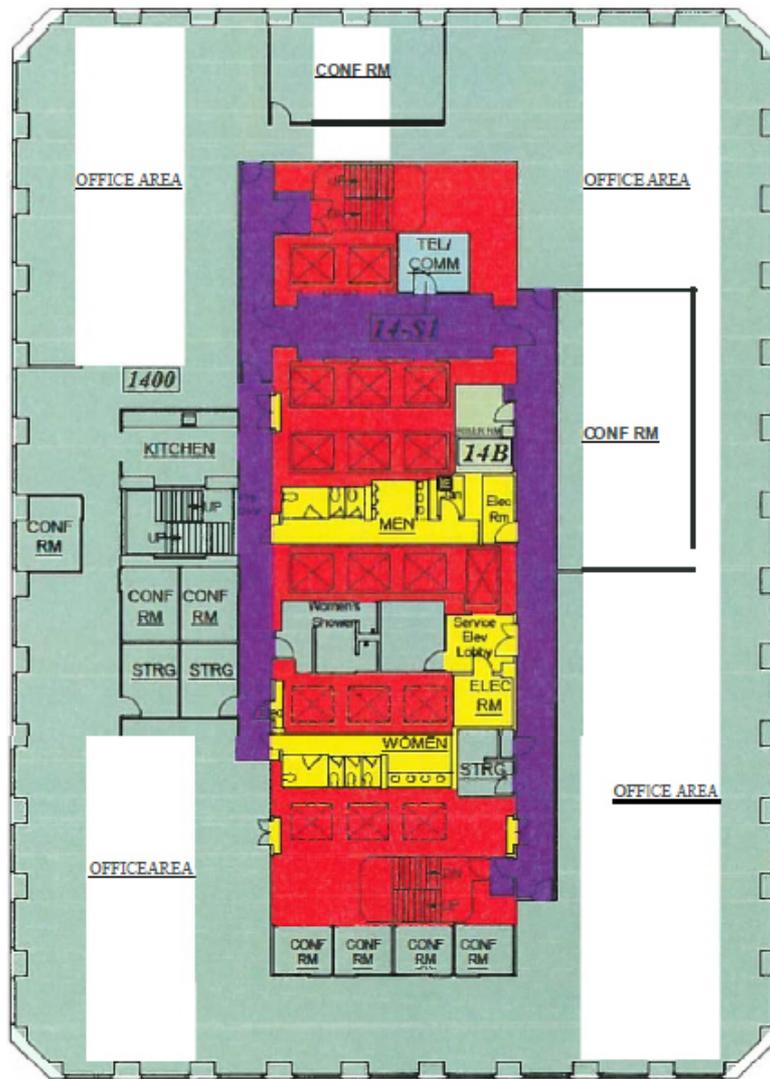
1-800-798-2815 Option 1
(Hours of Operation: 8:00 am. PT to 5:00 p.m. PT)

1-800-776-3862 Option 2
(Hours of Operation: 8:00 am. EST to 5:30 p.m. EST)

E-4

Exhibit F

First Must Take Space

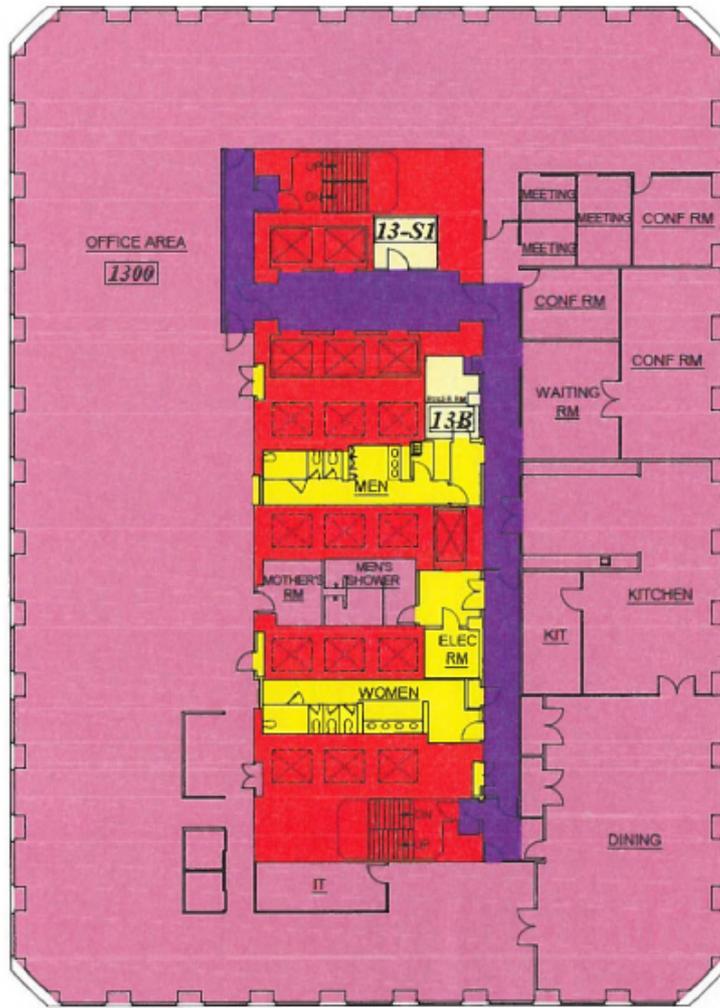


F-1



EXHIBIT G

SECOND MUST-TAKE SPACE



G-1

AMENDED AND RESTATED CONFIRMATION OF LEASE TERM

THIS AMENDED AND RESTATED CONFIRMATION OF LEASE TERM (this “**Confirmation Memorandum**”) is made as of August 8, 2016 between POST-MONTGOMERY ASSOCIATES, a California general partnership (“**Landlord**”), and STITCH FIX, INC., a Delaware corporation (“**Tenant**”).

WITNESSETH

WHEREAS, by that certain Office Lease dated as of November 10, 2015, by and between the parties hereto (the “**Original Lease**” and, as amended, the “**Lease**”), Landlord has leased to Tenant and Tenant has leased from Landlord, upon the terms and conditions set forth therein, certain premises located at One Montgomery Street, San Francisco, California; and

WHEREAS, the parties hereto wish to confirm and memorialize the Commencement Date and other matters under the Lease.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. All terms used herein, as indicated by the initial capitalization thereof, shall have the same respective meanings designated for such terms in the Lease.
2. The Commencement Date is January 1, 2016.
3. The original Expiration Date is December 31, 2022 and the Extended Expiration Date is November 30, 2023.
4. The Extended Term shall expire at midnight on November 30, 2023, unless sooner terminated as provided in the Lease.
5. Notwithstanding anything to the contrary contained in the Lease, the schedule of Base Rent payable for the Initial Premises through the Extended Expiration Date is as follows:

<u>Period of Term</u>	<u>Rentable Square Feet</u>	<u>Annual Per Square Foot Base Rent Rate</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
1/1/16 - 6/30/17	38,127	\$ 70.00	\$2,668,890.00	\$222,407.50
7/1/17 - 6/30/18	38,127	\$ 72.10	\$2,748,956.70	\$229,079.73
7/1/18 - 6/30/19	38,127	\$ 74.26	\$2,831,311.02	\$235,942.59
7/1/19 - 6/30/20	38,127	\$ 76.49	\$2,916,334.23	\$243,027.85
7/1/20 - 6/30/21	38,127	\$ 78.79	\$3,004,026.33	\$250,335.53
7/1/21 - 6/30/22	38,127	\$ 81.15	\$3,094,006.05	\$257,833.84
7/1/22 - 6/30/23	38,127	\$ 83.58	\$3,186,654.66	\$265,554.56
7/1/23 - 11/30/23	38,127	\$ 86.09	\$3,282,353.43	\$273,529.45

6. The First Must-Take Delivery Date occurred on May 1, 2016 and the First Must- Take Effective Date is November 3, 2016.

7. The schedule of Base Rent payable for the First Must-Take Space through the Extended Expiration Date is as follows:

<u>Period of Term</u>	<u>Rentable Square Feet</u>	<u>Annual Per Square Foot Base Rent Rate</u>	<u>Annual Base Rent</u>	<u>Monthly Base Rent</u>
11/3/16 - 6/30/17	38,055	\$ 70.00	\$2,663,850.00	\$221,987.50
7/1/17 - 6/30/18	38,055	\$ 72.10	\$2,743,765.50	\$228,647.13
7/1/18 - 6/30/19	38,055	\$ 74.26	\$2,825,964.30	\$235,497.03
7/1/19 - 6/30/20	38,055	\$ 76.49	\$2,910,826.95	\$242,568.91
7/1/20 - 6/30/21	38,055	\$ 78.79	\$2,998,353.45	\$249,862.79
7/1/21 - 6/30/22	38,055	\$ 81.15	\$3,088,163.25	\$257,346.94
7/1/22 - 6/30/23	38,055	\$ 83.58	\$3,180,636.90	\$265,053.08
7/1/23 - 11/30/23	38,055	\$ 86.09	\$3,276,154.95	\$273,012.91

7. This Confirmation Memorandum is an amendment and restatement of that certain Confirmation of Lease Term entered into by and between Landlord and Tenant on January 18, 2016, and upon execution hereof by Landlord and Tenant, this Confirmation Memorandum will supersede and replace the Existing Confirmation Memorandum in its entirety.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Confirmation of Lease Term to be executed as the day and year first above written.

LANDLORD:

POST-MONTGOMERY ASSOCIATES,

a California general partnership

By: PR Post Montgomery LLC, a Delaware limited liability company

Its: Partner

By: PRISA LHC, LLC, a Delaware limited liability company

Its: Managing Member

By: /s/ Kristin Paul

Name: Kristin Paul

Title: Vice President

Dated: Aug 8, 2016

By: The Prudential Insurance Company of America, a New Jersey corporation, acting solely on behalf of and for the benefit of and with its liability limited to the assets of, its insurance company separate account, PRISA

Its: Partner

By: /s/ Kristin Paul

Name: Kristin Paul

Title: Vice President

Dated: Aug 8, 2016

TENANT:

Stitch Fix, Inc., a Delaware corporation

By: /s/ Michelle Weaver

Name: Michelle Weaver

Title: CFO

Dated: August 8, 2016

By: /s/ Katrina Lake

Name: Katrina Lake

Title: CEO

Dated: 8/16, 2016

This instrument must be executed by the chairman of the board, the president or any vice president and the secretary, any assistant secretary, the chief financial officer or any assistant financial officer or any assistant treasurer of such corporation, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which case the bylaws or a certified copy of the resolution, as the case may be, must be attached to this instrument.

List of Subsidiaries of Stitch Fix, Inc.

Name of Subsidiary	Jurisdiction
Stitch Fix International (Cayman), Ltd.	Cayman Islands
Stitch Fix International (Delaware), Inc.	Delaware